



## Millhouse Capital ready to raise Hypo Balkans offer

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VIENNA (Reuters) - London-based investment group Millhouse Capital said it was ready in principle to pay 500 million euros (396.68 million pounds) for nationalised Austrian lender Hypo Alpe Adria's [HAABI.UL] Balkans network, raising the stakes in the sale process.

Millhouse, owned by German businessman Ralf Dodt, also said on Tuesday it could help protect Austrian taxpayers by providing 1 billion euros in guarantees for loans Hypo had made, and that it intended to keep the Balkans business intact.

Hypo, which Austria had to nationalise in 2009 after a decade of breakneck expansion at home and in former Yugoslavia, is selling the Balkan network, its prime asset, while hiving off toxic assets into a bad bank.

Sources familiar with the process said earlier this month, before Millhouse made its bid, that the two front-runners for the assets were Advent International, in partnership with the European Bank for Reconstruction and Development [EBRD.UL] and a group of Bulgarian investors headed by airline and property owner Denis Barekov and backed by Russian financial group VTB .

Millhouse said last week that it abandoned plans to try to join the Bulgarian consortium due to "insurmountable difficulties with Barekov".

At least one other bidder, Russian businessman Igor Kim's Expobank, has bid for the whole Balkans network, three sources familiar with the process have said.

added.

"It is not in our intention to break the bank in separate parts. We want to invest in these countries where the bank is active," the spokesman said.

Hypo's Balkan network, comprising six banks and three leasing operations in Serbia, Croatia, Bosnia, Slovenia and Montenegro, had assets of 8.6 billion euros at the end of 2013 but a book value of only 500 million after a series of impairments.

The business has lost value while Austrian politicians wrangled over what to do with the rest of the bank, which has so far received 5.5 billion euros in state aid.

The finance ministry declined to comment on Tuesday, saying only that Hypo was handling the sale and that the government wanted a quick deal that spared taxpayers as much as possible.

Hypo officials were not immediately available for comment.

Finance Minister Michael Spindelegger told parliament this month that seven bidders were in the race for the Balkans business. This included bidders for just parts of the unit.

Deutsche Bank is advising on the sale.

(\$1 = 0.7444 Euros)

(Reporting by Georgina Prodhan and Michael Shields)

