



CENTRAL DANUBE

CENTRAL DANUBE REGION MARKETING & DEVELOPMENT GMBH
INFRASTRUCTURE DEVELOPMENT IMPLEMENTATION
A NEW REGION IS BORN



A NEW EUROPA OF THE REGIONS

A NEW ENTERPRISE FOR THE NEW EUROPE

CENTRAL DANUBE REGION

2004 and the new, enlarged Europe has become a reality: An economy of enormous potential that features a larger population than USA or Japan combined with a higher gross domestic product and extremely high productivity.

With the new Europe, Vienna is moving from a position on the edge back to one at the centre of the expanded economic area. It is thus acquiring a new strategic importance at the intersection of major traffic routes – whether road, rail, water or air.

*Vienna:
From
margin to
center*

In future, this new Europe will grow even further. In a few years the south-eastern European states will also form part of a common economic area and we will see a further strengthening of relations with Russia.

The new Europe will also see the creation of new economic regions that transcend national boundaries. And this is the premise on which the company Central Danube Region Marketing & Development GmbH (Central Danube) is based.



In central Europe and also those regions that exercise an indirect influence on central Europe, the main projects to be initiated and developed by the company, in conjunction with local partners in the regions concerned, will focus on transnational communications and infrastructure. The corporate philosophy behind these projects will be one of close cooperation between the public sector and private investors, specialists and developers, thus implementing a regional and transnational public-private partnership model.

*Cooperation
of public
sector and
private
investors*

GREAT DYNAMISM IN CENTRAL EUROPE

When one examines the economic data for the EU accession countries in Vienna's immediate vicinity, what becomes immediately clear is that they display a far greater dynamism than the average for the 15 countries that currently make up the European Union.

Along with the Austrian federal states of Vienna, Lower Austria and Burgenland, the core region (the Central Danube Region) as initially delineated focuses on South Moravia in the Czech Republic, the Slovakian provinces of Bratislava and Trnava and the Hungarian administrative region of Győr-Moson-Sopron.

This region is inhabited by a total of 8.6 million people, more than the whole of Austria. More than 75 per cent of this population enjoy a level of prosperity of over 75 per cent of the EU average. By comparison, the 10 EU accession countries as a whole have attained a level of prosperity of 51 per cent of the EU 15. Between 1995 and 2000 the average gross national product per head rose by 5.8 per cent compared to 5.1 per cent across the 15 countries of the EU.

High public income

1995-2000 Ø GROSS DOMESTIC PRODUCT PER HEAD IN %

CENTR.DAN.REG.	5,8
EU 15	5,1

2003-2005 GROWTH Ø OF GDP/HEAD IN %

CENTR.DAN.REG.	4,4
EU 15	2,1

Source: OECD 2002

Growth of 4.4 per cent is anticipated for the period 2003 to 2005, which is far higher than the EU 15 average of 2.1 per cent.

These figures illustrate the considerable economic dynamism of this extended

region and demonstrate the opportunities for growth that exist here. On top of this comes a significant investment in the municipal and traffic/communications infrastructure, whose planning and realisation will be achieved with far greater ease and efficiency thanks to cross-border cooperation.

This is precisely where Central Danube comes in – working with international partners and in future with additional shareholders too.



ON BEHALF OF A STRONG ALLIANCE

THE MISSION OF CENTRAL DANUBE

Central Danube operates on behalf of two principal shareholders who, at an early stage, identified the cross-border opportunities that exist within the new Europe.



As a founding shareholder, the City of Vienna has extensive interest on the one hand in extra-budgetary financial models and on the other hand in transnational infrastructure and traffic/communications projects in partnership with regional administrative bodies in its immediate vicinity. Central Danube therefore embodies a transnational and implementation-orientated platform for project development and potential investors, part of whose brief is to attain certain political goals more swiftly and on a more sustained basis.

For the second founding shareholder, Raiffeisenlandesbank Niederösterreich-Wien, which has been playing an active role for many years in the EU accession countries, Central Danube is a success-orientated exemplar of the public-private partnership model that will exert a direct influence on the quality of life and mobility of the population.

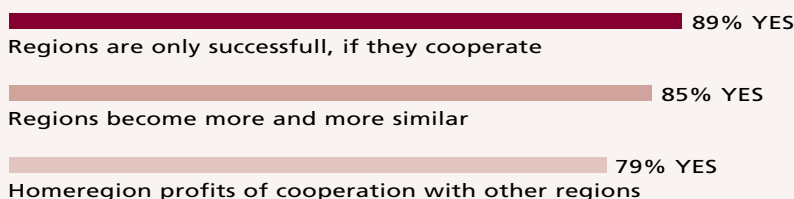
Central Danube is based on the historical roots and bonds inherent in the central European region.

On the one hand, local authorities in all the countries concerned have similar interests, investment needs and are involved in infrastructure improvement projects. On the other, a new transnational identity (though with a strong basis in history) is coming to the fore across the whole region.

A multinational, multilingual survey conducted exclusively within the area in question has revealed that 89 per cent of the population are convinced that regions can only become successful by working together. Over 85 per cent of the population feel that the regions listed above – eastern Austria, the Czech

Republic, Slovakia and Hungary – will increasingly come to resemble each other. And more than 55 per cent of all Austrians firmly believe that their home region will benefit from cooperation with the EU accession countries.

ACCORDANCE TO COOPERATION



Regional multilingual survey Ø, Source: Fessler/GfK

The founding shareholders have therefore set Central Danube an unambiguous task: to initiate and develop projects focusing, on the one hand, on the traffic/communications infrastructure – water, rail and road – and, on the other hand, on the municipal infrastructure: from street lighting and water treatment works to educational facilities, joint traffic projects, transport and logistics systems, energy and water supply, leisure facilities etc.

The compatibility between political interests and private for-profit initiatives has resulted in a strong platform whose role is that of developer and marketing instrument, but also partner for third-party investors.

*Development
Marketing
Investment*

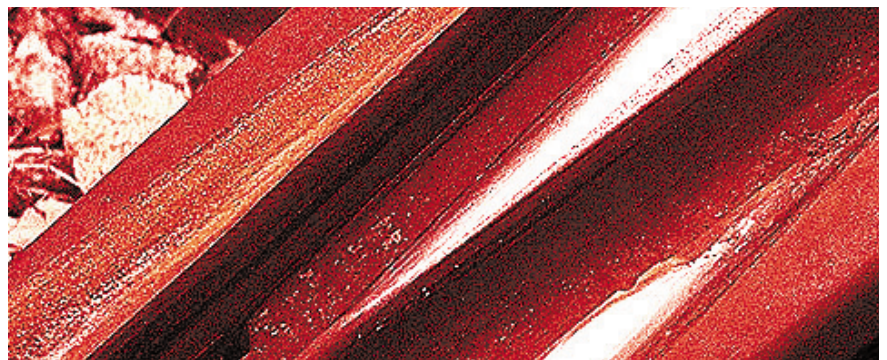
The City of Vienna's strong network of political links with the surrounding regions and cities and the Raiffeisenlandesbank's established business base in the Bratislava, South Moravia and Hungarian Győr-Sopron-Moson regions form an excellent basis for this.

With the prospect of an even more dynamic European economic area that is set to expand even further, Central Danube envisages an extension of its initial, self-imposed borders into the regions bordering the River Danube that exert an indirect influence on the core region of central Europe.

From the point of view of the founding shareholders as well, there are two set targets here – on the one hand, profit and direct benefit for the shareholders of a public-private partnership and, on the other hand, the creation of relationships based on trust and the development of expertise with all the regional administrative bodies in the new European area.

*Creation of
relationships*

The slogan "Value for the taxpayer" is fully compatible with the political, infrastructure-orientated aims. Central Danube quite deliberately avoids setting itself up in competition with existing agencies and initiatives, instead focusing its attention on ventures and projects in which the public sector wishes to play a decisive part and where purely private sources of finance have not (or have not yet) been given a role.



FOCAL POINTS

- **TRAFFIC/COMMUNICATIONS INFRASTRUCTURE**

- **MUNICIPAL INFRASTRUCTURE**

The political and economic reality is that many projects that are in the interest of the public sector and therefore of the population as a whole cannot and should not be realised through private investment and private management alone.

There are economic areas in which the public sector wants to and should exercise its power to shape and organise: in traffic/communications projects and in the provision of basic infrastructure.

Public-private partnerships, however, which combine the interests of the public sector (and thus political interests) with the processes and goals of the market economy, lead to a win/win situation for both parties.

Public-private partnerships of this kind – particularly on a cross-border basis and with the involvement of additional partners – represent the model that Central Danube is pursuing.

TRAFFIC/COMMUNICATIONS INFRASTRUCTURE

One of the main focal points is on traffic/communications projects and systems. The Vienna – Bratislava – Brno network of traffic links is one of the most important in Europe – water, road, rail and air alike. As a consequence of ever-increasing mobility, significant investment in new traffic syndicates and transport and logistics systems, in the expansion of networks and the improving of available transport links are becoming both necessary and economically advantageous. Furthermore, as a transnational public-private enterprise acting on behalf of the public sector, Central Danube is also in a position to benefit from EU cross-border subsidies and infrastructure assistance and to integrate these into its projects.

Public-private partnerships

Water, road, rail and air



*Direct
benefits
for the
inhabitants*

MUNICIPAL INFRASTRUCTURE

The second main focus of activity comprises all municipal and regional infrastructure projects in which the public sector wishes to play an active role and which are designed to benefit the local population and improve mobility and the general quality of life. This covers a wide range of initiatives from public control and lighting systems via investment in housing and sewerage systems to leisure and tourist facilities, educational institutions, public communication networks, environmental technology and energy supply, water treatment and e-government, waste management and management of the environment, civic equipment and local transport systems.

Central Danube is designed to function as a platform for both partners from the public sector or local authority and investors from the private sector, whether financial investors or well-resourced project managers and operators.

Both the geographical extension of the company and the inclusion of further shareholders committed to the philosophy and operation of public-private partnerships are planned to take place in the near future.

*Upgrading
to the new
great
Europa*

Europe, seen from the identity of its regions is set to grow further. Various south-eastern and eastern European countries with strong historical and topographical links to the Central Danube Region, such as Croatia, Bulgaria and Romania, are also expected to join the EU in the near future. The Danube represents a major traffic link for these countries. It is clearly this extended region that will form the future area of activities for Central Danube.



MARKETING UND DEVELOPMENT

KNOW-HOW AND NETWORKS

As its name implies, Central Danube sees itself primarily as an acquisition and development instrument with a high level of marketing expertise which plays a vital role in the initiation and structuring of cross-border projects.

A fundamental aspect of this is management of knowledge. On the one hand, Central Danube analyses, researches and formulates the goals and needs of the public sector and of economic organisations in the countries that comprise the new European region, works it up and assesses them in terms of feasibility, finance and ease of implementation.



On the other hand, Central Danube presents these projects to potential investors from the private sector, screens interested parties, operators and operational shareholders and thus creates synergies and links between public-sector projects – which the local authorities are not able to realise on their own – and private-sector

involvement that is unambiguously profit orientated. Marketing also involves the detection of macroeconomic trends and developments at an early stage, obtaining funding from the EU and other agencies responsible for administering development grants and the promotion of ongoing collaboration with research institutes and scientific bodies – in traffic infrastructure planning or transnational communications and energy networks, for example.

Central Danube specifically does not get involved with detailed plans, but focuses on implementation in accordance with the relevant guidelines. Furthermore, it does not see itself as being in competition with existing agencies, ventures or economic funding bodies, but exclusively as an interface between public-sector interests and private enterprise, albeit one that operates transnationally and involves a number of partners.

The company does not see itself performing an operational role, but simply as providing strategic and planning expertise and specialist know-how during the initial and start-up phases of a project and acting as a strategic investor in order to safeguard public interest over the long term.

*Anticipation
of trends*



INCUBATION AND DEVELOPMENT

In terms of comprehensive development, the company also sees itself as an incubator and facilitator for existing organisations that are looking for new impetus and seeking to develop new spheres of activity – in particular those in which the public sector is the majority shareholder.

The political supervision of projects is also of fundamental importance. What this entails is the active involvement of representatives of the municipal and local authorities and public bodies in order to ensure that there is a consonance between private-sector interest and public benefit goals and guidelines. The wide range of regulations, laws and constitutional requirements in existence as a result of the relatively short democratic and constitution-based history of the different countries concerned, the representatives of the public can fall back on the expertise of the City of Vienna and its officials. They have a history of successful know-how transfer projects in various central European regions.

The company finances itself mainly by means of consultancy and management fees, commission and, in certain cases, investment proceeds and lease/rental income.

The regions in which Central Danube will show a significantly higher growth potential than the average for the 15 current EU members. Furthermore, the need for investment, above all in the general infrastructure and improvement of the transport and traffic networks, is far higher than in the other countries. These facts also support a realistic level of anticipated returns. Additional benefits are the expertise, political will and financial strength of the company's shareholders, which Central Danube can fall back on at any time.

CENTRAL DANUBE REGION

A COMPANY INTRODUCES ITSELF

Central Danube is presently a fully owned subsidiary of equal shareholders Raiffeisenlandesbank Niederösterreich-Wien and the City of Vienna as represented by its control instrument Wiener Holding.

Central Danube came into being as the result of an initiative of the Wiener Donauraum EntwicklungsgmbH, which, as its name indicates, has set itself the task of reinvigorating the infrastructure of the Vienna-Danube area on a sustained basis and operating as transnational developer and project developer in the European Danube area through the creation of further companies.

The financial resources of Raiffeisenlandesbank and the political network of the City of Vienna – with its excellent relationships with towns and cities in the regions of neighbouring countries – combined with a strong management team with international experience, guarantee all the necessary resources for successful project development work.

MANAGEMENT TEAM:

Andreas Hopf, an internationally experienced banking and finance specialist, represents the interests of Raiffeisenlandesbank Niederösterreich-Wien.

Ronald Schrems, who has years of experience in transport, logistics and the marketing business, represents the interests of Wien Holding/the City of Vienna.

The staff are deliberately slender and flexible, endowed with a flat hierarchy and centred around renowned experts in research, project management and detailed feasibility studies. The company is also closely involved with transnational and binational organisations which aim the ongoing development of the central European region with the support of various political and municipal institutions.

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