

# René Benko: the rise and fall of Innsbruck's golden boy

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How it all went wrong for the Austrian billionaire, who has been ousted from Signa more than two decades after founding the company

In 1999, 22-year-old Austrian René Benko founded real estate firm Immofina Holding, which later became Signa Holding. Over more than two decades, the self-made billionaire built an empire with iconic investments such as Park Hyatt Vienna, the Chrysler building in New York City and Selfridges in London. Benko's personal fortune was most recently estimated at €6bn by Forbes.

But last week [Signa's shareholders called for Benko to step down](#) after the property market turmoil plunged the Innsbruck-headquartered company into increasing financial difficulties. Restructuring expert Arndt Geiwitz, who played a role in the insolvency proceedings of Signa's German department store chain Galeria Kaufhof-Karstadt, will take over the business.

Signa operates from 11 locations in Austria, Germany, Italy, Luxembourg and Switzerland. The company says it values its gross asset portfolio at €27bn and its gross development volume at about €25bn.

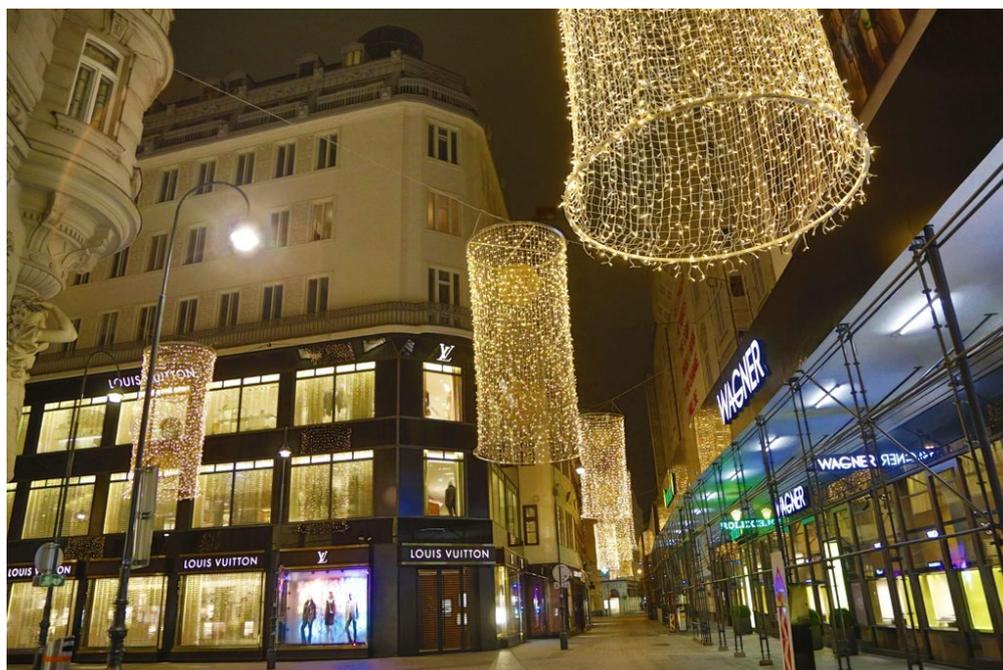
The holding firm is divided into Signa Prime Selection, which owns properties in prime inner-city locations in Austria, Germany, Switzerland, northern Italy and the UK; Signa Development Selection, which invests in office, residential, retail and hotel projects in the German-speaking region and northern Italy; Signa RFR US Selection, which focuses on New York City and Signa Luxury Hotels, which holds a portfolio including Chalet N in Lech am Arlberg, Austria, Park Hyatt Vienna, Villa Eden on Lake Garda and Hotel Bauer Palazzo in the heart of Venice.

*React News* analyses how ongoing market distress has led to the billionaire, once seen as having the Midas touch, [being ousted from the company he created](#).

## Upbringing and first jobs

Benko was born on 20 May 1977 in Innsbruck, Austria, where he was raised with his younger sister. His mother worked at a kindergarten and his father was employed by the city.

He went to a business-focused secondary school but left without a degree, having started to work for German private financial planning company AWD, selling insurance and investment products.



Louis Vuitton opened one of its largest European stores in Vienna's Golden Quarter

It's at AWD that he “started to want to make money,” according to a source who has interacted with Benko in a professional capacity for more than two decades. There he was trained to approach people and make cold calls – and learned selling techniques that he would use to build a network throughout his career.

“In a way, the techniques that he learned at AWD at the age of 17-18 are still the skills that he used later. You give your interlocutor the feeling that there's no one else but them and that it's the most important conversation in their life. That's the way it worked 30 years ago, and that was still the case last year or maybe even this year.”

Benko started his own business by converting attics into luxury penthouses in Innsbruck and Vienna. That's when he met his first large investor, petrol station heir Karl Kovarik, at the age of 24 in 2001 after founding Immofina, which later became the Signa Group.

## Building the Signa empire

Benka closed his first major real estate deal in 2004, aged 27, with the acquisition of department store Kaufhaus Tyrol, which locals describe as having a toy floor every child in Innsbruck, including Benko, “dreamed about”.

Benko demolished the Old Town building in 2005 and had built a new 33,000 sq m (355,209 sq ft) department store, designed by UK architect David Chipperfield, on the same site by 2010. The entrepreneur is said to have invested about €155m in the development.

In June 2011 Benko bought the Oberpollinger luxury department store and a Karstadt Sport store in Munich – in a joint venture with Centrum Group of Uwe Reppegather – for €250m, and in September 2013 the JV paid €300m for the business operations of Karstadt Premium and Karstadt Sports, including historic retail asset Alsterhaus in Hamburg.



Signa bought KaDeWe in a joint venture with Israeli billionaire Beny Steinmetz in 2012

In December 2012 the entrepreneur made a retail coup with the acquisition of the buildings used by Karstadt’s 17 department stores, including Berlin’s iconic **KaDeWe** department store, for more than €1.1bn in a joint venture with Israeli billionaire Beny Steinmetz. KaDeWe was estimated to have changed hands for about €500m at the time.

In 2012 Benko also convinced French luxury brand Louis Vuitton to have one of its largest European stores at its “Golden Quarter” shopping area, which opened in 2014 in Vienna’s old city – the same year as the opening of Park Hyatt in Vienna. Vuitton joined the likes of Emporio Armani, Miu Miu, Prada and

Saint Laurent at the exclusive retail location.

“He created this image of Midas who turned everything he touched into gold,” said a source, who has known him for more than two decades. “He just went bigger and bigger in just over 15 years. Everything was glamorous and glitzy.”

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Since 2015, Signa has sold majority stakes in Berlin’s KaDeWe, Oberpollinger and Alterhaus to Thai luxury retailer Central Group.

In 2020 Signa and the Thai group which is owned by the Chirathivats – one of Thailand’s wealthiest families – teamed up again to acquire Globus, Switzerland’s largest department store chain. In 2022 [the partners closed the £4bn acquisition](#) of luxury retailer Selfridges Group from the Weston family.

Across the pond, Signa teamed up with RFR Holding, which was founded in 1991 by Germany-born Aby Rosen and Michael Fuchs, to buy the 77-storey Chrysler building in New York City – the tallest brick building in the world – from the Abu Dhabi Investment Council for about \$150m in 2019.

## **The lifestyle and personality**

Having built an empire worth billions in less than two decades, it is no surprise that people who have interacted with Benko in a professional capacity describe him as ambitious and a workaholic.

“He has always been extremely ambitious. He taught himself tax laws and regulations so he impressed a lot of people with his knowledge. He would also say that he was getting up at 5am in the morning, started sending emails and worked until midnight or 2am. So it’s an 18-20 hours day. And in terms of management style, you have to cut your vacation short or come to your office at 6.30am when necessary. He’s a total workaholic.”

The father of four is also understood to have always been making the final decisions at Signa despite the fact that in his role as chairman of the advisory board, he would not have been officially involved in day-to-day operations.

Benko withdrew from operational management of Signa Holding and took over the chairman role two months before being convicted for “attempted prohibited intervention” in 2009 for offering money to an intermediary in an Italian tax case. In this advisory role, he was still able to use his network to attract new investors and financiers.



Lech am Arlberg, Austria. Signa owns Chalet N, named after Benko’s wife Natalie, in the luxury ski resort

Some sources indicate that he was paying salaries and fees over market values and was known to be generous with business partners. [He would often invite bankers, investors and politicians to champagne parties](#) and expensive stays on his yacht or at his luxury chalet and villas.

Alongside financial partners, Benko has repeatedly managed to attract support from Austrian politicians. Former federal chancellor Sebastian Kurz is said to have helped him in his search for financial backers in the Middle East, and sitting by his side on Signa’s advisory board are former federal chancellor Alfred Gusenbauer and former vice chancellor Susanne Riess-Hahn.

Meanwhile, the former mayor of Hamburg Ole von Beust has advised Signa Prima since 2018, mainly on the Elbtower project in the Hanseatic capital.

## **The business partners & DACH lenders**

One thing that marks Benko’s career out is the fact that his financial partners were almost exclusively from the DACH region, with some business partners from Asia or the Middle East. US and UK investors have been far less involved,

with the exception of Madison International, which bought a 5% stake in the €12.5bn Signa Prime portfolio in October 2019 and then raised it to 7.2% a year later.

“He was in New York and London often – and I know he was introduced to various international lenders there – but it didn’t ever really materialise,” a source said.

“You never understood exactly where the money came from,” added a German property agent. “But in the boom years, that didn’t bother anyone.”

Other Signa business partners include German RAG Foundation, the R+V insurance group, the Peugeot family and logistics mogul Klaus-Michael Kühne, who hold minority stakes in Signa Prime.

The most renowned institutional joint venture partner, Commerz Real, which invested in 10 Galeria properties in 2019, has been slowly exiting the partnership. This week, the manager of the Hausinvest fund announced that it had withdrawn Signa’s development mandate for the Mynd office project on Berlin’s Alexanderplatz and now wants to build it itself.

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On the debt lending side, it is also German and Austrian banking institutions that are most exposed to Signa’s financial difficulties.

In February 2023 the [Financial Times](#) reported that Deutsche Bank had severed its ties with Benko after prosecutors named the property billionaire as a suspect, along with other prominent businessmen and politicians, in a long-running corruption probe in Austria.

Signa’s headquarters in Innsbruck were later raided by police, but no charges have been made against the group or Benko so far, with both denying any wrongdoing in relation to the corruption allegations. In January this year, Benko was cleared of wrongdoing in a separate bribery case against him and other real estate developers.

Deutsche Bank has provided limited commercial services to subsidiaries of Signa in the past and has helped to advise the property group. Despite the issue, the bank has retained its relationship with Galeria Kaufhof, part of Benko's holdings, as the German department store filed for bankruptcy protection in October 2022 and is now in the middle of a restructuring.



The ECB looked into the credit relations of Signa this year

Over the summer, the ECB conducted an investigation into the credit relations of Signa. This was the first time the European supervisors had examined banks' relationships with one single borrower, according to German newspaper *Handelsblatt*.

The audit's aim was to clarify whether Signa's lenders have complied with the lending standards, whether all interest payments have been made and whether the financial covenants agreed in the loan agreements have been complied with or possibly breached.

Lenders include Signal Iduna and Helaba in Germany as well as Raiffeisen Bank International and UniCredit Bank Austria, *React* understands.

### **Top location versus cashflows**

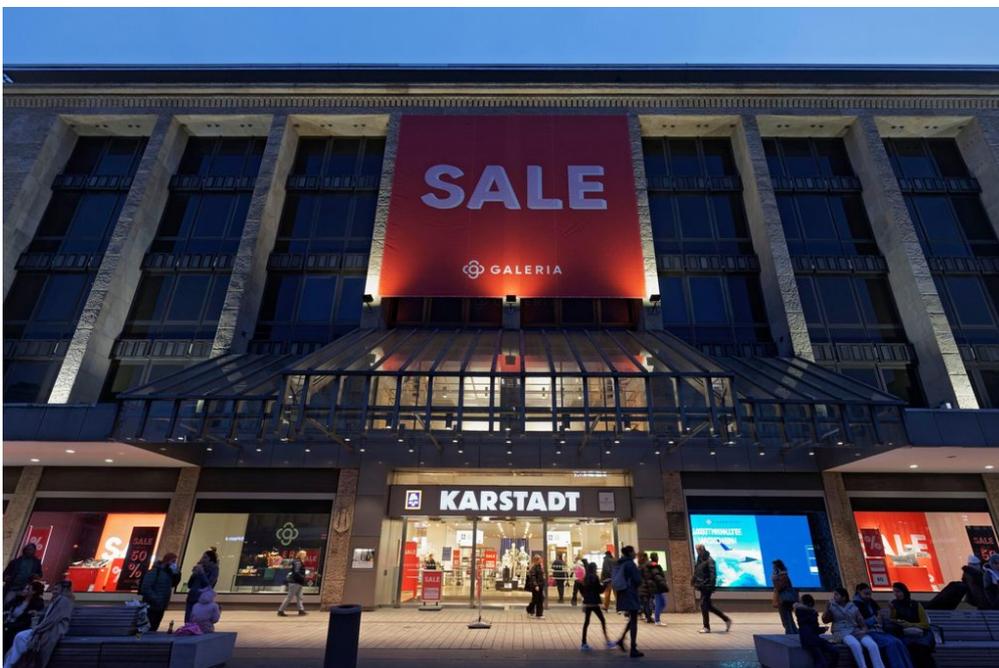
Some sources say that overpaying for some assets also created difficulties for the company. "Other investors were not willing to buy at prices paid by Benko. He was very focused on location but sometimes overlooked the cashflows," according to one source.

When Signa bought Kaufhof-Karstadt in 2018, Germany's retail giant Metro Group had been looking for a buyer for its 139 Kaufhof stores since 2008. Signa had already made a failed attempt to take over the stores together with Greek shipowner George Economou at the end of 2011. Instead, Canadian Hudson's Bay Company (HBC) stepped in in 2015 and took over Kaufhof for €2.8bn. Signa did not acquire Kaufhof until 2019, when the Karstadt and Kaufhof chains were merged in a deal valuing the Kaufhof properties at €3.25bn.

*“Location, location, location is good, but if the cashflows aren't good enough, then it's still not working”*

In March 2023 [Galeria Karstadt Kaufhof announced](#) that it would close 52 out of its 129 locations within the next year after having filed for insolvency for the second time in two years in October 2022. The chain has received €680m in bailouts from the government.

“Location, location, location is good, but if the cashflows aren't good enough, then it's still not working,” an Austrian source told *React*.



Galeria Karstadt Kaufhof filed for insolvency for the second time in two years in October 2022.

In February 2020 Signa also bought the Swiss Globus department stores chain, which owner Migros had put on the market in summer 2019. Benko snapped it up in a joint venture with Central Group at a negotiated purchase price was

CHF1bn, although the value of the portfolio was reduced by more than CHF100m during the Covid-19 pandemic. The chain has 13 department stores across Austria.

## Selling assets & refinancing woes

After investing in Selfridges in 2022, Signa divested some assets and put a series of buildings on the market. The company sold the building housing [Vienna's Apple store](#) to the private foundation of Austrian businessman Josef Rainer for a reported €95m in May, while also putting three Berlin and [Munich](#) properties on the market.

Meanwhile, Signa's refinancing troubles became obvious before the summer. In May *React* revealed that the company was looking for [€800m of new financing](#) to inject into its portfolio of luxury assets across Europe.



Signa sought new financing to renovate the historical Hotel Bauer in Venice

Signa was seeking at least two main facilities in two separate processes: around €300m was needed for the renovation of the [Hotel Bauer in Venice](#), which it bought in 2020 with the help of Raiffeisen. And the company sought around €500m of mezzanine lending for German and Austrian trophy assets of Signa Prime Selection, [which last year raised €750m in equity](#). In both cases, part of the additional capital was expected to be used to complete refurbishments and developments.

In May *React* also revealed that [Signa was rushing through negotiations with Attestor](#), a secretive player mostly known as a distress investor, in a bid to

reach an agreement on a €750m financing package for the assets.

## Projects on hold

Financial woes hit Signa's construction sites in mid-October in Hamburg, where the company halted construction work on its €250m neighbourhood project on Gänsemarkt, citing difficulties with preletting the 18,000 sq m development.

At the time, construction work on the €950m prestigious Elbtower project – also in Hamburg – was still said to be on track. However, before the end of October, Lupp Group, the company in charge of the structural work on the 245 metre tower, **withdrew its construction workers due to a lack of payments**. Talks are now under way with **co-owner Commerz Real and the city** regarding the future of the project.

Another one of Signa's Hamburg's projects was hit in October as construction company Max Hoffmann stopped work at Rödingsmarkt due to unpaid invoices. Offices, stores and flats are expected to be built by next year at the 8,600 sq m, four-building ensemble, which is partially listed.



Elbtower project in Hamburg

Signa is also putting the brakes on a project in the planning stage in Stuttgart, with construction delayed at the Zwei Hoch Fünf building on central shopping street Königstrasse. Signa said that further tenders for the 7,300 sq m building are necessary due to tenant requirements, but it is uncertain when (or whether) construction work will start.

Meanwhile last week, several service providers stopped construction work at the Carsch-Haus building site in Düsseldorf's city centre, also due to unpaid invoices. Signa had planned to reopen the historic department store in spring 2025 as a 10,000 sq m KaDeWe branch.

## **What happens next?**

For now, there seems to be no alternative to Benko stepping down, but the success of restructuring expert Geiwitz stands or falls on his ability to find his way through Signa's web of individual companies.

It is also very likely that the positions of various Signa executives who have been loyal to Benko will be put under review. When Geiwitz takes over as chief representative, his first task will be to bring order to the company's complicated network and independently assess debt and asset values. Only then will it be clear what Signa's future looks like. As investors fear for their money, new owners will be sought for at least part of the company's huge portfolio, but it is unlikely Signa Group will continue to exist in its current form, according to sources.

Representatives for Signa and Benko did not respond to a request for comment from *React*.