

# Prospect Development

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Arricano Real Estate PLC  
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Arricano Real Estate plc

("Arricano" or the "Company" or, together with its subsidiaries, the "Group")

Prospect Development to Open in Q4 2014

Arricano is pleased to confirm that it continues to progress plans to open the new Shopping and Entertainment Centre ("SEC") Prospect, situated on a busy transport hub by Chernihivska metro station on Kyiv's left bank, as planned in Q4 2014.

The Company believes that Prospect is the only SEC opening this year in Kyiv and is generating interest from new tenants who perhaps have been considering, or were partially committed, to other retail developments that have been slowed or halted. The Company is actively marketing Prospect to these potential tenants and is closely working with secured tenants on fit-out of retail units.

The market environment is more challenging following the political upheaval that has taken place during 2014, however, while the economic impact has been felt across the country, the Ukrainian population has largely been able to carry on their lives as normal, except in certain areas of unrest. This is reflected in the small increase in the number of visitors to the Company's three Ukrainian based SEC's recorded in the first 6 months of 2014.

Despite higher footfall, consumer spending remains lower as a result of the current political and economic climate across the SEC's reflecting a general caution amongst consumers. Arricano, while not directly affected by consumer spending, is aware of the impact on its retail and leisure tenants occupying the SEC's and is working closely with them, with the objective of supporting tenants during this period of volatility.

In Crimea, SEC South Gallery (Simferopol) is attracting interest from a range of Russian retailers as Russian companies look to expand their retail networks into Crimea. Our existing tenants in the South Gallery, including our anchor tenant Auchan, are back to trading as normal.

Yarema Kovaliv, acting CEO of Arricano, commented,

"We are continuing to progress our development projects of which Prospect will be the first to open whilst looking at all times to minimise risks to the overall business. Naturally we are cautious currently but our medium to long term view that Ukraine remains significantly structurally undersupplied in terms of good quality shopping and entertainment centres is unchanged."

For further information please contact:

Arricano Real Estate plc	Tel: +380 44 569 6708
Yarema Kovaliv, Acting CEO	

Nominated Adviser and Joint Broker	
Smith & Williamson Corporate Finance Limited	Tel: +44 (0)20 7131 4000
Azhic Basirov	
Joint Broker	
Whitman Howard Limited	Tel: +44 (0)20 7087 4555
Ranald McGregor-Smith	
Financial PR	
Novella	Tel: +44 (0)20 3151 7008
Tim Robertson / Ben Heath	

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