



New Lettings  
Fri, 4th Dec 2015 07:00

RNS Number : 9662H  
Arricano Real Estate PLC  
04 December 2015

**Arricano Real Estate plc**  
("Arricano" or the "Company")

### **New lease agreements in first 10 months of 2015**

*Arricano is one of the leading real estate developers and operators of shopping centres in Ukraine. Today, Arricano owns and operates five completed shopping centres comprising c.147,800 sqm of gross leasable area, and land for a further three sites currently under development.*

Arricano (AIM: ARO) is pleased to announce that it has signed a total of 154 new lease agreements across its five shopping and entertainment centres in the first 10 months of 2015. In total 17,400 sqm of retail space was leased, including 7,600 sqm in the course of tenants' rotation.

The five Shopping and Entertainment centres under Arricano's management are located in various major cities of Ukraine: RayON and Prospect in Kyiv; Sun Gallery in Kriviy Rih; City Mall in Zaporizhzhya; and South Gallery in Simferopol. The gross leasable area of the five shopping and entertainment centres is c.147,800 sqm (including c.7,400 sqm of parking area).

"Given the ongoing political struggles in Ukraine and the impact this has had on the economic environment, this has been an exceptionally challenging environment for the leasing sector; to secure 154 new tenants is therefore a significant achievement," said Yulia Schastlivaya, Leasing Director of Arricano Real Estate plc. "At times like these it is paramount to take into account the interests of all parties, namely lessees, centre visitors and the operating company – and we think we have managed to strike the right balance. Our policy is to listen to and take into consideration the concerns of our lessees, understand their business and seek to build partnerships. As of today we have over 750 contract lessees."

The vacancy and traffic rates across the five shopping centres are between satisfactory and excellent. After 10 months of 2015, the vacancy rate at Zaporizhzhya's City Mall is at 0%, Kriviy Rih's Sun Gallery has a 1.8% vacancy rate and Kiev's RayON's vacancy rate is 2.9%, which is considered optimal to enable necessary tenant rotation. Simferopol's South Gallery started the year with a 17% vacancy rate, which has now been reduced to 6.3%. Kiev's Prospect centre has also dropped its vacancy rate to 9.8% as compared to 27% at its inauguration back in December 2014. The overall occupancy across the Company's portfolio at 31 October 2015 is 95.5%. Due to fluctuating currency exchange rates in Ukraine, the average rental rates of new lettings in 2015 has decreased slightly in US\$ terms compared with rates at 31 December 2014.

"We are proud to have strong tenants at our shopping centres," commented Yuliya Schastlivaya. "The pool of City Mall's lessees has been joined by well known retail brands such as Budynok Igrashok (Toy House), which will open its 40th outlet at City Mall and shoe retailer Walker of the MD Group chain. The Prospect shopping centre has attracted popular and fashionable retailers such as LC Waikiki, LTB jeans, Oodji and CROCS, and the multi-branded on-site supermarket of Ukrainian manufacturers Modateka NAMES'UA. We are focused on developing each of our shopping and entertainment centres as a leisure venue, where consumers can experience much more than just high quality shopping. Our visitors expect modern shopping centres to be a location where they can spend leisure time as a family. In September, we opened Fly Park, a new children's entertainment venue at Sun Gallery; in RayOn, we are planning to expand the entertainment zone and re-design the food court area in 2016."

“This very high number of new contract wins is due to reducing the vacancy rate and our sensible tenant rotation policy. We understand the importance of a balanced tenant mix to maintain the interest of our visitors and therefore the necessity for timely rotation,” said Mikhail Merkulov, Arricano Real Estate’s Chief Executive Officer. “Today’s shoppers are a lot more discerning and demanding, much more sophisticated; hence in order to continue to attract customers and tenants to our shopping venues, we need to take into account the latest trends, requirements and preferences of all audiences.”

For further information please contact:

**Arricano Real Estate plc**  
Mikhail Merkulov, CEO

Tel: +380 44 569 6708

**Nominated Adviser and Joint Broker**  
**Smith & Williamson Corporate Finance Limited**  
Azhic Basirov

Tel: +44 (0)20 7131 4000

**Joint Broker**  
**Whitman Howard Limited**  
Ranald McGregor-Smith

Tel: +44 (0)20 7659 1250

**Financial PR**  
**Novella**  
Tim Robertson / Ben Heath

Tel: +44 (0)20 3151 7008