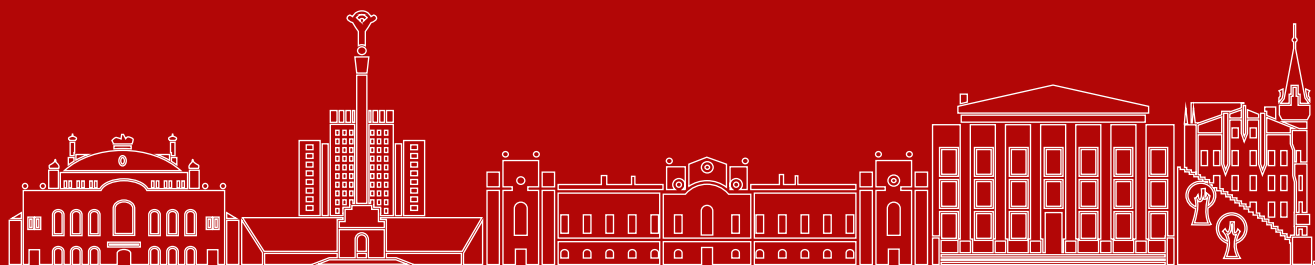


ARRICANO NEWS DIGEST №20



The results of the IV quarter of 2019

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Dear partners!

Welcome to the online corporate edition Arricano News Digest No.20. In this issue, we will share our case studies and figures related to the top priority KPIs of the company's departments. The team performance is measured quantitatively and qualitatively by growth parameters as well as by professional soft-skills, including the ability to manage changes, think innovatively, implement smart solutions and maintain the atmosphere of openness and mutual support. Year 2019 has become another milestone in the development of the corporate portfolio of Arricano's projects. The company has raised more than \$ 40 million in loans. At the same time, we have declared the highest occupancy rate of Arricano shopping malls. In the last 7 years, the vacancy rate made less than 0.25%. The turnover of tenants in Arricano shopping malls grew by almost 22% compared to the year-to-year data in the reporting currency - US dollars. We managed to achieve such results due to the coordinated work of our team, cooperation with retail partners and financial institutions. We are happy to mention that last year we received a number of awards important for our team.

Arricano has won in the nomination "Managing Company of the Year. Property management firm of the year. Shopping" at the V Annual Real Estate Forum Awards-2019, organized by the Ukrainian Real Estate Club. Four Arricano shopping malls "Prospekt" (Kyiv), "RayON" (Kyiv), "City Mall" (Zaporizhzhia), "Sun Gallery" (Kryvyi Rih) were included into the attendance rating of the independent industry online edition RetailersUA. "Prospekt" shopping mall has occupied in this rating position No.2 with the total attendance of 20.4 million. "Sun Gallery" and "City Mall" have become the winners of the VII Ukrainian National Retail Award "The Consumer Choice 2018". We thank the business community, our tenants and guests of the mall for evaluation and recognition of our work. In 2020, we have new goals, challenges and intentions to make smart decisions that simultaneously affect the reputation and the financial development of our company and the business growth of our tenant partners. The Arricano's team continues to implement the corporate development strategy of our malls. Our goal is to provide buyers high-quality, cozy and comfortable shopping, leisure and socialization on the off-line space of our malls.

We continue to update our tenant formats, expand product categories and open up new popular brands.

**15 YEARS
RETAILY YOURS
IN UKRAINE**

This year Arricano will celebrate its 15th anniversary in the Ukrainian real estate market. During this period, the company has built 6 shopping malls. The frequency of implementation of development projects makes one shopping mall per 1.5-2 years. This is a good pace and we will try to develop at the same tempo in the future. Our priority is the sustainable development of new projects about which we will inform you. We will share our practices and together with our industry colleagues improve the retail and development industry in Ukraine. Our main task is to enhance benefits of offline commerce, forming an integral ecosystem "shopping mall-consumer" and developing our shopping malls as social spaces.

Retaily yours,
Anna Chubotina



About important figures related to shopping malls management

Throughout 2019, the Arricano's team was constantly challenged to make quick, unconventional and creative decisions. In the company, they are called "cases", which allows us to learn and generate new approaches. These cases are interesting for market experts, partners, business and industry journalists, university students and business schools. The Arricano's team has a rule to share their experiences with the market, when we are invited - we present them at conferences and lectures, on the request of editions, we write op-eds etc. Performance parameters for business development in each Arricano's department are different. Here are some of them. The main results of 2019 will be published in the Annual Report, as is customary for companies which shares are placed on London Stock Exchange.

5 728 990

Digital coverage of subscribers on Arricano shopping mall social networks

293 807

Loyal online followers

1051

Citation of Arricano in the media

435

B2B and B2C company news and shopping malls

298

Renewed contacts

170

Offline BTL projects

145

New lease agreements

124

New stores opened

22%

Tenants turnover*

0,1%**

Average vacancy rate

*According to our tenants' information

**According to Interim Results for the 6 months ended 30 June 2019

Natalia Denysiv: “Comitas gentium” – “friendly people”. It is easy, efficient and pleasant to work when you follow this principle

Natalia Denysiv, Acting Director of Leasing department, believes that honesty is the quality parameter that from the very beginning lays the foundation for effective cooperation between a tenant and a landlord. During negotiations, the desire to negotiate is the most important. In this case, partners can always rely on all the “Roman virtues”.



Please tell us, how do you manage to create a friendly atmosphere in the department? After all, leasing is a complex strategic branch of business development that requires high accuracy, dedication and responsibility.

It is not difficult when colleagues have nothing to argue about. Personally, I have never adhered to a “rival” or “competitive” strategy and I’m happy that my views coincide with the views of our company. Each specialist has his/her own project, which gives him/her an opportunity to demonstrate his/her competencies and talents. The only place we compete - is a field for board games. Previously, we met and played within our office. Today it has become a corporate tradition, joined by colleagues from different departments. “Comitas gentium” is a good Latin term that describes the basic principles of our approach – “friendly people”. Friendly people are characterized by easy manners, courtesy, openness and

friendliness. This principle helps to work easily, efficiently and friendly.

During a short period of time, you’ve already reached significant results working on your position. These are the formation of the team, the gradual implementation of leasing strategy and signing of new contracts. How do you combine these directions, manage time and priorities?

I just like to work and get professional satisfaction. Besides, I have an incredible support of my colleagues. When you see that people believe in you, and you know that at the right moment you will be given a helping hand, you have a power to move the mountains. It motivates to new goals and achievements.

Is it unusual and creative to develop tenant-mix in shopping malls with almost 0% vacancy?

Each scenario has its own challenges. Any challenge, either you just launch

a project or develop a zero-vacancy project, requires both creativity and common sense. For example, now in connection with the updated strategy, we plan to expand our team. The first issue I pay attention to when communicating with a candidate, is critical and creative thinking. Everyone can learn to negotiate and sign contracts, but to think creatively and outside the box, considering the financial aspects of a project a candidate needs personal abilities and talent.

It is well-known, that the leasing department often gets cooperation offers. Please, tell us what is important for you dealing with this issue?

There are many factors, but only two of them are really important for me. They are correspondence and partnership. A brand must be consistent with the proposed location, project and, of course, the relevance of the moment. In this case, the tenant's work will be as effective as possible. The operator will be able to work in synergy with its

"neighbors", gain the necessary audience and compete. As for the partnership, the purpose of signing a contract is to obtain a sustainable, reliable and development-oriented partner. We do not sign a contract for the sake of a contract. We sign contracts for the sake of productive, comfortable and mutually beneficial cooperation.

What are the functional areas of work for Arricano leasing? What are the parameters of your performance?

Without any doubts, the main parameter of effectiveness is the profitability of a project. However, this goal can not be achieved without intermediate steps. It is important to find new, interesting tenants for the project and to support the existing partners. In Arricano, our client base contains over 750 brands. In our shopping malls, you can often observe, in addition to opening of new operators, update, format change and relocation of existing stores. In this way, we, together with our partners, adapt to the requirements of the audience and

the time, or, on the contrary, offer the market something interesting, innovative and in demand.

What qualities and virtues do you appreciate when negotiating with potential tenants and in the process of implementing projects with partners, with whom the contracts have already been signed?

The answer is the same for both questions. I really respect honesty. In my opinion, it is the qualitative parameter, which at the very beginning lays the foundation for effective work for both parties. In the process of cooperation, it helps to trust and, as a result, to understand and help one another. I do not understand and do not accept any aggression or manipulation. I am sure that eventually such methods bring to failure. Whenever I negotiate with existing or potential partners, I expect that we will come to an agreement. If a partner on the other side of the table has the same desire, he/she can count on all "Roman virtues".

"Comitas gentium" is a good Latin term that describes the basic principles of our approach – "friendly people" are people who have ease of manners, courtesy, openness and friendliness. It is easy to work with this principle effectively and friendly.



Tenant-mix changes in Arricano shopping malls in the fourth quarter of 2019

In the fourth quarter of 2019, the tenant-mix tactics in Arricano's shopping mall was aimed at renewal of tenants and promoting of fast shopping. Such approach is stipulated by two factors. The first one is a high level of occupancy. This means that with a vacancy rate of almost 0%, one of the most effective ways to attract a new operator is the corner format. The second one is to offer buyers top corner from the actual categories, namely IT, beauty service and banking. The smart-solutions in "RayON" shopping mall, where, in addition to the corners, two shops representing Ukrainian fashion and international sports were opened, should be mentioned. These are Anabel Arto and Puma. In 2020, it is planned to implement new ideas, which mission is to develop effectively the mall's space in accordance with lifestyle and priorities of our customers, to make their visits to the mall interesting and offer them new shopping funs.



- Corner of gadgets and accessories "Techno Hedgehog" ("Techno Yozh")
- KIGURUMKA Gift Island
- "Exclusilver" Jewelry corner
- Express Manicure Service
- Brow Bar Beauty-service corner in a new location



- Fashion shop of Ukrainian brand Anabel Arto
- Sport shop of international brand Puma
- Monobank Financial Services
- Corner of gadgets and accessories kIOSk
- Beer Market

"RayON" shopping mall 2019: Brands, Segments, Variations and Communications

For seven years, "RayON" shopping mall has been attracting visitors, who live nearby in the residential area in Troieshchyna. This means that the core of the project's target audience is determined by the geographical location of the mall. That is why positioning of "RayON" shopping mall makes it the best place for shopping, meeting and entertainment in the nearby.

From the very definition it is clear that the key advantages for the guests of "RayON" shopping mall are location, comfortable atmosphere, successfully offered tenant-mix of brands, various options of services and communications corresponding lifestyle and aspirations of visitors.

Tenant-mix in «RayON» shopping mall

Fashion **27%**

Entertainment **14%**

Sportswear **12%**

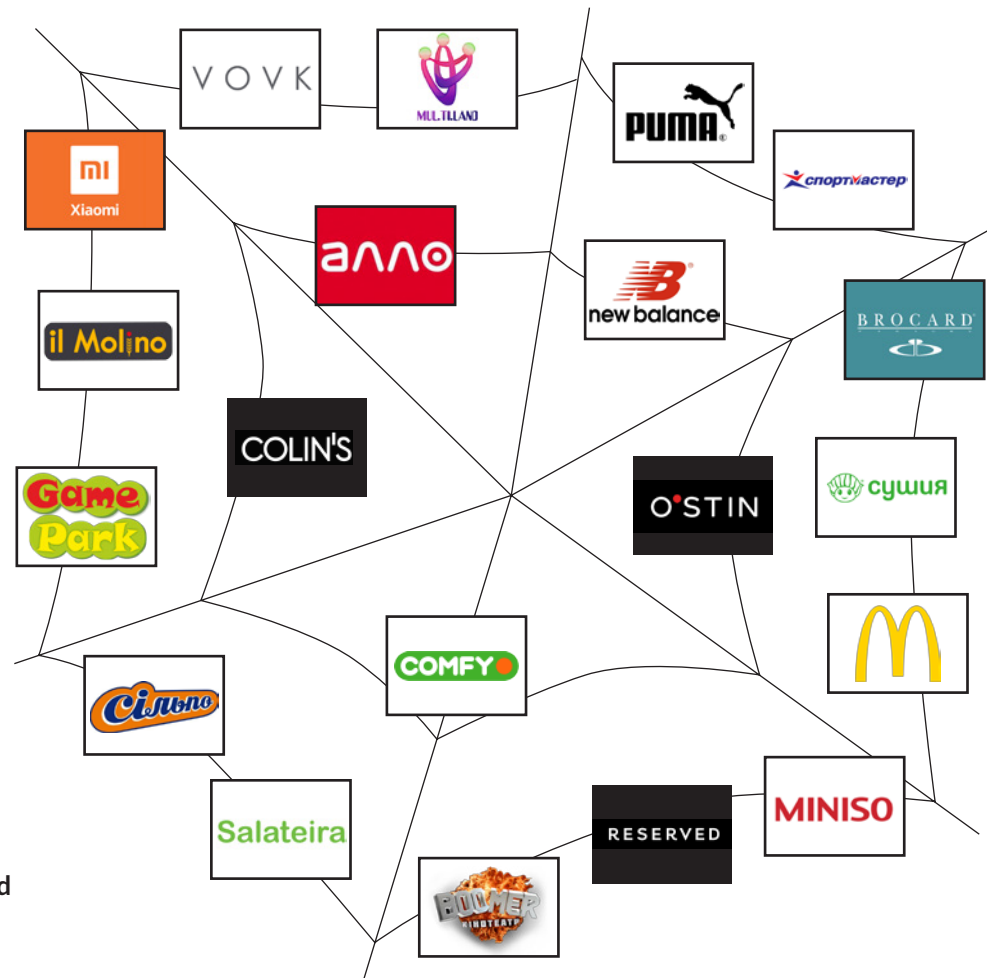
Electronics **10%**

Food **8%**

Children goods **6%**

More than 130 retailers in different categories of goods and services

Fast, healthy, drink & go formats and concept catering facilities on food court and foodzone



Tenant-mix in «RayON» shopping mall

6% Footwear

4% Health and beauty

4% Homeware

3% Lingerie

2% Services

4% Other

Leisure in edutainment (education + entertainment) style with a special focus on innovation technologies and traditional entertainments

About segments of Target Audience in "RayON" shopping mall

Troieshchyna, where "RayON" shopping mall is located, is a densely populated district of Kyiv, with developed infrastructure, inhabited by representatives of five generations - baby boomers, X, Y, Z and A. Therefore, the target groups of visitors are segmented by different demographic and personal characteristics. Each audience has its own style of shopping, choice of brands and services, leisure format, which shopping mall "RayON" provides near the house.

Target audience segmentation by age

40-54 **10,4%**

30-44 **41,7%**

Segmentation by age:
children, teenagers,
young people and students,
people who earn money
themselves

**Segmentation
by family membership:**
young families with
preschool children,
families with schoolchildren,
families with grown-up
children and 60+

Target audience segmentation by age

8,2% 55 і старше

39,7% 18-29

**Segmentation
by profession:**
teachers, civil servants,
managers, entrepreneurs,
sales people, service
representatives*

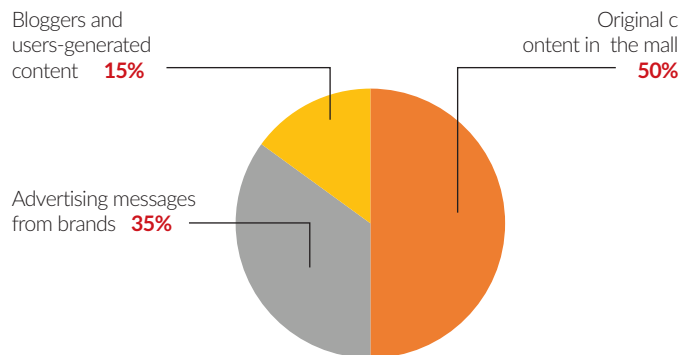
**Segmentation
by type of shopping**
shopping hunters,
shopaholics, rational
buyers

*After all, there are schools, kindergartens, educational studios, state institutions, firms' offices, manufacturing and services around the mall.

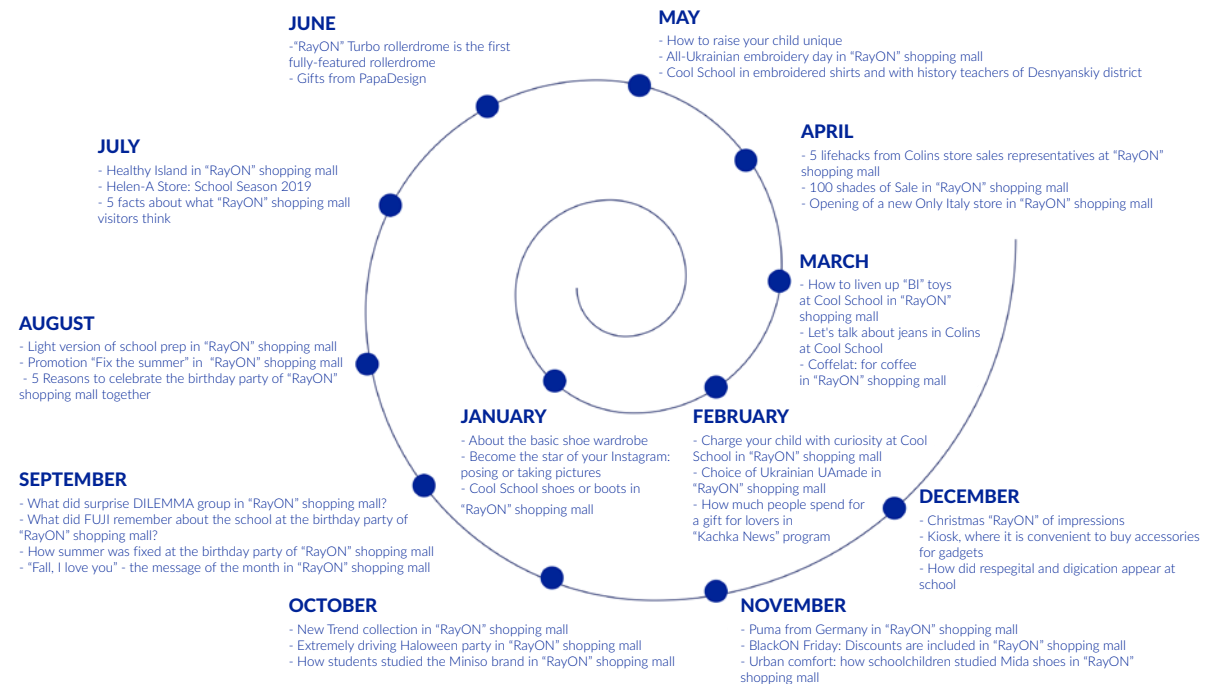
Communications in "RayON" shopping mall

The communication platform with visitors of "RayON" shopping mall includes multi-vector tools and channels for developing relationships online and offline, as well as own media products.

If we differentiate all the messages intended for visitors of the mall, 50% makes the content generated by the mall, 35% - advertising messages from brands, 15% - blogging and user-generated content.



Every month, "RayON" shopping mall offers on its online resources a slogan, to draw buyers' attention to a certain category of goods and brands, to remind about hits, sales, special offers, and to announce events taking place on the shopping mall's social space. In 2019 more than 80 motivational news, life hacks and useful tips for consumers have been generated.



Communication messages of "RayON" shopping mall are filled with emotions and rational arguments, involved actual issues, presented the benefits of brands and popularized own ideas of visitors.

Among original Media Products of "RayON" are the Social and Collaborative BTL Project "Cool School! And no training" ("Cool School! І ніякого навчання"), "Kachka News" program, where visitors of the mall respond to questions from the moderator, as well as community posts on Facebook and Instagram, where issues interesting for subscribers about lifestyle, shopping and comfortable mall services are discussed.

Sun Gallery” and City Mall as socially important spaces

The modern professional shopping mall is being transformed into a socially important space. The motives for visiting a shopping mall include shopping service, leisure, socialization, participation in arts and educational events. This is especially true in the regions where the mission of a shopping mall is to develop cultural, fashion and IT habits of the city inhabitants.

Maryna Baranova, Director of “Sun Gallery”

“In the 4th quarter of 2019, a number of events took place at “Sun Gallery” shopping mall – “Jazz Evenings”, “Knights Tournament”, “VeloHalloween”, themed handmade fairs, photo exhibition “Forms of Light”, “Santa Claus Cycling”. Each shopping mall has its own DNA code, which is evidenced by the atmosphere, décor, comfort and offerings for B2B and B2C collaboration.”



Photo exhibition “Shapes of Light”

Photo: Association of responsible citizens



“Cycling and running of Santa Claus”

Photo: Oleksander Shevchenko



“Steel City” Knights Tournament

Photo: Photo Studio 21



Hand-made fairs

Photo: city portal 0564.ua

Vardui Batrakova, Director of City Mall:

"Today a shopping mall is a place for social development, consumer experience and non-formal learning. That is why it is important for us to initiate and implement interesting BTL events. In the 4th quarter, we held a fair of wooden products presented by Western Ukrainian craftsmen in City Mall. The social art project "Kraft Zaporizhzhia" has become traditional, we joined the charity movement "Be Santa" and supported the All-Ukrainian rhythmic gymnastics tournament. Positioning of City Mall as a comfortable social space for the whole family is fully in line with the needs of the target groups of our visitors."



Ukrainian traditions in CITY MALL

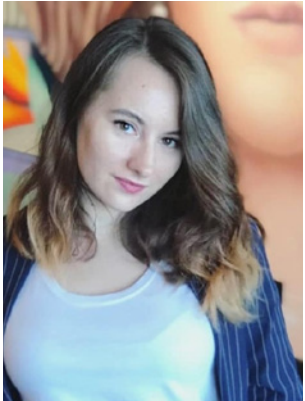


Specially for jazz fans



Social art project "Kraft Zaporizhzhia"

Bookshelf



Oksana Filonenko, specialist of the leasing department
 “The Subtle Art of Not Giving a F*ck
 A Counterintuitive Approach to Living a Good Life”
Mark Manson

“Everything worthwhile in life is won through the associated negative experience. To try to avoid pain is to be too concerned about pain. In contrast, if you're able to not give a f*ck about the pain, you become unstoppable. Today, we can take courses, tutorials, and just get tips from close and familiar people about how to “think positively” and “pretend to be okay.” And, by the way, this is what happens most often. However, people are capable of forgetting (or f*cking) the real solution of problems. Pain, inconvenience, lack of time - all prevents you from achieving your goal. Thinking and dreaming of the perfect body and good health is easy. However, dragging the glands in the gym, running three kilometers from seven o'clock in the morning, preparing healthy food is a challenge that needs effort. The author emphasizes that the way to valuable, important and priority issues is not an easy walk. This book is for those readers who lack the motivation to roll up their sleeves, clench their teeth and meet problems by “inviting them for coffee”. In creative, professional and personal lives, there are difficulties, pain, and obstacles. At the same time, we can find ways that lead us to victory, to become better and more enduring.



Oksana Tomchuk, specialist of the leasing department
 Eat That Frog!: 21 Great Ways to Stop
 Procrastinating and Get More Done in Less Time
Brian Tracy

«It's quantity of time at home and quality of time at work that counts”. If you adhere to this thesis, then this book is definitely worth reading. The author describes obvious things that can help you to become more successful and organized.

The secret of effective and competent time management is simple – you'll never have enough time to do everything. Therefore, it is necessary to identify priority tasks that yield 80% of the result and fulfill them first. It is also important to write down everything on paper.

Often, the priority tasks are those that we would like to do later, first performing the tasks that bring us satisfaction. The author considers that this is the wrong approach that keeps us at the same level not giving the opportunity to grow further. You need to learn to “eat the ugliest frog” first. Then you can enjoy your results, which will increase several fold.

I think that the book will be interesting for those who want to learn how to plan properly, improve the quality of life and find extra time for personal issues.





Oleksandra Sukhotina, Brand Manager

The 12 Week Year: Get More Done in 12 Weeks than Others Do in 12 Months

Brian P. Moran and Michael Lennington

The authors managed to “remove pink glasses” from their readers, fill them with faith and motivation and teach how to become effective, achieve results in eco-friendly ways for themselves and for other people. It is not necessary to work 24/7: everywhere and always. There are many ingredients that can produce the best result,

because “if we don’t rest, we cannot work effectively.”

The main problem, according to the authors, is that we determine in advance the cycle of achievement of goals within a year or 365 days. At the end of the year, we feel like we are “burning” from the attempts to make everything planned and enter the new year with a clear conscience.

The book provides hundreds of tips and tricks for those who are ready to stop “burning” and begin to achieve their goals in a meaningful and effective way, changing the periods of time. Businessmen, athletes, successful people set deadlines that automatically determine the timeframe in which they need to do everything they’ve planned in the list of tasks. Steps aimed at achievement of a goal within a limited timeframe are stronger and more effective. 12 months can be converted to 12 weeks. With proper planning, constant monitoring and analysis of our actions, we achieve incredible results. “The world is governed only by actions,” and the way we act determines our success and results.



Olena Obukhivska, communication manager

A complaint is a gift.

Recovering customer loyalty when things go wrong

Janelle Barlow, Klaus Möller

No matter on which market we work - development, retail, FMCG, no matter which status in the community and which position in the company we occupy, at the same time, we are consumers of different products and services. We are loyal to some brands, and not loyal to others.

In the book “Complaint is a Gift”, the authors turn the concept and perception of complaints upside down, arguing that any complaints and hurtful comments are great signals for developing and eliminating pain points for clients. Work with complaints is an integral part of gaining high consumer confidence and customer sensitivity.

Complaints are a direct tool pointing at what business has to work on. You should not be angry with buyers who say what they are concerned about. Silent dissatisfied customers, or those who attack you with negative on their blog sites, bring you much more risks bypassing feedback channels. Several abstracts from the book, “Companies scare off customers by ignoring reviews”, “Those who point out at the faults of your business want you to correct them”, “If a company has no feedback, it means it has no customers”, “Instead of trying to reduce number of complaints, companies should, on the contrary, encourage employees to look for faults.”

It is interesting to read and integrate new ideas for improving business processes in the “company-client –company -client” communication chain.





CP AWARDS 2020 invites

This year, CP AWARDS 2020 will be a meeting place of key market players in a special environment. **Among the already registered guests of the Award there are such companies as:** Commercial Construction, Alef Estate, DEOL Partners, Colliers International (Ukraine), Chernovetskyi Investment Group, KAN Development, UTG, City One Development, "Bud-House" Group of Companies, "NEST", London & Regional Properties, Vertex Hotel Group, UDP, SAGA Development, Arricano Real Estate Plc, "Toronto-Kyiv", Multiple store "Ukraine", "Dafi", TAM «A.Pashenko», Archimatika, Cushman & Wakefield in Ukraine, Astarta Organic Business Centre, Joint Industrial Park, Voropay Construction, Forum Group and many others.

Gala Dinner and Solemn Rewarding Ceremony

AWARDS 2020 will be held at the Hilton Kyiv Hotel (Kyiv) on February 28.

Within the framework of the event:

- 250 guests - top managers, owners and managing directors of large companies and landmarks in Ukraine;
- 20 nominations;
- 30 members of the jury;
- about 150 facilities and participating companies.

More about CP AWARDS 2020:

www.cp-awards.com.ua

Contacts:

+38 (044) 592 12 29
y.adeyeva@c-p.com.ua

Malls Club invites to the fifth annual conference "Technical maintenance of a shopping mall. Modernization"

Each commercial property object needs modernization from time to time. Already in the seventh year of operation, the systems begin to wear out, and the appearance of premises gives away its age. Most Ukrainian shopping malls have been operating since the early 2000s. So, everybody will agree, that in 2020 we have a lot of issues to discuss :)

For whom the conference is intended: for business owners, directors of shopping malls / business centers, maintenance executives, operations managers and Business Development Directors.



- Modernization of HVAC systems.
- Energy modernization and alternative energy sources.
- Modernization of a building's facade as a way to reduce operating costs.
- Process automation in facility management and control of service personnel.
- Efficiency and pay-off period of new equipment and software for commercial real estate technical exploitation

The following issues will be discussed within the framework of the project:

- Modernization of commercial real estate objects, taking into account new State building standards
- Reconstruction / redevelopment of shopping malls and business centers

When and Where: on March 19, Kyiv

Details and registration:
050 665 0109,
pressmallclub@gmail.com

5 Reasons to Visit the Ceremony Retail Awards "Customers Choice" for Retail and Shopping Malls

Retail Awards is the only independent Retail Award in Ukraine where the winners are determined solely by consumers. The nominees include more than 80 retail chains and 60 shopping malls in eleven Ukrainian cities.

For whom the event is intended: For top managers of shopping malls and retail chains and companies providing services to shopping malls and retail.



Why the event is worth visiting:

1. To get acquainted or to become acquainted with the top managers of the best retail chains and shopping malls of Ukraine.
2. To be the first to know the results of the National Consumer Vote and

3. personally congratulate the winners.
3. To present your business to future customers and partners in a friendly atmosphere.
4. To get noticed at a social event and get your picture taken on the red carpet with industry leaders.
5. To tasty gourmet meals and drinks during the gala dinner.

When and where: February 26, Kyiv, TAO EVENT HALL (2A Baseina str.)

Details and registration:
044 232 98 40,
s.kovalsky@meetingpointgroup.com



RAU Expo 2020

The Association of Retailers of Ukraine invites representatives of the companies operating in the field of retail trade, development, investors, brokers and consultants, companies of the b2b segment to the IV International Specialized Exhibition of Industry RAU Expo 2020, which will be held on April 2-3, 2020 in Olimpiyskiy NSC.

RAU Expo 2020 includes:

- 3 exhibition halls;
- 90 exhibiting companies;
- 500+ participating companies;
- 15 conferences in 3 streams, where 75+ top speakers will speak - first persons and top management of retail and development;
- Case presentations, new commercial real estate and panel discussions;
- More than 2000 guests from 8 countries of the world;
- After party.

The participants are expected to meet with the representatives of leading market companies, networking in the business zone and VIP zone, communicating with foreign retailers not yet represented at the Ukrainian market, as well as a mobile application for active communication with each other.

Only until February, 15 is the early birds price is valid.
Buy tickets at the lowest price right now

For Arricano's partners there is a 10% discount.
Promo code – Arricano10

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[www.youtube.com/channel/
UCLZSxqNKylFHRmZnHaJlCtQ](https://www.youtube.com/channel/UCLZSxqNKylFHRmZnHaJlCtQ)



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