

Fast and Effective from Crisis

# Retail Development



# Current concepts

- Complex Shopping Centers
  - 70 to 120 tenants
- Strip Mall concepts
  - 10 000sqm – 15 tenants
- Standalone retail boxes
  - Various sizes – single tenancy
- Factory outlets
  - 40 to 50 tenants

# Shopping Centers

- Based on tenancy requirements and competitive market creates several issues
- Banks will finance with 60-70 prelease
- Financial cost for banks is high
- Limited locations open in Slovakia
- Tenants themselves finding difficulty with tenant fit-out finance.
- Average rents at 14-18 Euro/sqm/month

# Strip Malls

- Ideal fast product – 5-6 month construction time
- Few tenants needed to get 60-70 percent prelease.
- Easy to finance
- Cheap construction
- Development yields at 11 to 12 percent
- Exit yields currently at 8 percent

# Standalone Retail Boxes

- Active market focussed largely on Supermarket retailers.
- Generally land sale deals but leases possible
- Investment value at sub 8% but rental levels from 5-10 Euro/sqm
- Large parking requirements
- Off site costs can be an issue.

# Factory Outlets

- Slovakia so far has none
- Likely issue for Slovakia is population density of minimum 1 Mio catchment.
- Must be far enough from major cities not to catabolise trade for main stores
- Rents good averaging 16 euto/sqm
- Construction and cheap land cost
- Anchors are difficult to achieve and costly

# General Problem

- Time to close multiple leases is expensive and risky deal for Agents.
- Complex shopping centers take a long time to prelease and tenants like to see construction
- Tenants are careful of bogus developers who cannot deliver
- Banks need solid preleases and confirmed construction costs.

# Best option

- Due to crisis the best option is simple transactions to move market forward.
- Strip malls are the easiest to do but need food anchor
- Investment yields are confirmed at worst 8% for serious developments
- Bank finance available at 70% debt.
- Be careful of off-site costs.



# Spiller Farmer Program

**SPILLER FARMER**  
INTERNATIONAL

**FK Finance**  
Finance Consulting Partner



# Total coverage

- Spiller Farmer 
  - Leasing; Site search; Valuation; commercialisation and Sale
- FK Finance 
  - Finance – Construction and refinance
- RWS GmbH 
  - Specialist Shop fit out and medium size developer and equity source.

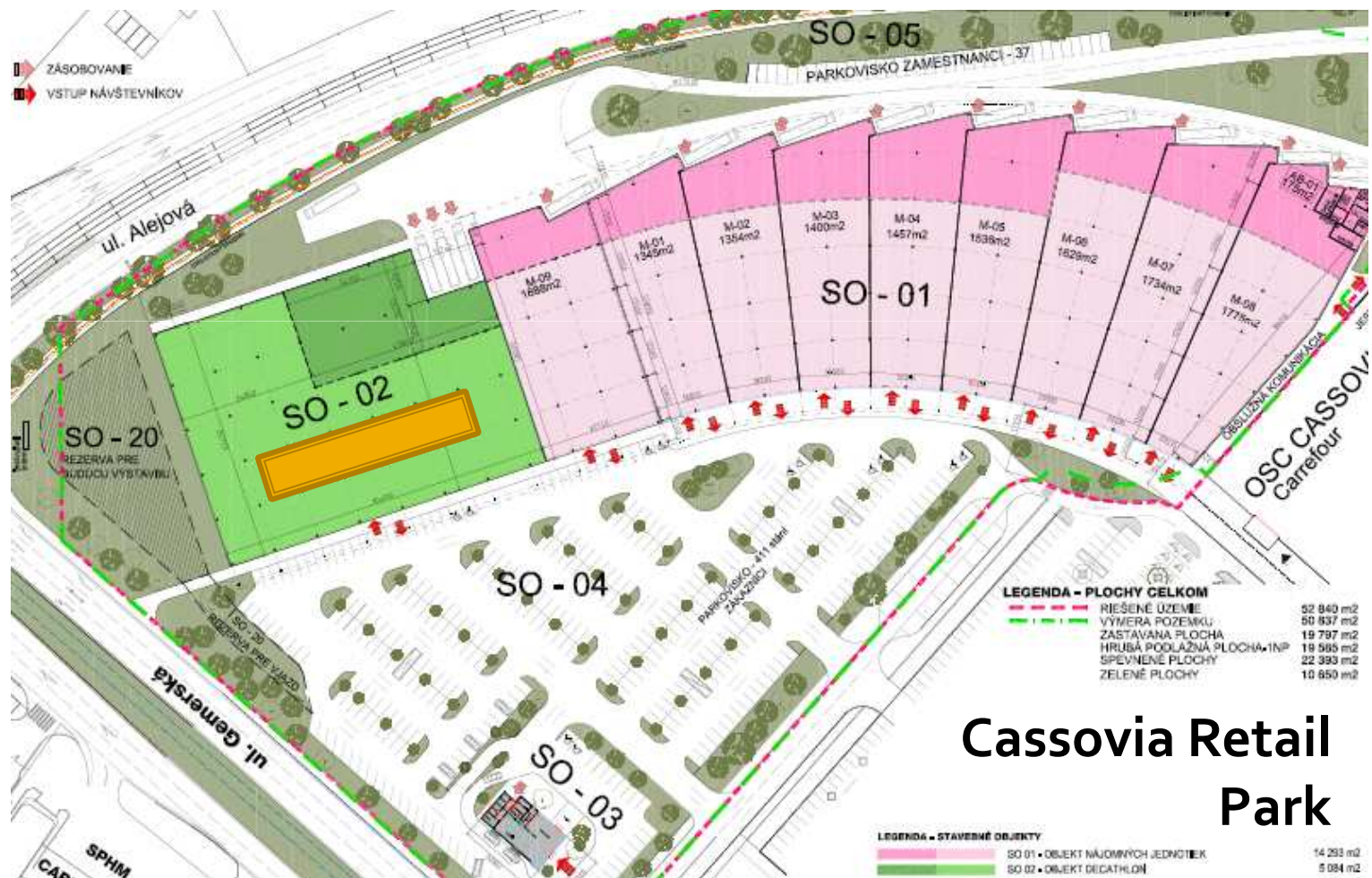
# Landowner co-development

- Based on market trend requiring Tenants and Bank finance spiller Farmer only take on projects on a co development program at this stage.
- Based on companies owned by Laurie Farmer this can all be completed in House.
- Landowner gets professional team and full upside in land value.

# Typical projects



# Typical Development



**Cassovia Retail  
Park**

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