

ICSC Czech and Slovak Retail Real Estate Conference

Silesia City Center Extension

17.09.2013

Prague, Czech Republic

Agenda

- Introduction of the Silesia City Center (before Extension)
- Objectives
- Concept of the Extension
- Key Figures of the Extension
- The Challenges
- Recommendations for handling Challenges at an Extension
- Achievements

Introduction of the existing Silesia City Center (before Extension)

Key Figures

- Catchment Area 4 016 737
- Opening Date November 2005
- Number of Tenants 210 shops (excl. specialty leasing)
- GLA 65 000 m²
- GBA 107 000 m²
- Number of Parking Spaces 2 650
- Yearly Footfall 12 200 000



Objectives

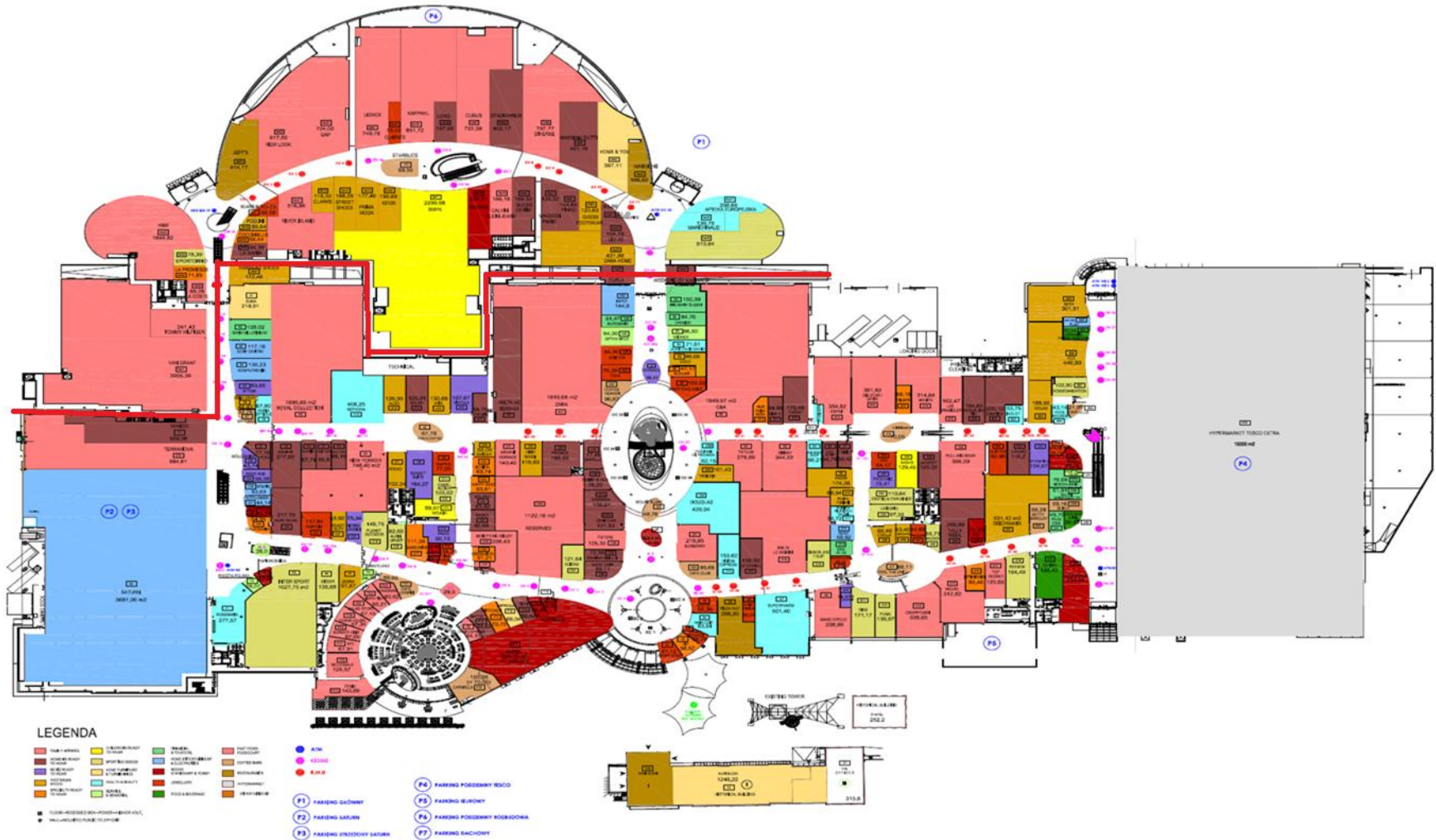
- Maintaining the leading position among shopping centers in the region
- Expanding the offer of Silesia City Center – new stores, new places of entertainment, new restaurants
- Creating a new space for new brands previously unavailable at Silesia City Center and across whole Poland



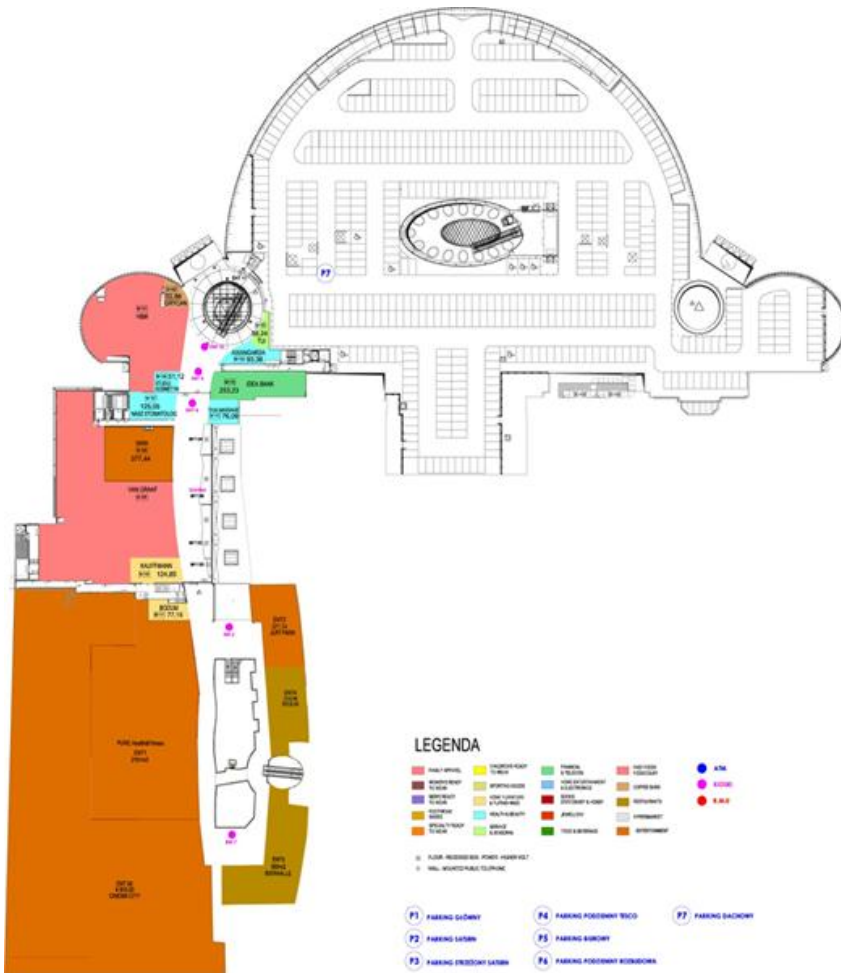
Concept of the Extension



Concept of the Extension



Concept of the Extension



Concept of the Extension

21 000

sq. m. of new
commercial
space



Concept of the Extension



65
new
shops

Concept of the Extension



730
new parking
places

Key Figures of the extension

	Existing Silesia City Center	Extension	Total after Extension
Opening Date	Nov. 2005	Oct. 2011	
Tenants	210 (excl. specialty leasing)	65	275
GLA	65 000 m ²	21 000m ²	86 000 m ²
GBA	107 000 m ²	53 000 m ²	160 000 m ²
Parking Spaces	2 650	730	3 380
Yearly Footfall	12 200 000 (10/10-09/11)		15 200 000

Development process of the extension



The Challenges

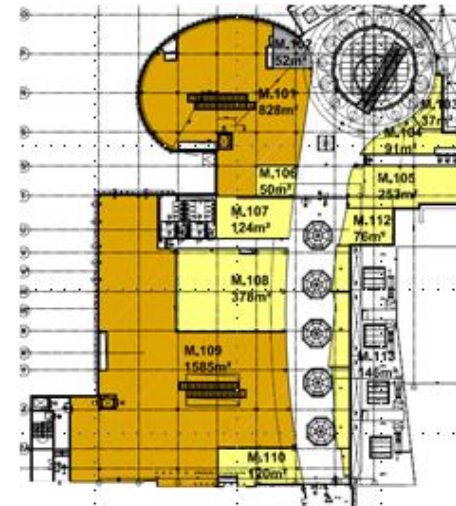
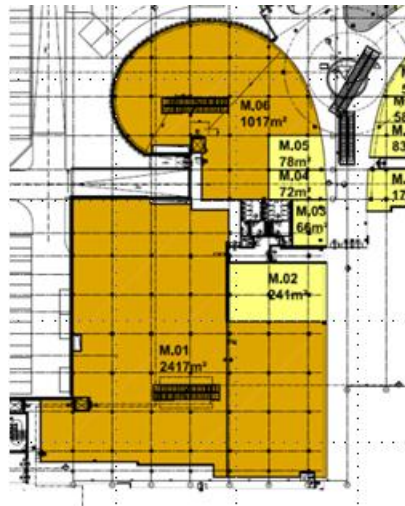
- Maintaining the operation of the existing center
- Relocation of existing tenants
- Organizing substitute parking lots
- Integration of old and new part
- Proximity of a modern populated housing estate
- Construction on the post-mining area and difficult soil conditions
- Ambitious development time schedule of 1 year for construction



Recommendations for handling Challenges at an Extension

Relocation of Tenants

- time consuming negotiations
 recommendation: -> start the negotiations early enough to reduce the blackmailing impact
- budget impact
 recommendation -> searching for possibilities to relocate as few tenants as possible



Recommendations for handling Challenges at an Extension

Maintaining the operation of the existing center

- Informing customers and tenants what's happening

Tenants

- Several Tenant Information Events
- Giving Tenants extension opportunities (e.g. SMYK 898 m² -> 2.100 m²)

Customers

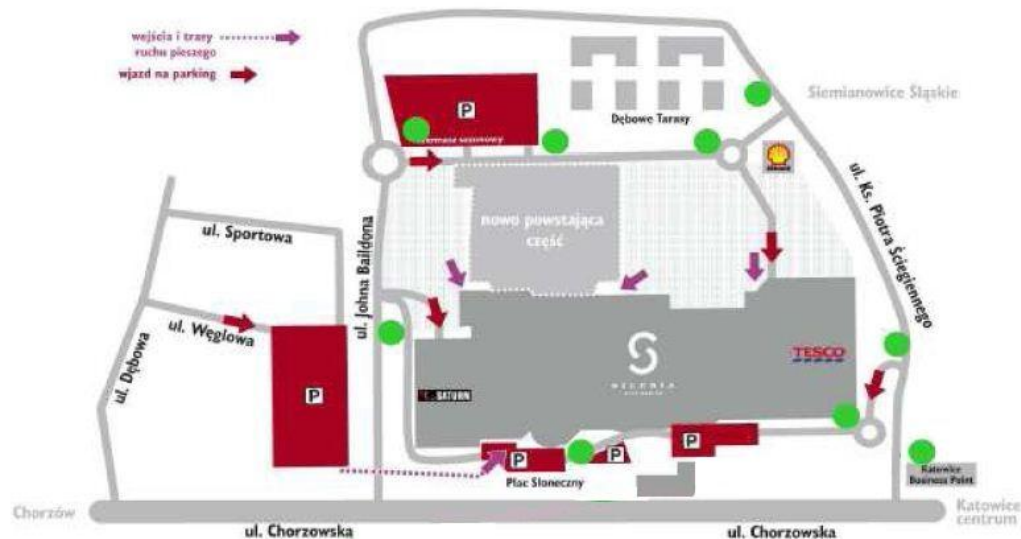
- Informing customer (e.g. current parking solution) via
 - Flyers in each store
 - Interactive Video Wall
 - Website
 - Information on TV Screens all over the center
- Integration of Customers by letting them vote for the new “street names” of the corridors in the extension



Recommendations for handling Challenges at an Extension

Maintaining the operation of the existing center

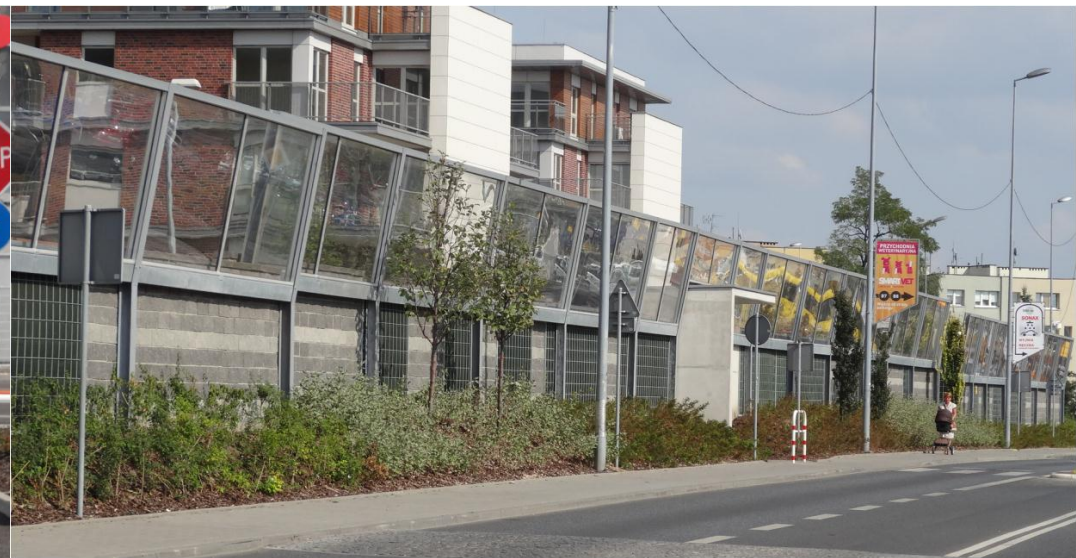
- Sophisticated construction schedule considering entries and exit zones, emergency routes, convenient parking places
- Always provide sufficient parking places



Recommendations for handling Challenges at an Extension

Integration of Neighbours and Authorities

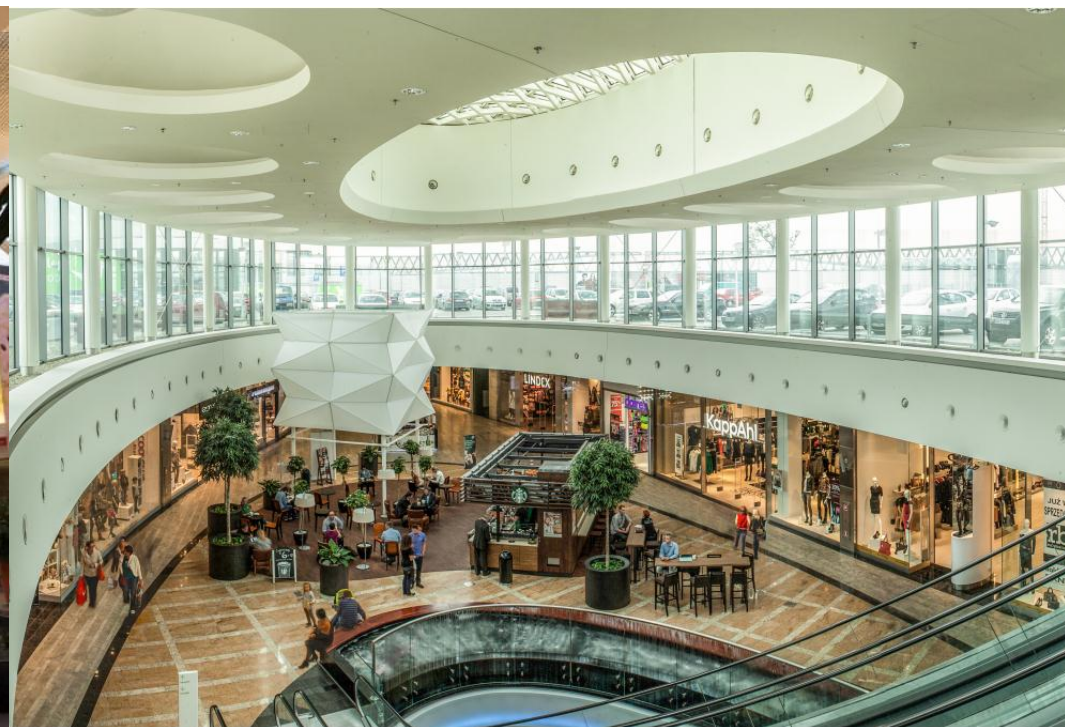
- Information Events
- Underground delivery
- Traffic Concept
- Acoustic Walls
- ...



Recommendations for handling Challenges at an Extension

Relationship between old and new part

- Old main square should stay the mayor meeting place (Tropical Place)



Recommendations for handling Challenges at an Extension

Relationship between old and new part

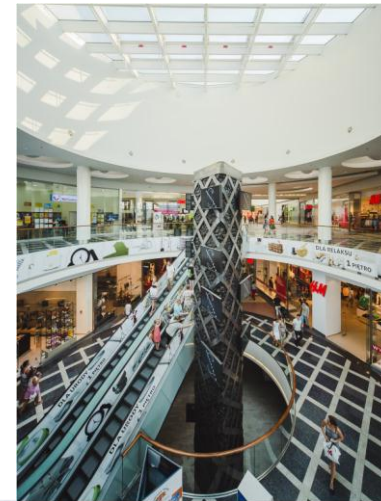
- Smooth Transitions



Recommendations for handling Challenges at an Extension

Relationship between old and new part

- Modern Design and upgraded materials in line with the theme of the center



Recommendations for handling Challenges at an Extension

Relationship between old and new part

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Achievements

- Just 7 tenants to be relocated (partially temporary) for minor rent reduction and/or relocation contributions
- No rent reductions for existing tenants during construction period
- Decrease in footfall and turnover of less than 5% during construction time
- Staying within an extremely tough timeline (2 years for whole development, 1 year for construction) and opening on time
- Total Development Costs 20% below budget
- Rental Income 18% above budget
- Value after completion / Total Development Cost = 256%

Achievements

After the opening of the extension:

- Increase of the turnover of the Shopping Center by 33 %
- Increase of the footfall of the Shopping Center by 25 %
-> Maintaining and securing clear No. 1 position in the Silesia Area for the coming years.
- Reduction of the Service Charge Level of 15% for the WHOLE Center
- Winner of the ICSC Extension Award 2013
- Successful Sale of the Shopping Center to a consortium led by Allianz and ECE

Last but not least



EUR

2.5 million

publicity
value

