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# **Project Krivoy Rog**

*Information Memorandum*

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# Agenda

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**Country Overview**

**City Overview**

**Project Overview**

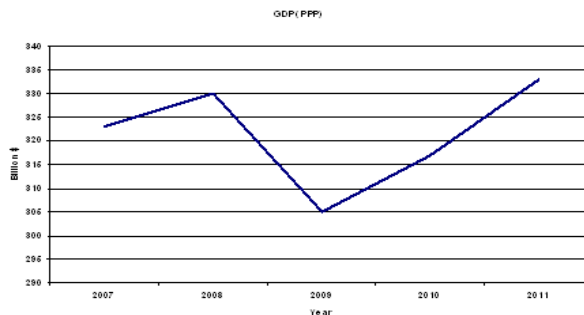
## General Information

<b>Capital</b>	Kiev
<b>Official Languages</b>	Ukrainian
<b>Ethnic Groups</b>	77.8% Ukrainians, 17.3% Russians, 4.9% others and unspecified
<b>Government</b>	Unitary semi-presidential republic
<b>Surface (sqkm)</b>	603.628
<b>Population</b>	44.854.065 (July 2012 est.) 77 per sqkm
<b>Currency</b>	Hryvnia (UAH)
<b>Age Structure</b>	0-14 years: 13.8% 15-64 years: 70.7% 65 years and over: 15.5%
<b>Median Age</b>	39,9 years
<b>Population Growth Rate</b>	-0,63%
<b>Death Rate</b>	1,6%
<b>Sex Ratio</b>	0.85 male/female



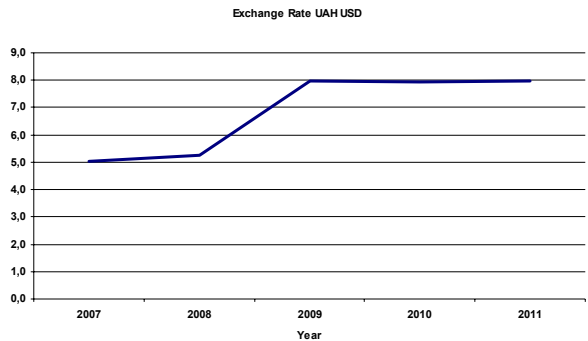
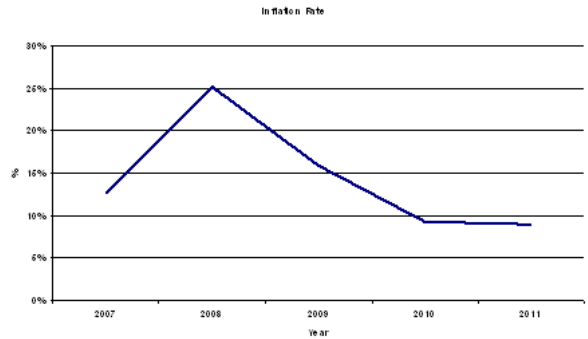
## Economic Framework

- After Russia, the Ukrainian republic was the most important economic component of the former Soviet Union, producing about four times the output of the next-ranking republic.
- Its fertile black soil generated more than one-fourth of Soviet agricultural output, and its farms provided substantial quantities of meat, milk, grain, and vegetables to other republics. Likewise, its diversified heavy industry supplied the unique equipment (for example, large diameter pipes) and raw materials to industrial and mining sites (vertical drilling apparatus) in other regions of the former USSR.
- Shortly after independence in August 1991, the Ukrainian Government liberalized most prices and erected a legal framework for privatization.
- Real GDP growth exceeded 7% in 2006-07, fueled by high global prices for steel - Ukraine's top export - and by strong domestic consumption, spurred by rising pensions and wages. A drop in steel prices and Ukraine's exposure to the global financial crisis due to aggressive foreign borrowing lowered growth in 2008.
- Economic growth resumed in 2010 (4,20%) and 2011 (5,20%), buoyed by exports.



## Economic Key Performance Indicators

<b>GPD 2011</b>	5,20%, 333,7 billion \$
<b>GDP Pro capita</b>	7.200 \$
<b>GDP Composition by sector</b>	agriculture: 9.4% industry: 34.4% services: 56.2%
<b>GDP (trend last 5 years)</b>	1%
<b>Occupancy Rate 2011</b>	93%
<b>Occupancy Rate (trend last 5 years)</b>	-0,2%
<b>Population before poverty line</b>	35%
<b>Distribution of Family Income – GINI</b>	27,5
<b>Public Debt</b>	36,2% of GDP
<b>Inflation Rate</b>	9%
<b>Central Bank Discount Rate</b>	11,97%
<b>Ukrainian Commercial bank prime lending rate</b>	15%
<b>Exchange Rate UAH USD</b>	7,963 (2011)



# Agenda

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## General Information

<b>City</b>	Krivoy Rog
<b>Federal District</b>	Dnipropetrovsk Oblast
<b>Surface (sqkm)</b>	410
<b>Population</b>	664.499 1.600 per sqkm



- Krivoy Rog is situated in Central Ukraine, in Dnipropetrovsk Oblast, on the southwest of the oblast's administrative center, Dnipropetrovsk, at the confluence of the Inhulets and Saksahan rivers.
- The city occupies an area of 410 square kilometers. Krivoy Rog is the longest city in Europe, it extends for 126 km from north to south.
- The population of the city in 2012 is approximately 660,000 people. Krivoy Rog is the eighth city in the country in terms of population..
- Krivoy Rog is the second largest city of Dnipropetrovsk region (after Dnipropetrovsk) and is an exploitation center of Krivorozhskiy iron-ore basin.
- The city is the main steel industry city in the Eastern Europe, Krivoy Rog takes the third place in the world ranking in the extraction of iron ore.



## Economic Framework

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- The city is one of the most developed city of Ukraine
- The economic potential of the city is represented by more than 12.600 entrepreneurs as legal entities and nearly 78.500 entrepreneurs - individuals.
- Key industries of Krivoy Rog are: engineering, food industry, chemical industry and mining industry.
- The volume of Industrial output in January-May 2012 was 4.15 Billion, representing 38.3% of the total sales volume of Dnepropetrovskaya Oblast'. In the last five years the industrial output has increased by 20% yoy.
- Ore mining and smelting industry has 93.4% share of industrial production volume.
- In January-May 2012, export of goods amounted to \$2.1 Billion. Compared with the corresponding period of 2011, export increased by 1.8%, import by 49.3%.
- In the first quarter of 2012 average monthly salary in Krivoy Rog was \$438. It is more than 3 times the level of state-guaranteed minimum wage and exceeds the average amount of the Ukraine by 24% and of the Dnepropetrovskaya Oblast' by 18.0%. In the last five years, it has highlighted an yearly growth of about 22%.

### Shopping Mall Market

- Today there are six shopping center in Kryvoy Rog with a total area of about 90.000 sqm.
- The biggest one is the **Sunny Gallery**, with total gross leasable area of about 38.000 sqm, is a mainly hypermarket-driven center with poor offer among other good category and also with a modest architectural and construction quality level. It is located outside of the city.
- The other commercial structures are smaller than Sunny Gallery, representing the post-soviet view of the retail concept.

*Demand – Young urban population.*

*Increasing monthly average income per capita.*

*Absence of modern commercial structures.*

***Why a modern Shopping & Entertainment Center in Krivoy Rog?***

*Limited supply of international fashion brand.*

*Weak competition – Six players in the market.*

*Location –Intensive car traffic.*

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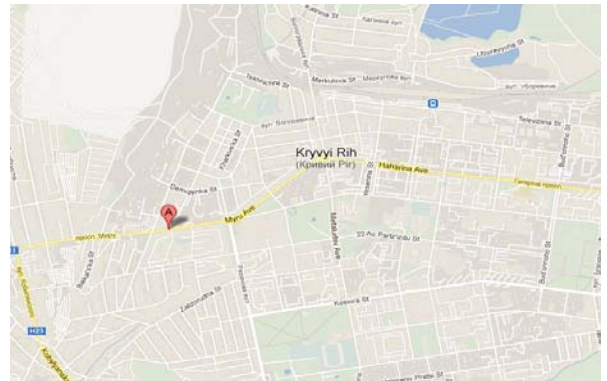
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## The Project

- The project concerns the construction of the shopping and entertainment centre Coliseum (hereinafter the "Structure" or "Coliseum"), which will be the biggest commercial structure in the city of Krivoy Rog.
- The structure will be situated on Prospekt Mira, the main street of the central district of the city with 90.000 inhabitants.
- It will open in 2016.
- Coliseum will emphasize the fashion segment creating the emotional shopping pattern for the customers.



- The structure will accommodate also a strong hypermarket on over 9.000 sqm and numerous service units.
- In addition to the retail shops and entertainment services, such as multiplex cinema and the bowling alley, Coliseum will consist also of offices, with a total area of about 2.000 sqm.
- The main goal of the project is to become centre for people's everyday activities as well as connecting point for the central city district.
- The structure will represent the modern trend of the shopping mall industry in Ukraine.



## Key Information

- The project foresees 3 levels of commercial gallery on total GLA of ca 41.627 sqm, parking structures on underground floor and multi storey block having direct entrances to each commercial floor.
- The ground floor will consists of a hypermarket and about 60 other shops/cafès/service units. Ground floor will be dedicated basically to all other activities except fashion, that will be concentrated to the 1st floor.
- Food concepts will be divided between the ground and the first floor: fast foods on the ground floor and restaurants on the upper floor.
- On the second floor, the leisure and entertainment area, will be located a multiplex cinema, a fitness club, some cafès and shops.



<b>Shopping Mall</b>	Coliseum
<b>City</b>	Krivoy Rog, Ukraine
<b>Opening Date</b>	2016
<b>Total Leasable Surface</b>	41.627 sqm
<b>Shops Surface</b>	30.184 sqm
<b>Hypermarket Surface</b>	9.443 sqm
<b>Offices Surface</b>	2.000 sqm