

# Valuation Parameters of Retail Properties

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# Foreword

The European Group of Valuers' Associations (TEGoVA), which is the umbrella association for national real estate valuation organisations in Europe, today represents the interests of qualified valuers from 57 professional organisations in 31 countries and continues to grow in importance year after year.

One of the main goals of TEGoVA is to create and disseminate uniform standards for the practice of real estate valuation in Europe. Exemplary in this connection are the "European Valuation Standards 2012" published by TEGoVA, which have in the meantime gained widespread acceptance as pan-European rating standards.

Furthermore, the "Recognised European Valuer (REV)" title awarded by TEGoVA is increasingly regarded as a key credential. Designed to maintain, improve and harmonise valuation standards, the "REV" title has now been awarded to over 2000 valuers in Europe. The title is conferred in accordance with uniform standards and serves clients as an indicator of the valuer's high professional qualifications and valuation skills.

The goal of offering even more added value in association with the REV status gave rise to the idea of collecting valuation expertise through the member associations in many European countries, publishing it in the form of studies, and providing this information free of charge to all REV valuers. The present study on the valuation of retail properties is the first such publication, conceived by a specially selected expert group of TEGoVA members. Further studies are planned.

The objective of the study is to give the reader an overview of the common definitions and the essential aspects to be considered, as well as the key valuation parameters and ranges in various European countries and for different property types.

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**Foreword**

# 1 Definitions in Retail

## 1.1 What is a Retail Property?

Retail properties

- are places where consumers can purchase a wide variety of goods and services;
- come in many different formats but all are dependent on the consumer for their success;
- rely on the local population of the surrounding areas as their customer base.

## 1.2 Terminology

The definitions of some of the more commonly used retail terms of relevance to property valuation are provided below.

They are, in part, based on 'Katalog E<sup>1</sup>' (guidelines produced by the Institut für Handelsforschung (Institute for Retail Research) for the definition of terminology in retail):

### ■ Absorption Rate

This is the mathematical ratio between a retailer's gross turnover and the available purchasing power in the catchment area. It is possible to calculate the theoretical turnover potential for retail tenants in a location using the purchasing power specific to the product range and assumptions of possible absorption rates.

### ■ Anchor tenant

An anchor or magnet tenant is generally the tenant which occupies the largest area or generates the highest rental income and is the strongest attraction for customers ('customer magnet' for the whole property) in the case of larger retail properties.

### ■ Start-up phase

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<sup>1</sup>Katalog E; Institut für Handelsforschung, University of Cologne; Fifth Edition

## Definitions in Retail

After the opening of a retail property, it takes a certain period of time for the property to reach the turnover level required to achieve sustainable financial success. The start-up phase normally lasts between one and two years, although it can be as long as three years in saturated markets. Turnover growth during this period can range between 20% and 25% p.a. until the anticipated turnover level has been reached. The start-up phase can be shortened using marketing tools. Retailers also include a start-up phase in their considerations.

### ■ Demand

#### – Periodic

All goods required to satisfy short-term or regular needs such as food, beverages and tobacco, and short-term consumer products.

#### – Non-periodic

All other goods required to satisfy medium to long-term needs, e.g. textiles, clothing, household items etc.

### ■ Business type

A business type refers to a group of retail businesses with identical or similar characteristics (size, depth of product range, service intensity etc.).

### ■ Branch / Line of business

Structure of the retail branches according to the primary type of goods (e.g. consumer electronics, foodstuffs).

### ■ Branch mix

The success, particularly of shopping centres, depends on the quality of the branch mix. Although there are no general rules for the correct branch mix, the success of a tenant community grows when it is possible to generate synergy effects. This depends on the number, variety and positions of the retailers in the centre. In smaller town/city centre shopping centres in particular, additional synergy effects can also be generated by retailers outside the centres, thereby improving the overall attractiveness of the location.

### ■ Branch-specific rents

→rent-to-sales-ratio

### ■ Gross Initial Yield

The gross initial yield is calculated from the ratio of contractual rent (annual net rent) to market value.

- **Business Improvement District (BID)**

This normally refers to spatially defined inner-city areas or districts within which landowners are willing to finance and undertake programmes of works to improve the environment and attractiveness of the area within a specified period. BIDs are often found in areas dominated by retail and consumer-based services (e.g. pedestrian precincts).

- **Centre management**

A shopping centre is a shopper's paradise, which is designed and constructed as a single unit. Ideally, centre management should be involved in the design and construction process. If not, it should be in place by the time the shopping centre opens in order to ensure that the centre is successfully marketed and positioned as a brand. Therefore, the quality of the centre management is an important factor in the valuation of shopping centres.

- **Catchment area**

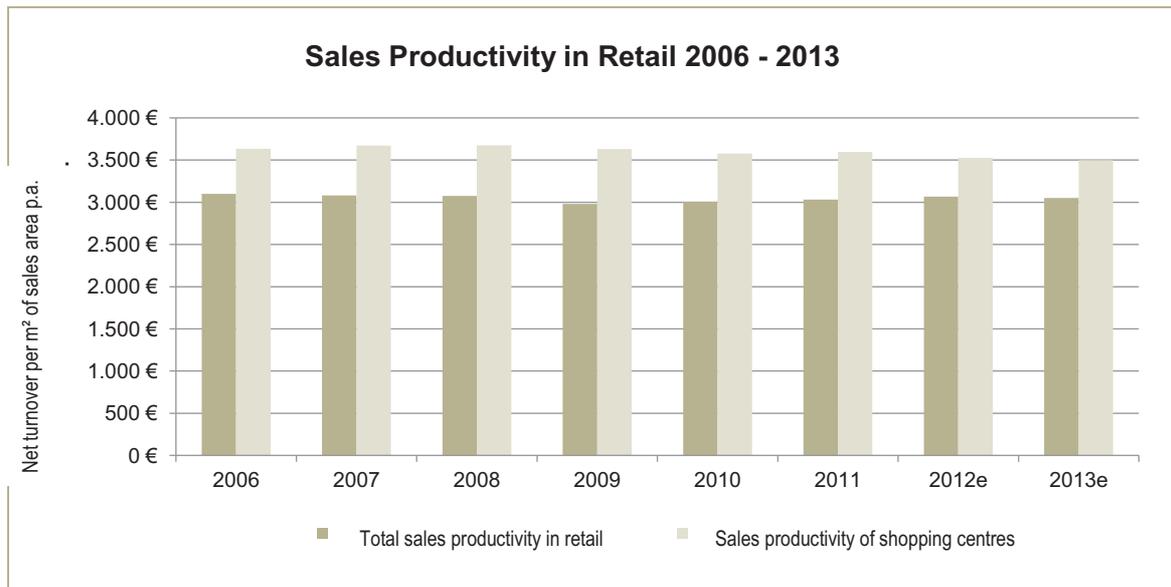
The area and population from which a retail property/project attracts its customers.

- **Chain store saturation**

This refers to the percentage of chain retailers in prime pitches in the market.

- **Sales per m<sup>2</sup>**

In retail, this is normally defined as the net turnover per m<sup>2</sup> of sales area (p.a.). In the property industry, calculations can also consider turnover per m<sup>2</sup> of lettable area and, in some instances, turnover per m<sup>2</sup> of retail space (gross and net) if sales area figures are not available. It is therefore always important to know the basis of the figures.

**Definitions in Retail**

Source: GfK Germany January 2013

**Fig.1.1 Development of sales per m<sup>2</sup>**

### ■ Wholesale

Wholesale in the functional sense exists when market players source goods from manufacturers or other suppliers and distribute these to resellers, secondary producers, commercial users (e.g. local authorities, educational institutes or restaurants), but not to private households. It should also be noted that qualities, batch sizes or value of the goods do not play a role in the differentiation between wholesale and retail; the primary criterion is the focus on satisfying commercial needs.

### ■ Purchasing power / average spending

At micro-economic level, this refers to the sum of the individual demand for goods within a specific segment or product group/range.

Purchasing power refers to the sum of money which private households have at their disposal over a specified period; it is the disposable net income plus withdrawals from savings and loans taken out minus money put aside for saving and the amortisation of loans.

### ■ Retail-relevant purchasing power / average spending in retail

Purchasing power (in EUR and as an index) which can be spent in the retail sector (i.e. point-of-sale and distance selling, but excluding car sales and fuels) after deduction of monthly expenses such as rent, loan interest and savings.

If the valuer is asked to assess the demand potential, then retail-relevant purchasing power is estimated as follows:

Inh. × Av. spend × PPI	=	Demand potential
Inh.	=	Inhabitants in the catchment area
Av. spending	=	Average spending per inh. for branch-specific products
PPI	=	Purchasing power index for the catchment area

Data providers have different opinions in terms of spending in pharmacies and the traditional food industry (i.e. butchers, bakers etc.).

### ■ Purchasing Power Index

The purchasing power index of a region (federal state, rural district, municipality) refers to the purchasing power of a region per inhabitant compared to the federal average (federal average = 100).

The purchasing power index also describes the spending potential of the local population and demand potential of the respective town, city or region. The higher the index, the more favourable the outline conditions for local retail, which can capture a major share of this purchasing power. A high purchasing power index normally also has a positive effect on the quality of the location.

### ■ Demand volumes

This is a statistic calculated by multiplying the locally adjusted retail-relevant spending per capita by the number of inhabitants (Inh.). Purchasing power volumes are also calculated for the main product groups/part product ranges (→ Analysis of Potential).

Purchasing power volumes = purchasing power per inh. (or per part product range) × no. of inh.

### ■ Location categories

Urban retail areas reflect the centrality and attractiveness of specific sections of towns, cities and communities. The city layout, location of the shopping areas within settlement boundaries and general central function of these locations are of relevance to the classification of retail areas and location qualities.

**Definitions** in Retail

**Standard categories by property agents**

- 1-or A-location : Prime retail location in the centre of the town or city with a high level of footfall;
- 2- or B-location : Secondary retail locations/district centres with high levels of footfall;
- C-location: Location with a low number of shops, frequently interspersed by other uses

**Other categories**

- Scattered locations (e.g. stand-alone stores);
- Neighbourhood centres, generally in residential areas;
- District centres;
- Sub centres/local centres (secondary locations);
- Town/city centres (core retail area), differentiated as follows:
  - Mass market retail
  - Upmarket retail
  - Luxury and high-end retail
  - Inner city/city centre fringe (boundary of the core retail area)

■ **Market volumes (sales volumes)**

This refers to all adjusted institutional retail sales relating to the specific location or a defined catchment area (market area).

■ **Tenant fit-out**

This refers to physical changes to a shop in the landlord's building, undertaken by the tenant at its own cost

■ **Net Initial Yield**

This term has different interpretations. Our study considers to the following definition:

In the property industry, the net initial yield refers to the ratio of the gross income (net rental income for the first rental year) adjusted by operating costs which have an effect on liquidity and the property value/purchase price plus purchaser's costs (land transfer tax, notary's fees and court costs, agency commissions). Operating costs, which have an effect on liquidity, include expenses for property management and calculated maintenance costs.

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Net initial yield (%) =  $\frac{\text{Gross Rental Income} - \text{operating costs which affect liquidity}}{\text{property value or purchase price} + \text{purchaser's on-costs}}$

#### ■ **Restrictions in product ranges**

The possible impact of major retail projects on the turnover of existing central supply areas (→cf. Central Supply Areas) is investigated as part of the planning application process.

Consequently, conditions can be attached to the permission, restricting the sales area in general or in defined areas to the offer of main product ranges normally sold in town/city centres. Restrictions in product ranges can impact on the success and/or operator flexibility and therefore also detrimentally affect the value of a retail property.

#### ■ **Product ranges, normally sold in town/city centres**

These are product ranges normally sold in town/city centres, neighbourhood and district centres. In particular, they offer goods and services to cover the everyday, as well as periodic and non-periodic needs of households.<sup>2</sup>

#### ■ **Rent-to-sales-ratio / effort rate**

For the tenant, this is calculated from the ratio of rent and net turnover and is used as a benchmark. In Continental Europe, the net rent (in the UK the gross rent (incl. service charges)) is adopted. There are standard ranges which can be regarded as sustainable for the tenant, subject to the tenant and/or branch-specific income and expenditure situation. The tenant can influence this figure to a certain degree, e.g. by reducing other costs and/or improving turnover. Abnormally high rent-to-sales ratios increase the risk of rental loss and/or risk of re-letting.

#### ■ **Turnover redistribution**

This is the proportion of turnover which a new tenant entering the market will or must absorb from competitors in order to be able to operate its retail property successfully.

#### ■ **Centrality**

Retail centrality measures the balance of the inflow and outflow of purchasing power of a town/city, in which the retail purchasing power is compared with retail turnovers within a municipality. A town/city is more

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2 Katalog E; Institut für Handelsforschung, University of Cologne; Fifth Edition; p.202

**Definitions** in Retail

attractive when it can harness more purchasing power than its inhabitants have at their disposal, i.e. has a high centrality. It must be determined in each instance whether the more effective indicator of centrality is the situation in the region or part of a town/city, rather than the municipality's administrative limits.

## 1.3 Business types

### 1.3.1 General

In an institutional sense, retail business types are principally defined by the sales policies they apply.

It is important to differentiate between the two distribution channels 'point-of-sale', i.e. the physical offer of goods through retail outlets, and 'Distance Selling', i.e. the virtual offer of goods using a variety of media.

In point-of-sale retail, three main positioning and differentiation strategies with specific requirements for retail outlets have been developed, which bring the consumer into direct physical contact with the product and should thereby satisfy the following expectations:

- Experience;
- Price;
- Convenience.

Distance Selling has similar positioning strategies to point-of-sale retail. This means that in online / mail order retail, i.e. traditional mail-order, and online retail, the type of media and means of acquiring information such as using systematic price comparisons and/or recommendations play a particularly important role. Distribution is principally regulated by the following media:

- Catalogues;
- PC;
- Smartphone;
- TV;
- Social networks.

### 1.3.2 Overview of the retail business types



Source: HypZert Germany, 2013

**Fig.1.2 Retail in Europe**

### 1.3.3 Terminology for point-of-sale retail

#### ■ Shopping centres

The term 'shopping centre', taken from US terminology, emphasises the attractiveness of the property. The attractiveness and appeal of a centre is achieved by designing, constructing and managing a centre as a single unit, with a high number of shops and service providers offering extensive product ranges and services. By bringing such a high number of businesses together in one location, it is possible to generate synergy effects. Properties with less than 10,000 m<sup>2</sup> of lettable retail space are no longer regarded as shopping centres.

#### ■ Entertainment centres

Also referred to as Urban Entertainment Centres (UEC), entertainment centres accommodate a mix of leisure uses and are designed, constructed and managed as a single unit. In addition to leisure facilities

**Definitions** in Retail

such as cinemas, fitness centres, play and fun, these include complementary retailers.

■ **Flagship stores**

A flagship store is a retail outlet which acts as the showpiece property. It has a number of special characteristics such as a much sought-after location, special fitout and/or extended product range. These shops are increasingly becoming the interfaces to the online product range, e.g. by using technical installations such as virtual shelving and product presentations. Flagship stores support the presence of the brand in terms of public awareness, promote its image and contribute to customer loyalty, and are therefore considered an important marketing tool. Particularly elaborate stores, which cannot often be operated profitably, are financed via the company's marketing budget.

■ **Concept stores**

In contrast to the flagship store in which the individual brand is the principle factor and which presents the full product range, the concept store offers a thematic or lifestyle product and brand mix. The offer is often restricted to selected products from a variety of product groups which, together, can map whole lifestyles. The themes and product combinations are regularly changed to encourage repeated visits.

■ **Pop-Up stores**

Pop-Up stores are temporarily operated on a daily or monthly basis. The term comes from 'popping-up one day' and then vanishing again to open somewhere else. The retail sector uses these stores as a marketing tool; the property industry for short-term lettings and to improve the image of a property.

■ **Retail park**

In a retail park, retail warehouses are designed, constructed and managed as a single unit in an agglomeration location. In contrast to a shopping centre, a retail park is not based on the principle of providing an extensive range of products via a high number of individual retailers, but is based on the appeal of fewer large, price-aggressive specialist retailers. Consequently, the demands for the quality of the design and amenity value of the centre are low.

### ■ **Factory-Outlet-Centres (FOC)**

Increasingly, FOC are following the conceptual and design principles of shopping centres. They are also designed, constructed and managed as a single unit. In addition to catering outlet, tenants are outlet stores which are contractually obliged to offer mainly goods at reduced prices (generally at a discount of 30–70%). Products on offer are mainly branded products, sometimes also with manufacturing faults, last season /surplus goods, discontinued models or goods not sold through normal retail outlets. Manufacturers often lease units directly, thereby bypassing intermediate trade. Product ranges offered comprise mainly middle to higher level clothing, shoe and sports equipment brands. Higher to top-level brand suppliers are concentrated in so-called Designer-Outlet-Centres (DOC).

### ■ **Retail warehouses**

A retail warehouse is a large-scale retail outlet, which offers a limited but extensive specialist product range. Retail warehouses mainly specialise in products from one branch and are can often pass on price advantages gained from bulk-buying.

### ■ **Discounters**

Discounters offer a limited and basic product range, mainly on smaller sales areas than retail warehouses. The products have a very fast turnaround due to high sales figures and lead to a price advantage because of possible bulk buying. In the case of bulk buying, price advantages are passed onto customers.

### ■ **Off-Price stores**

In Off-Price stores, which include 'Pound/€1 Shops', independent retailers offer products which are bought in bulk from various manufacturers. The product range depends on availability of goods and can include seasonal and surplus goods, which means that the offer changes continuously. Bargain hunters can often find sought-after branded products in the form of clearance stock. This encourages customers to make repeated visits.

### ■ **Hybrid centres/malls**

A hybrid mall combines the features of a shopping centre and retail park. In contrast to retail parks, in which the cost of construction is low, hybrid malls are of a higher architectural quality. Hybrid malls can be found in

**Definitions** in Retail

less densely developed competitive environments, mainly in small and medium sized towns, distant from the influence of major town/city centres and larger shopping centres.

Hybrid malls generate higher average rents than retail parks and can therefore also be developed in smaller town centres.

The branch mix of a hybrid mall is designed to satisfy everyday needs, as well as offering inexpensive clothing and food outlets.

■ **Convenience stores**

Convenience stores are small-scale shops with a limited and basic, but high priced range of mainly everyday products. The concept is targeted at the convenience and time-saving requirements of their customers, which explains the low price sensitivity. Such stores are therefore ideally situated in busy locations on main transport routes, such as railway stations and petrol stations.

■ **Airport/railway station shops**

Stores specialising in satisfying travellers' requirements. These include convenience stores. Further product ranges are offered, in particular gifts and similar products which encourage spontaneous, less price-sensitive purchases.

■ **Petrol stations shops**

Special format of the convenience store.

■ **Museum shop**

Stores specialising in satisfying the wishes of visitors to the museum, offering a core product range which complements the theme of the museum, but also many gifts and accessories. It is not only museum visitors which frequent the museum shop. It can also be used by visitors in a rush, even in place of a museum visit. The products and their presentation encourage spontaneous, less price-sensitive purchases.

## 1.4 Area definitions for retail properties

When assessing retail properties, valuers are confronted with a high volume of area information. The different figures can be relevant for a variety of reasons, subject to the purpose of their use such as the approval of a development plan, planning permission, calculation of construction or maintenance costs, recovery of general service charges, calculation of rental income or assessment of tenant performance.

Discussions surrounding the calculation of sales area, which often take place in the public arena, are of little relevance to the valuer when looking at the valuation, or verifying sales performance and/or the security of the rental income. The area is therefore only a means to an end, i.e. when the basis of the measurement of areas is known, it is possible to roughly convert almost all area information to other bases.

The main factor in every valuation is the usable area, which the valuer always compares with the commercial lease contracts and architect's floor plans.

The sustainability of the rent to be generated in the location is often only checked on the basis of the sales productivity which, is defined using the sales area. Although in the case of published turnovers, it is also referred to as the 'Receipt Value' (sum of the gross receipts), 'Net sales per m<sup>2</sup> sales area' has been established as the common denominator for sales productivity. Unfortunately in many countries, there is no standard definition for sales area and therefore the derivation of what is referred to as sales productivity must always be explored in detail.

Experience shows that there are no standardised area references in commercial lease contracts for retail space.

Depending on the property type, size and structure, the valuer can be confronted with a high volume of area information and references.

When the valuer is analysing a retail property (e.g. a strip mall), the overall description of the building will generally include gross building dimensions using the external measurements of the overall development. This is the unit of measure used to determine items such as the replacement cost new or density of the site (or floor area ratio). Actual leasable areas are most often something less than the gross figure and are what rental payments are based on in the lease agreements. In a strip mall or power centre, gross building area and net leasable areas may be very similar due to the lack of

**Definitions** in Retail

common areas. However, enclosed malls have large common areas and therefore a much greater difference between net and gross.

When valuing multi-tenanted retail properties (e.g. shopping centres), the gross leasable area (GLA) is an important measurement. GLA is defined as the total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines. The remainder of the building, which is used by both tenants and the public is called common area, and is not included in the rentable area for retail premises. Rent as per the lease is only charged based on the area of each tenant's premises. In other words, there is no gross-up factor (or Rentable/Usable ratio) for retail premises, as there is for office leases.

GLA for retail premises is typically calculated by measuring from the building line in the case of street frontages, and from the inner surfaces of the other outer building walls and from the inner surfaces of the corridor and other permanent partitions and to the centre of partitions that separate the premises from adjoining rentable areas. No deductions are made for vestibules inside the building line or for columns or projections necessary to the building. No additions are made for bay windows extending outside the building line. Landlords and property managers can often provide accurate measures of areas by supplying rent rolls and building schematics.

Although this is the general method used, there is not as strict a standard as is the case with the BOMA International Standard, applicable to office premises. Landlords and retail centre managers may deviate from this method. The measurements of the individual rental areas may or may not equate to the rental area shown in the leases. As well, because measurement methods may vary, the valuer must be aware of possible.

All available information on sales productivity must be checked in terms of the factors used in its calculation.

Thus, the following process is recommended:

- Examination and review of available property documentation (lease contracts, rent rolls etc.) for the relevant area definitions;
- If necessary, conversion and development of a standard designation of space with a view to the purpose of the valuation and benchmarking;
- Review of the accommodation on-site;
- Transparent documentation in the valuation report.

When valuing shopping centres and retail parks, mall areas should be considered separately in terms of their construction and operating costs.



## Checklists

# 2 Checklists

Valuation means comparison. As is the case in other types of property, it is important that key property factors are compared during the valuation process in order to determine the valuation parameters. Here, the assessment and comparison of the location, design and construction type, as well as the cashflow of the valuation property, in terms of the respective business type, play a significant role.

The following section should be helpful in the classification of the valuation property and provide guidance on which parameters are important for the comparison. However, this checklist must be considered as only one of a variety of approaches to assessing a valuation property and cannot be regarded as a binding recommended course of action.

## 2.1 Macro location

- Central location: Regional planning designation
- Supply of space
- Supra-regional infrastructure
- Spatial functions and image of the town or city (regional)
- Retail centrality: Importance as a retail location
- Purchasing power of the subject location versus comparable regions
- Population trends (demographics) and structure in the town or city
- Commuter patterns
- Labour market: employment opportunities, unemployment rate
- Economic and branch structure, economic development perspectives
- Vacancy rates
- Competition analysis
  - Number of shops and volume of sales area in the location
  - Number of competitors and volume of sales area of competing shops in the location (same product range)
  - Coverage of retail needs (overall supply)
  - Development of sales productivity
  - Communal retail concept (if in place)
  - Development potential (current/future development opportunities, permissibility of further retail businesses etc.)
  - Evaluation of location surveys (if available)
  - Project developments in the area/region.

## 2.2 Micro location

- Retail location classification (prime, off-centre etc., sub-centre, district centre etc.)
- Surrounding area/infrastructure (roads, public transport links, energy supplies, parking provisions in the area etc.)
- Surrounding development, use character of the surrounding area
- Direct neighbours: Synergy effects
- Accessibility: Accesses/public transport
- Parking spaces
- Degree of acceptance by the population/ image of the micro location
- Client/customer footfall
- Perception: visibility and recognition factor
- Vacancy
- Price level (land values, charges paid for parking spaces not provided, local authority charges, energy prices etc.)
- Advertising effectiveness of the location
- Communal retail concept (if in place)
- Orientation of the building on the site/expansion potential
- Risks of elemental damage, area descriptions
- Contamination
- Planning law: change of use/extensions

The survey of the relevant catchment areas and their statistics is also relevant for larger retail properties of regional importance

- Geographic spread of the catchment area
- Purchasing power/purchasing power development (retail-relevant) in the catchment area
- Customers
- Number of visitors (daily, weekly, monthly, seasonally)
- Development of visitor numbers (e.g. pedestrian surveys)

## Checklists

### 2.3 Analysis of the property/rental units

There are several criteria to describe the nature and type of a retail property:

- Property size (total GLA)
- Tenants (anchor and/or major)
- Type of products sold
- Site size
- Distance and travel time
- Customer base

#### 2.3.1 Space concepts and floor plan designs/spatial flexibility/functionality

- Dimensions, mix and layout of space
- Forecourt/path
- Disruptive room components: columns, stairs, lifts, etc.
- Display window fronts, room depth, grid measurement
- Concept assessment (customised, conventional or innovative, flexible)
- Size and location of storerooms/staff facilities (directly adjacent to the sales area or on the same floor?)
- Efficiency of floor plan design (flexibility of layout, ratio of usable area to ancillary space etc.)
- Servicing
- Link to existing pedestrian flows/design of routes/malls inside the property/internal access
- Layout and clear arrangement of sales areas
- Number of sales floors and floor-to-floor connections
- Design of entrance areas
- Restroom facilities
- Functionality and size of the goods delivery zone
- Functionality/% of circulation space
- Divisibility, subdivision potential (floor-by-floor or per building section etc.)
- Extension opportunities
- Assessment of third party use potential

### 2.3.2 Site description

- Site area
- Building footprint area, land coverage ratio and floor area ratio
- Frontages
- Boundaries
- Entry & Exit
- exposure
- Parking availability
- Traffic circulation
- Signage
- Landscaping and drainage
- Accessibility (transportation facilities and cost of transportation)
- Site services available
- Site location/topography
- Shape
- Expansion space and surplus land
- Potential damages or contamination

### 2.3.3 Description of the building

- Architectural design
- Building appearance (elevation), main facade and exterior materials
- Building entrances
- Building/type of use ?
- Building configuration and shape
- Main and ancillary buildings
- Year of construction
- Uses subject to the quality of the location
- Areas and cubiture
- Ratios (e.g. parking ratio, efficiency ratio i.e. GLA/GBA)
- Economic and useful life
- Assessment of energetic standards (Green Building and Sustainability)
- Type of construction -solid/skeletal construction
- Description of the type of construction
- Fitout, general quality of fitout, Assessment of modernity of interior fittings
- Food courts
- Circulation, lifts/staircases
- IT cabling, if necessary capacity of the wiring/fuses

### Checklists

- HVAC, fire protection
- Interior signage
- Insulation (walls and roof)
- Building services (i.e. HVAC)
- Special building components
- Special fixtures and fittings
- State of repair (deferred maintenance/modernisation)
- Information on any building components not inspected
- Potential damages or contamination
- Building insurance
- Marketability
- Market acceptance and suitability of location

#### 2.3.4 Analysis of condition

- General state of repair
- State of repair of neighbouring properties
- Fitout, general quality of fitout, assessment of modernity of interior fittings
- Assessment of energetic standards
- Date of and scope of refurbishments or alterations, extensions or changes of use
- Notes on any completed/planned/required repairs/refurbishment

Criteria which could be of benefit for the assessment of the necessity of revitalisation works:

- Observation of the current Zeitgeist (analysis of fashion trends etc.)
- Identification of changes in consumer behaviour (e.g. conflict between 'at the point of sale' and online retail)
- Assessment of the changing population structure (e.g. aging of society etc.) with its effects on the design of retail space and adapting product presentation
- Identification of deficits in building technology and the calculation of essential renewal works in the valuation
- Preservation of lettability (external appearance; how direct competitors in the location are changing etc.)
- Optimal tenant mix
- Changes in legislation (e.g. bottle recycling (deposit system))

## 2.4 Criteria important in terms of planning law regulations

- Development plan stipulations (note: planning law lies within the jurisdiction of each federal state and there are therefore up to 16 different state planning laws);
- Planning permissions and conditions attached
- Required number of parking spaces and charges for not providing required number;
- Obligation to undertake compensatory measures
- Permissibility of alternative uses
- Environmental reports
- Restrictions in product ranges

## 2.5 Analysis of lease contracts and cashflow

An examination of the contents of the lease contract should be structured as follows:

- Leased premises, area information (lettable areas broken down into the different types of use) and fitout specification (e.g. high-quality shell condition)
- Lease commencement/expiry
- Lease term (incl. extension opportunities/options)
- (Special) break options
- Rental amount
- Rent reviews (stepped rents, indexations)
- Revaluation clauses
- Incentives/rent-free periods
- Easements in favour of tenants
- Service charges (split between tenant and landlord)
- CAM (Common Area Maintenance Charges)
- Other operating costs, e.g. promotion and advertising
- Collateral agreements (e.g. subletting, operator obligations, tenant fittings etc.)
- Parking
- Exterior signs
- Radius clause (prohibits merchants from opening another store within a specified radius of the property)

**Checklists**

## 2.6 Users

- Creditworthiness
- Concept positioning
- Extent to which continuation/ maximisation of income/ value will depend on the skills of the owner.
- Branch development
- Business type development
- Branch/tenant mix appropriate for the location
- Rental/turnover development

# 3 Data Sheets

**Location characteristics**

- ▶ First suburbs, outskirts of residential areas, even near commercial centres;
- ▶ Sufficient number of parking spaces outdoor;
- ▶ Good visibility;
- ▶ Easily accessed by private transport.

**Property characteristics**

- ▶ One floor building;
- ▶ Outdoor parking in front of the discount;
- ▶ Functional architecture with basic fit out;
- ▶ Prefabricated building;
- ▶ Large open sale area;
- ▶ Average surface starting from 300 sqm to 1200 sqm.

**Facts**

<b>Company</b>	<b>No. of stores</b>	<b>Average GLA in sqm</b>	<b>Total sales 2011 (in billion EUR)</b>
LIDL	560	1000 - 1200	2.5
EUROSPIN	> 900	600 - 1000	3
IN'S	314	400 - 800	0.5m (year 2010)
PENNY MARKET	348	450 - 1000	0.7
DICO	341	NA	0.5
MD + LD	700	500 - 800	1.4
D PIU'	249	500 - 800	0.5 (year 2010)
OTHERS (Todis, Tuodi, Prixquality, Ekom, etc.)	555	300 - 800	NA

**Business type requirements**

Product range	food oriented
Price level	low to average price level (discount campaigns with own brand competitive price level)
Branch mix	one tenant
Sales method	self service
Intensity of service	low to limited

**Valuation factors****Market Value**

Maintenance p.a.	EUR 3 – 6/m <sup>2</sup> /month
Property management	ca. 3 – 5% of GRI p.a.
Allowance for risk of rental loss	2 – 5 %
Modernisation risk	Property specific
Useful life	30 – 40 years
Property yield	7 – 10 %
Capitalisation rate	8 – 12 %

**Statistics (standard parameters)**

Site area	1,000 – 6,000 m <sup>2</sup>
No. of parking spaces required	depending of the surface of the selling area; from 30 to 150
Proportion of value attrib. to the site	10 – 25%
Property size (lettable area)	300 – 1.200 sqm
No. of storeys	single storey
Construction ratio usable area/GFA	85 – 90%
Ratio sales area/usable area	70 – 80%
Fit-out specification	basic to average
Building costs (excl. site improvements)	EUR 600 – 850 /sqm GFA
Ancillary building costs	8 – 12%
Standard market rent p.m.	EUR 8 – 15/m <sup>2</sup>
Gross income multiplier	NA
Net Initial Yield	6 – 8 %
Turnover per m <sup>2</sup> of sales area p.a.	EUR 2.500 – 4.000
Rent to sales ratio	5 – 7 %

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ First suburbs, Arts and crafts/industrial locations or nearby new residential areas;
- ▶ Good private transport links; often not adequate public transport services;
- ▶ Sufficient number of parking spaces (both underground and outdoor);
- ▶ Good visibility from highways or motorways;
- ▶ Rarely in small towns.

**Property characteristics**

- ▶ Multi-storey building normally with 2 retail floors (ground floor, first floor);
- ▶ Tenant mix – generally a large scale anchor tenant and flexible retail units;
- ▶ Balanced tenant mix suitable for the location with anchor tenants generating footfall;
- ▶ Larger centres use a lot of common areas for stand;
- ▶ Very simple architecture;
- ▶ Prefabricated building made of flexible modular elements;
- ▶ Central mall, large column grid and ceilings mainly 5 to 6 sqm;
- ▶ Centre management, advertising association.

**Facts**

<b>Food Anchor</b>	<b>No. of centres (year 2012)</b>	<b>GLA (in '000 sqm)</b>	<b>Market share</b>
COOP	214	994	15.3
CONAD	100	214	11.3
ESSELUNGA	20	53	8.1
AUCHAN	53	364	7.6
CARREFOUR	66	579	6.4
OTHERS	312	NA	51.3

**Business type requirements**

Product range	Wide variety oriented to meet growing demands of customers; tend to create one stop shop by adding services like travel agencies, beauty shops, post offices, banks, leisure, cinema, food court, etc;
Price level	The hypermarket generally applies good prices, depending on the brand (Esselunga, Coop, Carrefour, etc); low to medium prices for franchising chains and other shops. The anchor target is a wide range of customers with standardized demands for consumer goods. Not many luxury brands;
Branch mix	very diversified, in bigger centres supplemented by leisure units and multiplex cinemas;
Sales method	mainly self-service for the hypermarket; sales advice for other shops;
Intensity of service	low to high, depending on ownership/management of the centres. In the last years the intensity has decreased, to reduce costs.

**Valuation factors****Market Value**

Maintenance p.a.	EUR 7 – 12
Property management	c.a. 3 – 5% of GRI p.a.
Allowance for risk of rental loss	2-5 %
Modernisation risk	Property specific
Useful life	30 – 40 years
Property yield	5 – 8 %
Capitalisation rate	6 – 10 %

**Statistics (standard parameters)**

Site area	7.500 – 50.000 sqm, sometimes more
No. of parking spaces required	depending on location; more than 500 spaces
Proportion of value attrib. to the site	10 – 20%
Property size (lettable area)	5.000 – 20.000 sqm, sometimes more
No. of storeys	Mostly multi stores, standard 2 retail floors
Construction ratio usable area/GFA	60 – 85%
Ratio sales area/usable area	80 – 85%
Fit-out specification	basic to average
Building costs (excl. site improvements)	EUR 1.000 – 1.500 /sqm GFA
Ancillary building costs	10 – 20%
Standard market rent p.m.	EUR 10 – 20 sqm
Gross income multiplier	8 to 15 times
Net Initial Yield	6 – 7,5 % with upward trend
Turnover per m <sup>2</sup> of sales area p.a.	EUR 2.000 – 4.000
Rent to sales ratio	6 – 8 %

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ First suburbs, outskirts of residential areas, even near commercial centres;
- ▶ Sufficient number of parking spaces outdoor;
- ▶ Good visibility;
- ▶ Easily accessed by private transport;
- ▶ Trend: they are going to open not too far from the center of big cities.

**Property characteristics**

- ▶ One floor, maximum two floor building;
- ▶ Outdoor parking in front of the building;
- ▶ Functional architecture with basic fit out;
- ▶ Prefabricated building;
- ▶ Large open sale area;
- ▶ Surface starting from 1.000 sqm.

**Facts**

<b>Food Anchor</b>	<b>No. of Discount</b>	<b>Average GLA in sqm</b>	<b>Market share January 2013</b>
METRO	49	1.000 – 3.500	27.8
SELEX (C+C Cash and Carry)	87	1.000 – 3.000	17.8
SIGMA	36	1.000 – 3.000	6.5
CORALIS	31	NA	6.1
CARREFOUR	16	NA	5.8
OTHERS	NA	NA	NA

**Business type requirements**

Product range	food oriented
Price level	low to average price level
Branch mix	one tenant
Sales method	self service
Intensity of service	low to limited

**Valuation factors****Market Value**

Maintenance p.a.	EUR 3 – 6/sqm/mese
Property management	ca. 3% – 5% of GRI p.a.
Allowance for risk of rental loss	2 – 5 %
Modernisation risk	Property specific
Useful life	30 – 40 years
Property yield	8 – 10 %
Capitalisation rate	8 – 12 %

**Statistics (standard parameters)**

Site area	1.000 – 6.000 sqm
No. of parking spaces required	depending on the surface of the selling area. 40 to 150
Proportion of value attrib. to the site	10 – 25%
Property size (lettable area)	500 – 3.500 sqm
No. of storeys	single storey
Construction ratio usable area/GFA	85 – 90%
Ratio sales area/usable area	70 – 80%
Fit-out specification	basic to average
Building costs (excl. site improvements)	EUR 600 – 850/sqm GFA
Ancillary building costs	8 – 12 %
Standard market rent p.m.	EUR 8 – 15/sqm
Gross income multiplier	NA
Net Initial Yield	6 – 8%
Turnover per m <sup>2</sup> of sales area p.a.	EUR 2.500 – 4.000
Rent to sales ratio	5 – 7 %

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*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Located mainly within residential areas;
- ▶ The units can be found either in on street premises at the ground floor of apartment blocks or as standalone units or as anchors within shopping centres;
- ▶ Insufficient parking lots especially for the on street premises;
- ▶ These are the main players on the proximity / convenience retail sector;
- ▶ In terms of items sold, the fresh food areas are representing a trend.

**Property characteristics**

- ▶ Mainly single storey buildings/premises;
- ▶ The standalone units are newly raised (built to suit) and cost efficient;
- ▶ Large sales areas with small storage facilities in the back;
- ▶ Parking facilities at the ground level;
- ▶ The international operators are dominating the market;

**Facts**

<b>Supplier</b>	<b>Group</b>	<b>No. of stores</b>	<b>Total sales (in million EUR)</b>
Mega Image	Delhaize	250	394
Billa	REWE	75	284

Source: (Various websites and local knowledge)

The Carrefour Express and Carrefour Market sales are included in the Carrefour's group total sales in Romania.

**Business type requirements**

Product range	Offering food and non-food products (i.e. cosmetics, detergents, beverages); up to 15,000 products to be sold with the larger formats
Price level	average price level (discount campaigns, sometimes own brands with competitive price levels)
Branch mix	one tenant
Sales method	Self service; partly salesperson service
Intensity of service	limited

**Valuation factors****Market Value**

Maintenance p.a.	-
Property management	c.a. 1% – 2% of GRI p.a.
Allowance for risk of rental loss	-
Modernisation risk	-
Useful life	30 years
Property yield	9 – 9,5 %
Capitalisation rate	-

**Statistics (standard parameters)**

Site area	300 – 3.000 sqm
No. of parking spaces required	it does not matter, as many as possible, but the one street premise have very few premises
Proportion of value attrib. to the site	15 – 30%
Property size (lettable area)	150 – 2.500 sqm
No. of storeys	usually one storey but, while two storey buildings represent the exception
Construction ratio usable area/GFA	95%
Ratio sales area/usable area	70 – 80%
Fit-out specification	-
Building costs (excl. site improvements)	EUR 200 – 3000 /sqm GFA
Ancillary building costs	-
Standard market rent p.m.	EUR 12 – 16/sqm
Gross income multiplier	-
Net Initial Yield	9 – 9,5 %
Turnover per m <sup>2</sup> of sales area p.a.	-
Rent to sales ratio	-

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Located mainly within residential areas or at the outskirts of the city on former industrial sites;
- ▶ The units can be found either on street premises at the ground floor of apartment blocks or as standalone units. There are also few examples on the market when they operate as the food anchor within shopping centres;
- ▶ Insufficient parking lots especially for the on street premises, otherwise the standalone units have enough parking lots for the potential customers;
- ▶ Ranked 2nd main players on the proximity / convenience retail sector after supermarkets.

**Property characteristics**

- ▶ Mainly single storey buildings / premises;
- ▶ The standalone units are newly raised (built to suit) and cost efficient;
- ▶ Large sales areas (up to 1.200 sqm) with small storage facilities in the back;
- ▶ Parking facilities in the immediate vicinity of the unit;
- ▶ The international operators are dominating the market.

**Facts**

<b>Supplier</b>	<b>Group</b>	<b>No. of stores</b>	<b>Total sales (in million EUR)</b>
Lidl	Lidl & Schwartz	162	500
Profi	Enterprise Investors	168	212
Penny Market	REWE	142	450

Source: (Various websites and local knowledge)

**Business type requirements**

Product range	Offering food and non-food products (i.e. cosmetics, detergents, beverages); up to 1.000 products
Price level	Low price level (discount campaigns, sometimes own brands with competitive price levels)
Branch mix	one tenant
Sales method	Self service, partly salesperson service
Intensity of service	Limited

**Valuation factors****Market Value**

Maintenance p.a.	-
Property management	-
Allowance for risk of rental loss	3%
Modernisation risk	-
Useful life	40 years
Property yield	9 – 9,5 %
Capitalisation rate	-

**Statistics (standard parameters)**

Site area	4.000 – 8.000 sqm
No. of parking spaces required	Several hundred up to 600 spaces
Proportion of value attrib. to the site	-
Property size (lettable area)	1.000 – 2.500 sqm
No. of storeys	one storey
Construction ratio usable area/GFA	95%
Ratio sales area/usable area	75 – 80%
Fit-out specification	-
Building costs (excl. site improvements)	-
Ancillary building costs	-
Standard market rent p.m.	EUR 7 – 12/sqm
Gross income multiplier	-
Net Initial Yield	9 – 9,5 %
Turnover per m <sup>2</sup> of sales area p.a.	-
Rent to sales ratio	-

*These recommendations must carefully be verified for each valuation!*

### Location characteristics

- ▶ Located mainly within city limits on the former industrial site due to their size. They can also be found at the outskirts of the cities, with few units operational even on out-of-town sites;
- ▶ Hypermarkets operate as standalone units with a small to medium shopping galley in front of the cashiers or as food anchors within shopping centres;
- ▶ Sufficient parking lots for the potential customers (over 1.000), generally located on one level. The underground parking lots are not common for Romania for this type of retail development (with just one exception);
- ▶ The hypermarkets were the drivers of the modern retail expansion in Romania in early 2000's since the hypermarket-led schemes were basically the most successful retail format at that time.

### Property characteristics

- ▶ Mainly single storey buildings;
- ▶ The standalone units are newly raised (built to suit) and cost efficient;
- ▶ Large sales areas (up to 17.000 sqm) with storage facilities half of the sales area in the back of the respective unit;
- ▶ Parking facilities in the immediate vicinity of the unit;
- ▶ The international operators are dominating the market with the local ones not being able to compete with them.

### Facts

Supplier	Group	No. of stores	Total sales (in million EUR)
Carrefour	Carrefour	134	1.100
cora	Louis Delhaize	12	328
Auchan	Auchan	11	426
Kaufland	Lidl& Schwartz	81	1.500
real	Metro	24	569

Source: (Various websites and local knowledge)

**Business type requirements**

Product range	Offering food and non-food products (i.e. cosmetics, detergents, beverages); up to 60.000 products
Price level	Average price level (discount campaigns, sometimes own brands with competitive price levels)
Branch mix	one tenant
Sales method	Self service, partly salesperson service
Intensity of service	Limited

**Valuation factors****Market Value**

Maintenance p.a.	-
Property management	c.a. 1% of GRI p.a.
Allowance for risk of rental loss	0-1%
Modernisation risk	-
Useful life	40 years
Property yield	8 – 8,25 %
Capitalisation rate	-

**Statistics (standard parameters)**

Site area	20.000 – 60.000sqm
No. of parking spaces required	1.000 – 1.500 spaces
Proportion of value attrib. to the site	-
Property size (lettable area)	5.000 -15.000sqm
No. of storeys	one storey
Construction ratio usable area/GFA	98%
Ratio sales area/usable area	70 – 80%
Fit-out specification	-
Building costs (excl. site improvements)	-
Ancillary building costs	8 – 10%
Standard market rent p.m.	EUR 5 – 10/sqm
Gross income multiplier	-
Net Initial Yield	8 – 8 , 2 5 %
Turnover per m <sup>2</sup> of sales area p.a.	-
Rent to sales ratio	-

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Located mainly on former industrial sites at the outskirts or on out-of-town locations. DIY units can also be found in locations close to means of public transportation within city limits;
- ▶ The DIY units are generally part of retail parks developed throughout the country and sometimes they operate also standalone units;
- ▶ Sufficient parking lots for the potential customers (over 800) located on one level; Visible locations on major arteries.

**Property characteristics**

- ▶ Mainly single storey buildings;
- ▶ The standalone units are newly raised (built to suit) and cost efficient;
- ▶ Large sales areas (up to 12.000 sqm) with storage facilities half of the sales area in the back of the respective unit;
- ▶ Parking facilities in the immediate vicinity of the unit;
- ▶ One local retailer is dominating the market with the international ones struggling to keep up the pace.

**Facts**

Supplier	Group	No. of stores	Total sales (in million EUR)
Dedeman	Dedeman	30	540
Hornbach	Hornbach	5	90
Praktiker	Praktiker	27	142
Bricostore	Bresson	15	144
Obi	Tengelmann	7	138
bauMax	bauMax	15	122
Leroy Merlin	Adeo	1	30

Source: (Various websites and local knowledge)

**Business type requirements**

Product range	Offering the largest range of DIY products (over 40.000 items)
Price level	Average price level (discount campaigns, sometimes own brands with competitive price levels)
Branch mix	one tenant
Sales method	Self service, partly salesperson service
Intensity of service	Limited

**Valuation factors****Market Value**

Maintenance p.a.	-
Property management	c.a. 1 – 2% of GRI p.a.
Allowance for risk of rental loss	1%
Modernisation risk	-
Useful life	40 years
Property yield	8 – 8,5 %
Capitalisation rate	-

**Statistics (standard parameters)**

Site area	20.000 – 40.000sqm
No. of parking spaces required	up to 1.000 spaces
Proportion of value attrib. to the site	-
Property size (lettable area)	6.000 -12.000sqm
No. of storeys	one storey
Construction ratio usable area/GFA	98%
Ratio sales area/usable area	80 – 85%
Fit-out specification	-
Building costs (excl. site improvements)	-
Ancillary building costs	-
Standard market rent p.m.	EUR 7,5 – 9,5/sqm
Gross income multiplier	-
Net Initial Yield	8 – 8,5 %
Turnover per m <sup>2</sup> of sales area p.a.	-
Rent to sales ratio	-

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Located within city limits in crowded neighbourhoods and major junctions, close to many means of public transportation;
- ▶ There are three types of shopping centres in Romania: first generation shopping centres; (hypermarket-led schemes developed between 2000 and 2006), second generation shopping centres (developed since 2000, on several levels with a small food anchor) and third generation shopping centres (developed on several levels with many leisure and entertainment facilities);
- ▶ Sufficient parking lots for the potential customers (over 1.500) located on several levels;
- ▶ Excellent visibility.

**Property characteristics**

- ▶ Mainly single storey buildings;
- ▶ The standalone units are newly raised (built to suit) and cost efficient;
- ▶ Their GLA vary from 10.000 sqm to over 80.000 sqm;
- ▶ Parking facilities in the immediate vicinity of the unit;
- ▶ The foreign shopping centres owners dominate the market with just one local group present in Top 5 in terms of GLA.

**Facts**

<b>Company</b>	<b>No. of centres</b>	<b>GLA (in '000 sqm)</b>	<b>Total sales (EUR)</b>
Iulius Group	5	239	N/A
Argo Real Estate Opportunities Fund	4	196	N/A
Immofinanz	4	161	N/A
AFI Europe	2	112	N/A
NEPI	2	118	N/A

Source: (Various websites and local knowledge)

**Business type requirements**

Product range	Offering mostly non-food products (fashion, services, entertainment)
Price level	Average to high price level (discount campaigns twice a year)
Branch mix	Up to 250 tenants
Sales method	salesperson services
Intensity of service	Medium to high

**Valuation factors****Market Value**

Maintenance p.a.	EUR 5– 10/sqm
Property management	c.a. 1% of GRI p.a.
Allowance for risk of rental loss	-
Modernisation risk	-
Useful life	40 years
Property yield	8 – 8,25 %
Capitalisation rate	-

**Statistics (standard parameters)**

Site area	40.000 – 100.000 sqm
No. of parking spaces required	1.000 – 2.000 spaces
Proportion of value attrib. to the site	-
Property size (lettable area)	5.000 - 80.000 sqm
No. of storeys	At least two storeys, up to five storeys
Construction ratio usable area/GFA	80 – 85%
Ratio sales area/usable area	65 – 70%
Fit-out specification	-
Building costs (excl. site improvements)	-
Ancillary building costs	8 – 10%
Standard market rent p.m.	EUR 8 – 24/sqm
Gross income multiplier	-
Net Initial Yield	8 – 8,25 %
Turnover per m <sup>2</sup> of sales area p.a.	-
Rent to sales ratio	-

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ The only operational factory outlet centre in Romania is located outside Bucharest in the Western area on A1 highway towards Pitesti;
- ▶ Very good access from the A1 highway as well as from the Western ring road;
- ▶ Sufficient parking lots for the potential customers (over 1.000) located on above ground;
- ▶ Excellent visibility from the A1 highway.

**Property characteristics**

- ▶ One storey building;
- ▶ The building is newly raised and cost efficient;
- ▶ The centre hosts retailers that have chosen to sell here their items from older collections;
- ▶ Parking facilities in the immediate vicinity of the unit;
- ▶ Liebrecht&wood is considering developing another factory outlet centre in the Eastern part of the Capital on A2 highway towards Constanta.

**Facts**

<b>Property</b>	<b>Group</b>	<b>No. of stores</b>	<b>GLA</b>
Fashion House Outlet Centre	Liebrecht&wood	110	16.000

Source: (Various websites and local knowledge)

**Business type requirements**

Product range	Offering a large variety of non-food products especially fashion related
Price level	Average price level (permanent discount campaigns 30-70% of the initial price)
Branch mix	At least 80 tenants
Sales method	salesperson service
Intensity of service	Medium to high

**Valuation factors****Market Value**

Maintenance p.a.	EUR 4– 8/sqm
Property management	c.a. 1% of GRI p.a.
Allowance for risk of rental loss	-
Modernisation risk	-
Useful life	40 years
Property yield	8,5 – 9 %
Capitalisation rate	-

**Statistics (standard parameters)**

Site area	20.000 – 40.000sqm
No. of parking spaces required	800 – 1.000 spaces
Proportion of value attrib. to the site	-
Property size (lettable area)	10.000 -20.000sqm
No. of storeys	At least 80 tenants
Construction ratio usable area/GFA	90%
Ratio sales area/usable area	80 – 90%
Fit-out specification	-
Building costs (excl. site improvements)	-
Ancillary building costs	-
Standard market rent p.m.	EUR 8 – 15/sqm
Gross income multiplier	-
Net Initial Yield	8,5 – 9 %
Turnover per m <sup>2</sup> of sales area p.a.	-
Rent to sales ratio	-

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Located largely on the main roads in/out of larger cities/towns, either in central locations of primary or secondary centres, also in district centres;
- ▶ Often located in or close to the mass market locations;
- ▶ Not met in towns with a population of less than 100.000 residents;
- ▶ Good public and private transport links;
- ▶ If not in city centres, sufficient number of parking spaces (both underground and outdoor);
- ▶ Bad to very good visibility;
- ▶ Trend: revitalisations, project developments in the capital Athens, secondary cities/ towns and - sometimes - in small towns.

**Property characteristics**

- ▶ Construction of modern shopping centers in Greece began after 1990;
- ▶ Multi-storey buildings, normally with 3 retail floors (basement, ground floor, first floor);
- ▶ Normally one - or more - large anchor tenants generate footfall, followed by a wider lettable area, split into small units occupied by a well balanced tenant mix;
- ▶ Larger centres use a lot of common areas for stand-alone retail stands;
- ▶ The first modern city shopping center in central Athens was "Melathron" by Charagionis Group, after which the concept of shopping centers changed, and now is more in accordance with shopping centers worldwide;
- ▶ All shopping centers in Greece have been built in accordance with international requirements for modern shopping centers;
- ▶ Architecturally modern and functional shopping centers;
- ▶ Column grid, comfortable ceiling heights;
- ▶ Centre management, advertising association;
- ▶ Trend: awareness of operating costs, sustainability and energy efficiency.

**Facts**

Company	No. of centres	GLA (in '000 sqm)	Market share
LAMDA DEVELOPMENT	3	164	NA
VIOHALCO	1	15.5	NA
PASAL	1	18.5	NA
REDS	4	76.5	NA
KONSTANTINOU/TZORTZAKIS	1	23	NA
MC ARTHUR GLEN	1	25	NA
SONAE SIERRA/ROCKSPRING	1	27	NA
CHARAGIONIS	7	38.5	NA

Source: ICSC 2009 (National Committee of Greece), various media portals

**Business type requirements**

Product range	Customer oriented, depending on the position of shopping centre
Price level	Low to high, depending on location and positioning of the shopping centre)
Branch mix	Diversified branch mix, high proportion of fashion and sportswear, along with food services and leisure up to a conditional and cultural level
Sales method	Depending on the supplier, ranging from sales advice, self-service and event shopping
Intensity of service	Low to high, depending on the ownership and management of each centre

**Valuation factors****Market Value**

Maintenance p.a.	EUR 4 – 6/sqm/month
Property management	ca. 2 – 4% of GRI p.a.
Allowance for risk of rental loss	≥ 5%
Modernisation risk	Property specific
Useful life	up to 50 years
Property yield	9 – 10 %
Capitalisation rate	12 – 15 %

**Statistics (standard parameters)**

Site area	up to 50.000 sqm
No. of parking spaces required	Guideline value: 1 space for 15 – 20 sqm of area
Proportion of value attrib. to the site	20 – 30%
Property size (lettable area)	1.500 – 59.000 sqm
No. of storeys	Multi-storey, 2 to 3 retail floors
Construction ratio usable area/GFA	N/A
Ratio sales area/usable area	~70%
Fit-out specification	Average to high
Building costs (excl. site improvements)	EUR 1.000 – 1.500 /sqm GFA
Ancillary building costs	7 – 15%
Standard market rent p.m.	EUR 7 – 50 sqm (size based, on usable area)
Gross income multiplier	10 to 12 times
Net Initial Yield	8,5 – 9, 5 %, depending on investment costs
Turnover per m <sup>2</sup> of sales area p.a.	N/A
Rent to sales ratio	-

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ For customers with cars, good transport links;
- ▶ Preferably in commercial zones on the fringe of the city/town;
- ▶ Spacious, ground / underground level customer car park;
- ▶ Preferably in commercial/ special zones on the fringe of the city/ town and on arterial roads;
- ▶ Sufficiently dimensioned catchment area;
- ▶ Solitary location, sometimes retail agglomeration together with other retail businesses;
- ▶ Trends: revitalisation of existing locations, rigid planning policies in the case of new locations.

**Property characteristics**

- ▶ Single or double storey building with basic fit out;
- ▶ Functional and cost efficient type of construction;
- ▶ Large open sales area;
- ▶ Spacious, ground level and free of charge parking spaces;
- ▶ Located with small number of retail stores that often accompany the hypermarkets;
- ▶ Target size: up to 20.000sqm usable area;
- ▶ Adjacent retail galleries in some cases;
- ▶ Trend: stronger revitalisation pressure.

**Facts**

Supplier	Group	No. of stores	Total sales (in million EUR)	Ø Turnover per store (in million EUR)
Carrefour	Marinopoulos (Greece)	34 hypermarkets 523 supermarkets	1.100	~3.3 (for all)
AB Vassilopoulos	Delhaize Group (Belgium)	~251 (hyper- and super markets)	328	~6.1 (for all)
Sklavenitis	Sklavenitis (Greece)	~83 (hyper- and super markets)	426	~15.2 (for all)
Veropoulos	Veropoulos (Greece)	~241 (hyper- and super markets)	1.500	~2.9 (for all)

Source: Companies' websites, various media portals

**Business type requirements**

Product range	Offering a variety of food, non-food product range, fresh food department;
Price level	Average, with often sales campaigns, some discount-orientated products and brands (private label);
Branch mix	One anchor tenant, plus concessionaires;
Sales method	Mainly self-service, high advertising activity, (discounts / special offers);
Intensity of service	Low to average (at specialized sections).

**Valuation factors****Market Value**

Maintenance p.a.	EUR 2 – 3/sqm
Property management	c.a. 1 – 2% of GRI p.a.
Allowance for risk of rental loss	3 – 5%
Modernisation risk	property specific
Useful life	25 – 50 years
Property yield	9,5 – 10,5 %
Capitalisation rate	12,5 – 14%

**Statistics (standard parameters)**

Site area	N/A
No. of parking spaces required	Guideline value: 1 space for 15-20sqm of area
Proportion of value attrib. to the site	15 – 30%
Property size (lettable area)	5.000 -20.000sqm (Carrefour)
No. of storeys	Normally up to two storeys
Construction ratio usable area/GFA	~90%
Ratio sales area/usable area	65 – 80%
Fit-out specification	Basic to average
Building costs (excl. site improvements)	EUR 450-600/sqm GFA
Ancillary building costs	7 – 15%
Standard market rent p.m.	EUR 3,5 – 6/sqm
Gross income multiplier	N/A
Net Initial Yield	8,5 – 9 , 5 % depending on investment costs
Turnover per m <sup>2</sup> of sales area p.a.	N/A
Rent to sales ratio	1 – 3%

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Good public and private transport links;
- ▶ Located in standalone buildings, on the ground floor of residential or office buildings or in shopping centers;
- ▶ The majority of the older built supermarkets are situated at the ground floor of residential buildings;
- ▶ Good private and public transport links;
- ▶ Generally good visibility;
- ▶ Sufficient number of parking spaces available, unless situated in central city zones;
- ▶ Trend: re-entering city centres by opening smaller units in a larger number of locations in densely populated mixed use areas due to unaffordable transportation costs.

**Property characteristics**

- ▶ Single or double storey building with basic fit out;
- ▶ Also ground floor stores in areas of dense development and basement stores in city centres;
- ▶ Functional, cost efficient type of construction;
- ▶ Very limited supply of parking spaces within the city centres;
- ▶ Average functional architecture, if not part of shopping centres or located at the outskirts of cities;
- ▶ Trend: international/some regional chains regularly improve display of goods and fit out, with only some of the local chains having planned new investments.

**Facts**

Supplier	Group	No. of stores	Total sales (in million EUR EUR, 2011)	ØTurnover per store (in million EUR)
Carrefour, Marinopoulos, OK, Smile	Carrefour / Marinopoulos (Greece)	772	2.497	~3.2
AB Vassilopoulos	Delhaize Group (Belgium)	~251	1.538	~6.1
Sklavenitis	Sklavenitis (Greece)	~83	1.262	~15.2
Veropoulos	Veropoulos (Greece)	~241	703	~2.9
Lidl Hellas	LIDL (German)	230	1.451	6.3
Masoutis	Masoutis (Greece)	238	705	3,0
Galaxias	PENTE AE (Greece)	132	433	3,3
Arvanitidis	Arvanitidis AE & EE (Greece)	170	222	1,3
Makro	METRO AG (German)	9	350	38,9
Metro/Cash & Carry, MyMarket	Metro AEBE - Panteliadis (Greece)	90	681	7,6

Source: Companies' websites, various media portals

**Business type requirements**

Product range	Offering a variety of food and convenience goods product range, with fresh food department; often private label products, new trend: organic products;
Price level	Average, with often sales campaigns, some discount-orientated products and brands (private label);
Branch mix	One tenant;
Sales method	Mainly self-service, high advertising activity, (discounts / special offers); trend: online ordering;
Intensity of service	Low to average (at specialized food sections).

**Valuation factors****Market Value**

Maintenance p.a.	EUR 1 – 3/sqm
Property management	c.a. 1 – 3% of GRI p.a.
Allowance for risk of rental loss	at least 5%
Modernisation risk	Property specific
Useful life	20 – 40 years
Property yield	9 – 11%
Capitalisation rate	12 – 14%

**Statistics (standard parameters)**

Site area	N/A
No. of parking spaces required	Guideline value: 1 space for 15-20sqm of area
Proportion of value attrib. to the site	20 – 40%
Property size (lettable area)	up to 20.000sqm (Carrefour)
No. of storeys	normally up to two storeys
Construction ratio usable area/GFA	Less than 80%
Ratio sales area/usable area	65 – 80%
Fit-out specification	Basic to average
Building costs (excl. site improvements)	EUR 500-700/sqm GFA
Ancillary building costs	7 – 10%
Standard market rent p.m.	EUR 3,5 – 5/sqm
Gross income multiplier	N/A
Net Initial Yield	8 – 10 % depending on investment costs
Turnover per m <sup>2</sup> of sales area p.a.	N/A
Rent to sales ratio	1 – 3%

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Good private and/or public transport access;
- ▶ Local supply function in municipal and private residential areas;
- ▶ If built as greenfield projects within last 10, usually sufficient number of parking spaces;
- ▶ If located in pre 1991 buildings, location is in walking distance from blocks of municipal housing
- ▶ Generally good visibility;
- ▶ Trend: conversion from discounters to small supermarkets to keep customers loyal and happy;
- ▶ Trend: re-entering city centres by anchoring city shopping centres.

**Property characteristics**

- ▶ Mostly single storey buildings;
- ▶ Ground floor stores in historical city districts, where new construction is strictly regulated;
- ▶ Ultra functional architecture, if not part of shopping centres;
- ▶ Short supply of parking spaces closer to city centre;
- ▶ Trend: clustering of greenfield projects in some areas;
- ▶ Special feature: supermarkets in pre 1991 buildings usually suffers from inadequate conditions and due to planning restrictions losing;
- ▶ Special feature: international/regional chains regularly improve display of goods and fit out; some of the local chains are just happy that initial investment has paid back – no new investments planned to boost ROI.

**Facts**

Supplier	Group	No. of stores	Total sales (in million EUR)	ØTurnover Per store (in million EUR)
RIMI	RIMI Latvia (ICA Swe/Nor)	34***	215*	6.32**
MAXIMA	MAXIMA Latvia (VP Group- Lithuania)	121	357*	2.95**
IKI	Palink (REWE 45% + Coopernik)	52	95	1.83
MEGO	Baltstore	66	45	0.682
ELVI	Several franchise partners	89	107	0.842
TOP!	16 local partners	179	26	0.145
SKY	Skai Baltija	4	31	7.75

Source: company web pages, ICSC Baltic Committee

\*) – Calculated turnover for supermarket segment, as retailers are not supplying turnover split by formats

\*\*) – Estimated turnover per supermarket; can change considerably if looking at some particular store – due to actual size (sales area from 500sqm to 1.400sqm) and location

\*\*\*) – This number may increase rapidly over coming year, as RIMI has started conversion of its 57 strong “Super Neto” discount chain into RIMI supermarkets

**Business type requirements**

Product range	food and convenience goods;
Price level	average, some stores/chains discount-orientated;
Branch mix	5.000 – 15.000 products;
Sales method	mostly self-service;
Intensity of service	low to average (in smaller stores outside main cities).

**Valuation factors****Market Value**

Maintenance p.a.	EUR 4 – 8/sqm
Property management	-
Allowance for risk of rental loss	3 – 4 %
Modernisation risk	property specific, usually not more than 1%
Useful life	10 – 30 years
Property yield	6 – 12 %
Capitalisation rate	7 – 14 %

**Statistics (standard parameters)**

Site area	1.000 – 4.000sqm
No. of parking spaces required	1 space per 10 sqm of area
Proportion of value attrib. to the site	8 – 20 %
Property size (lettable area)	200 – 1.500sqm
No. of storeys	single storey or integrated
Construction ratio usable area/GFA	~ 95%
Ratio sales area/usable area	75 – 85 %
Fit-out specification	Basic to average
Building costs (excl. site improvements)	EUR 600-900/sqm GFA
Ancillary building costs	Not more than 15 %
Standard market rent p.m.	EUR 7 – 12/sqm
Gross income multiplier	6 – 16 times
Net Initial Yield	6 – 9 % depending of fit out quality, location and target customer segment
Turnover per m <sup>2</sup> of sales area p.a.	EUR 2.000 – 15.000
Rent to sales ratio	2 – 4 %

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Ex-industrial locations, on the main roads out of the cities/towns or in historically established
- ▶ downtown locations;
- ▶ Using of ex-industrial areas leads to catchment areas overlapping;
- ▶ Not in towns with less than 30.000 residents;
- ▶ Not always adequate public transport service and in several occasions local authorities has been complication creation of good access to the centres;
- ▶ If not in city centres, sufficient number of parking spaces;
- ▶ Good and very good visibility;
- ▶ Trend: if physically possible, large centres are planning to become even larger but ones without room for expansion or non prime location try some niche specialization.

**Property characteristics**

- ▶ Mainly 2 storey buildings with few exceptions (maximum – 7 floors with roof terrace);
- ▶ Tenant mix - still missing number of international chains, mainly compact department stores like C&A, P&C, M&S and similar. At the same time mix is mainly well balanced to cater for different customer groups;
- ▶ Larger centres use a lot of common areas for stand;
- ▶ High quality functional architecture universally and very good architecture in downtown areas with high heritage protection requirements;
- ▶ Usually large column grid and ceilings mainly 4 – 5 meters (with few exceptions due to use of historical or ex-industrial buildings);
- ▶ Most part of the centres are very well managed; bigger centres starting to recognize importance of sustainable and energy saving/conserving solutions.

**Facts**

<b>Company</b>	<b>No. of Centres</b>	<b>GLA (in '000 sqm)</b>	<b>Market share**</b>
LINSTOW (NOR)	5	153	21.12
RIMI (NOR/SWE)	5	42	5.12
Baltic Property Trust (DEN)	2	28	3.97
KanAm Grund (GER)	1	42	5.81
NCH/Plaza Centers Europe (USA/POL)	1	47	6.50
Atrium (Jersey Islands)	1	22	3.04
Patollo/DawneyDay (NOR/GBR)	1	30	4.11
Assorted local and regional owners	30	364	50.32

Source: company web pages, ICSC Baltic Committee

\*) – Counted centres with GLA 5.000sqm and above

\*\*\*) – Estimated value by GLA alone, as centre managers are very protective of their turnover and footfall figures

**Business type requirements**

Product range	oriented to meet growing demands of customers; tend to create "one stop agencies" by adding services like travel agencies, post offices, doctors' offices and similar
Price level	low to high, depending on positioning of shopping centre
Branch mix	very diversified, in bigger centres supplemented by leisure centres (or units) and multiplex cinemas
Sales method	mainly sales advice, except for grocery stores, convenience stores, toy stores and bookstores, with mainly self service
Intensity of service	average to high, depending on ownership/management of the centres

**Valuation factors****Market Value**

Maintenance p.a.	EUR 4 – 8/sqm
Property management	c.a. 3 – 10 % of GRI p.a.
Allowance for risk of rental loss	4 – 10 %
Modernisation risk	depends on date of upgrade, currently 1-2% of construction costs
Useful life	expected 20 years and more (shopping centre industry is just ~ 15 years old)
Property yield	6 – 10 %
Capitalisation rate	7 – 12 %

**Statistics (standard parameters)**

Site area	8.000 – 150.000sqm
No. of parking spaces required	depending on location; from 200 at downtown centres to 1.200 spaces
Proportion of value attrib. to the site	10 – 35 %
Property size (lettable area)	5.000 – 62.000sqm
No. of storeys	standard version – 2 storeys; exceptions with up to 7 floors
Construction ratio usable area/GFA	75 – 85 %
Ratio sales area/usable area	80 – 85 %
Fit-out specification	average to high
Building costs (excl. site improvements)	EUR 1.000 – 2.100/sqm GFA
Ancillary building costs	10 – 20 %
Standard market rent p.m.	EUR 8 – 40/sqm (are size based)
Gross income multiplier	10 – 18 times
Net Initial Yield	5 – 8 % with increase option if management is right
Turnover per m <sup>2</sup> of sales area p.a.	EUR 1.000 – 2.500
Rent to sales ratio	5 – 15 %

*These recommendations must carefully be verified for each valuation!*

### Location characteristics

- ▶ For customers with cars, close to public transport route. Also – inside dense populated areas.
- ▶ Generally very good visibility.
- ▶ If built as out of centre greenfield projects – adequate ground level car parks. Older projects close to centre have limited parking capacity. Latest projects start to try multilevel parking.
- ▶ In major shopping centres or on the main arterial and circular roads inside city limits
- ▶ Initially sufficient catchment area, in some locations spoiled by clustering of hypermarkets
- ▶ All hypermarket networks are planning expansion, some of them looking for potential buyers/investors.
- ▶ Planning conditions almost always include investment in city infrastructure, but do not prevent clustering of similar projects in case some location proven successful.

### Property characteristics

- ▶ Almost always single storey
- ▶ Basic and functional design with few exceptions
- ▶ Very functional architecture in greenfield projects with some added design value if hypermarkets is located inside some industrial heritage building
- ▶ Parking lots at some locations on the city fringe are unofficially used as P&R car depots
- ▶ Trend: periodical improvement of display and interior fit outs; increasing floorspace for concessionaires, turning several hypermarkets in actual small shopping centres; increasing introduction of compact hypermarkets
- ▶ Not yet a trend: sustainability and energy efficiency

### Facts

Supplier	Group	No. of stores	Total sales (EUR) 2011/2012	ØTurnover Per store
RIMI	RIMI Latvia (ICA Swe/Nor)	20	221mn*	11,05mn**
MAXIMA	MAXIMA Latvia (VP Group- Lithuania)	23	272mn*	11,82mn**
PRISMA	PRISMA Latvia (S-Group of Finland)	5	24mn	4,8mn***

Source: company web pages, ICSC Baltic Committee

\*) – Calculated turnover for hypermarket segment, as retailers are not supplying turnover split by formats

\*\*\*) – Estimated turnover per hypermarket ; can change considerably if looking at some particular store – due to actual size (sales area from 1.500sqm to 6.000sqm) and location

\*\*\*\*) – 2 out of 5 hypermarkets were opened close to the end of the year

**Business type requirements**

Product range	food and convenience goods, including clothing, footwear, gardening, DIY and interior decoration segments
Price level	average with frequent sales campaigns; MAXIMA and IKI partially discount oriented
Branch mix	up to 40.000 products
Sales method	mainly self-service with shop assistants at hot food and some specialized sections
Intensity of service	low to average (in smaller stores outside main cities)

**Valuation factors****Market Value**

Maintenance p.a.	EUR 3 – 6/sqm
Property management	not more than 1% of GRI p.a. (usually property is retail chain owned /managed)
Allowance for risk of rental loss	Up to 2%
Modernisation risk	property and retail chain specific, from 0,5 to 3,0%
Useful life	calculated for 20 - 30 years
Property yield	6 – 9%
Capitalisation rate	7 – 11%

**Statistics (standard parameters)**

Site area	7.000 – 20.000sqm
No. of parking spaces required	one space per 10 sqm of sales area
Proportion of value attrib. to the site	5 – 15% (depending on location/proximity to city centre)
Property size (lettable area)	2.500 – 12.000sqm
No. of storeys	usually single storey, with few exceptions with underground parking or multistorey car park
Construction ratio usable area/GFA	90 – 95%
Ratio sales area/usable area	75 – 90%
Fit-out specification	Basic to average
Building costs (excl. site improvements)	EUR 750 – 1.000/sqm GFA
Ancillary building costs	8 – 15 %
Standard market rent p.m.	EUR 7 – 12/sqm
Gross income multiplier	9 – 14 times
Net Initial Yield	7 – 10% depending on construction costs, fit-out level and location
Turnover per m <sup>2</sup> of sales area p.a.	EUR 2.000 – 5.000
Rent to sales ratio	2 – 4%

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ In central locations with good public and private transport access in major, medium-sized and increasingly in smaller cities with above-average catchment areas or purchasing power;
- ▶ New developments mainly in town and city centres.

**Property characteristics**

- ▶ Multi-storey building normally with three retail floors (basement, ground to first floors) and often with underground garage;
- ▶ Balanced tenant mix suitable for the location with large-scale anchor tenants and smaller retail concepts;
- ▶ Higher quality architecture; daylight in mall areas, transparency of floors; event space in the mall; design concept;
- ▶ Centre management, advertising association;
- ▶ Trend: green building certification with benefits for service charges;
- ▶ Trend: increasing percentage of space reserved for food services (Food Court with 'lounge' area);
- ▶ Trend: efficiency of space.

**Facts**

<b>Company</b>	<b>No. of Centres</b>	<b>GLA ( in '000 sqm)</b>	<b>Market Share</b>
ECE	78	2,328	23,0%
Metro	30	975	9,63%
Mfi	19	668	6,6%
JLL	16	359	3,86%

**Business type requirements**

Product range	Orientated to the (often) discerning demands of customers depending on the positioning of the shopping centre;
Price level	Average to high, depending on the positioning of the shopping centre;
Branch mix	Diversified branch mix, high proportion of fashion and food outlets, supplemented by services and leisure;
Sales method	Depending on supplier, ranging from sales advice, event shopping to self-service;
Intensity of service	High (central management, advertising association).

**Valuation factors****Market Value****MLV**

Maintenance p.a.	EUR 9 – 14/sqm	EUR 9 – 14/sqm
Property management	c.a. 1 – 3% of GRI p.a.	c.a. 2 – 3% of GRI p.a.
Allowance for risk of rental loss	≥ 4%	≥ 4%
Modernisation risk	Property-specific	0.5 – 3.0% of standard construction costs
Useful life	Up to 50 years	15 – 50 years
Property yield	5,5 – 8,0%	-
Capitalisation rate	-	6.5 – 9.0%

**Statistics (standard parameters)**

Site area	6.000 – 20.000sqm
No. of parking spaces required	400 – 1,500 spaces
Proportion of value attrib. to the site	30 – 50%
Property size (lettable area)	10,000 – 30,000sqm
No. of storeys	Mostly multi-storey, standard 2–3 retail floors
Construction ratio usable area/GFA	ca. 65%
Ratio sales area/usable area	ca. 80%
Fit-out specification	average to high quality
Building costs (excl. site improvements)	EUR 1.300 – 2.800/sqm GFA
Ancillary building costs	ca. 15%
Standard market rent p.m.	EUR 20 – 35/sqm
Gross income multiplier	13 – 19 times
Net Initial Yield	5.5 – 7.0%, with stable trend
Turnover per m <sup>2</sup> of sales area p.a.	EUR 2.500 – 5.000
Rent to sales ratio	7 – 9%

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Normally, good private and public transport links;
- ▶ Local supply function in core and residential areas;
- ▶ Sufficient number of parking spaces available (if existing);
- ▶ Often also combined locations (smaller retail parks);
- ▶ Higher visibility;
- ▶ Trend: increasing presence in town/city centres (local supply function for the residents in the surrounding area).

**Property characteristics**

- ▶ Either single-storey construction or as a shop unit in a residential/commercial property;
- ▶ Generally located at ground floor level, but sometimes also in the basement;
- ▶ Basic and functional design, unpretentious architecture;
- ▶ Trend: new sales concepts (city stores) and improvement in attractiveness (higher quality presentation of products, new lighting concepts, positioning and height of shelving etc.).

**Facts**

Supplier	Group	No. of stores	Total sales (EUR)	ØTurnover per store (EUR)
EDEKA	EDEKA	9.309	23,96bn	2,58m
Rewe	Rewe Group	2.375	6,15bn	2,59m
Kaisers Tengelmann	Tengelmann H.	718	2,54bn	3,53m
Tegut	Gutberlet Fam.	300	1,10bn	3,67m

Source: wer-zu-wem.de (as at: September 2009)

**Business type requirements**

Product range	Convenience goods and short-term demand, fresh food;
Price level	Average price level, some discounter-orientated;
Branch mix	Product range with ca. 7,000 – 11,000 products;
Sales method	Mainly self-service, somites with service, staffing costs > 10 % of sales;
Intensity of service	Currently low. Trend: increase in intensity of service, therefore greater manpower;

**Valuation factors****Market Value****MLV**

Maintenance p.a.	EUR 4 – 9/sqm	EUR 7 – 9/sqm
Property management	1 - 2% of GRI p.a.	1,0 – 3,0% of GRI p.a.
Allowance for risk of rental loss	≥ 4%	≥ 4%
Modernisation risk	property specific	0,2 – 0,5% of standard construction costs
Useful life	Up to 40 years	10 – 30 years
Property yield	6 – 8%	-
Capitalisation rate	-	6.5 – 8.5%

**Statistics (standard parameters)**

Site area	>1,000sqm
No. of parking spaces required	20 – 80 spaces
Proportion of value attrib. to the site	15 – 50%
Property size (lettable area)	400 – 1,500sqm
No. of storeys	Single storey or integrated
Construction ratio usable area/GFA	ca. 90%
Ratio sales area/usable area	ca. 75%
Fit-out specification	Basic to average
Building costs (excl. site improvements)	EUR 650 – 850/sqm GFA
Ancillary building costs	ca. 12 %
Standard market rent p.m.	EUR 10 – 16/sqm
Gross income multiplier	10 – 14 times
Net Initial Yield	6.0 – 7.0%, with slight upward trend
Turnover per m <sup>2</sup> of sales area p.a.	EUR 3.500 – 4.000
Rent to sales ratio	3.5 – 5.0%

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Positioned on main transport routes, public transport access not essential, sometimes also in town/city centres;
- ▶ Regional supply function;
- ▶ Sufficient parking spaces, also in multi-storey car parks;
- ▶ Often with cash desks to the front or in conjunction with retail warehouses.

**Property characteristics**

- ▶ Single to two-storey construction;
- ▶ Mainly freestanding with good visibility;
- ▶ Good delivery situation for trucks and trailers;
- ▶ Quality of building and architecture subject to quality level;
- ▶ Trends:
  - improvement in service quality by offering larger fresh produce departments, service counters, wine departments and café/restaurant;
  - requirement for higher quality architecture, interior design and lighting, and corporate design;
  - sales area reducing per store;
  - larger stores are closing and/or being reduced in size;

**Facts**

Supplier	Group	No. of stores	Total sales (EUR)	ØTurnover per store (EUR)
REAL	Metro Group	349	8,7bn	24,9m
Kaufland	Schwarz Stiftung	N/A	8,7bn	N/A
Marktkauf	Edeka	186	4,28bn	23,1m
Globus	Rewe	N/A	N/S	N/A

Source: EHI 2008

**Business type requirements**

Product range	Products satisfying daily and convenience needs, fresh produce with large range of quality between retail brands and delicatessen, clothing, household goods, toys, car accessories, small furniture; Trend: increasing percentage of organic products; Trend: reduction in the percentage of clothing and household goods being offered.
Price level	Wide price ranges, according to quality and range of products offered;
Branch mix	Product range of ca. 30,000 – 50,000.
Sales method	Self-service, service counters depending on quality of products offered, staffing costs 11 – 12% of turnover;
Intensity of service	Low to high depending on quality of products offered.

Valuation factors	Market Value	MLV
Maintenance p.a.	EUR 5 – 8/sqm	EUR 5 – 8/sqm
Property management	1 - 2% of GRI p.a.	1 - 3% of GRI p.a.
Allowance for risk of rental loss	≥ 4%	≥ 4%
Modernisation risk	property specific	0.2 – 1,2% of standard construction costs
Useful life	up to 50 years	10 - 40 years
Property yield	6 – 8%	-
Capitalisation rate	-	6.5 – 9%

**Statistics (standard parameters)**

Site area	>10,000m <sup>2</sup>
No. of parking spaces required	200 – 500 spaces
Proportion of value attrib. to the site	15 – 30%
Property size (lettable area)	5.000 – 10.000m <sup>2</sup>
No. of storeys	Normally single storey, sometimes underground car park/ parking deck
Construction ratio usable area/GFA	ca. 90%
Ratio sales area/usable area	ca. 75%
Fit-out specification	Basic to average
Building costs (excl. site improvements)	EUR 900 – 1.300/m <sup>2</sup> GFA
Ancillary building costs	ca.12%
Standard market rent p.m.	EUR 8.00 – 13.00/m <sup>2</sup>
Gross income multiplier	10 – 13 times
Net Initial Yield	6.0 – 7.0%, with slight upward trend
Turnover per m <sup>2</sup> of sales area p.a.	EUR 3.500 – 4.500
Rent to sales ratio	4.0 – 4.5%

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Accessible locations on busy transport routes;
- ▶ Commercial and special zones in municipalities with < 5,000 inhabitants;
- ▶ Soft discounters also in retail agglomerations (central locations, town centre shopping centres);
- ▶ Increasingly grouped together (retail parks in out-of-town locations);
- ▶ Sufficiently sized car park;
- ▶ Accessibility by car from both directions (left hand turning lanes provided).

**Property characteristics**

- ▶ Single-storey, basic fitout specification, basic architecture (low cost construction);
- ▶ Standard overall concept;
- ▶ Optimum delivery of goods from a user's perspective;
- ▶ Trend: integrated bakery dispensers with continuous supply of fresh bakery products;
- ▶ Trend: low energy construction (heat recovery, solar energy etc.).

**Facts**

Supplier	Group	No. of stores	Total sales (in billion EUR)	ØTurnover per store (in million EUR)
Lidl	Schwarz Stiftung	3,004	30.6	10.2
Netto (Plus)	Edeka	3,676	11.04	3
Aldi-Nord	Aldi Gruppe	2,531	9.99	3.95
Aldi-Süd	Aldi-Group	1,735	11.35	6.45
Penny	Rewe	2,060	5.5	2.57

Source: *wer-zu-wem.de* (as at: September 2009)

**Business type requirements**

Product range	Mass market goods, also own brands, hard discounters 600 – 1,500 products, soft discounters 2,000 – 2,500 products; Trend: product ranges complemented with branded goods;
Price level	Strongly discount-orientated and price-aggressive permanently low prices and limited offer prices;
Branch mix	Strongly limited (often only one branch), food, fresh produce (limited range), non-food; Trend: expansion of offer of fresh produce (fruit, vegetables, dairy produce etc.) and appropriate presentation;
Sales method	Self-service only, staffing costs ca. 5 % of sales;
Intensity of service	Very low.

**Valuation factors****Market Value****MLV**

Maintenance p.a.	EUR 4.00 – 8.00/m <sup>2</sup>	EUR 5.00 – 8.00/m <sup>2</sup>
Property management	ca. 1.0 - 2.0% of GRI p.a.	1.0 – 3.0% of GRI p.a.
Allowance for risk of rental loss	≥ 4.0 %	≥ 4.0 %
Modernisation risk	Property-specific	0.2 – 1.2 % of standard construction costs
Useful life	≤ 40 years	10 – 30 years
Property yield	5.0 – 7.0%	-
Capitalisation rate	-	6.5 – 9.0%

**Statistics (standard parameters)**

Site area	4,000 – 6,000 m <sup>2</sup>
No. of parking spaces required	70 – 120 spaces
Proportion of value attrib. to the site	15 – 30%
Property size (lettable area)	500 – 1,400m <sup>2</sup>
No. of storeys	Single-storey
Construction ratio usable area/GFA	ca. 90 %
Ratio sales area/usable area	ca. 80 %
Fitout specification	Basic
Building costs (excl. site improvements)	EUR 550 – 800/m <sup>2</sup> GFA
Ancillary building costs	ca. 10%
Standard market rent	EUR 8.00 – 14.00/m <sup>2</sup>
Gross income multiplier	10 to 14-times
Net Initial Yield	6.0 – 7.0%, with slight upward trend
Turnover per m <sup>2</sup> of sales area p.a.	EUR 3,000 – 4,500
Rent to sales ratio	3.0 – 4.0%

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ For customers with cars, good transport links;
- ▶ Very good visibility;
- ▶ Spacious ground level customer car park;
- ▶ Preferably in commercial/ special zones on the fringe of the city/ town and on main transport routes;
- ▶ Sufficiently large catchment area;
- ▶ Mainly in retail agglomeration together with other retail businesses (retail parks, retail warehouse agglomerations) to exploit synergy effects;
- ▶ Trend: also located in sub centres and less attractive secondary locations;
- ▶ Trend: increasingly locating in so-called hybrid malls (hybrids of retail park and shopping centre), mainly in district centres or town centre locations.

**Property characteristics**

- ▶ Single-storey, basic fitout specification;
- ▶ Functional, low cost construction;
- ▶ Spacious if possible ground level with free of charge parking spaces close to the property;
- ▶ Target size: between 200 m<sup>2</sup> (bed/mattress stores) and 6,500 m<sup>2</sup> (consumer electronics);
- ▶ Trend: construction of stores which are cost efficient in terms of property maintenance and energy consumption;
- ▶ Trend: focus on higher quality architectural design, despite basic construction.

**Facts**

Supplier	Group	No. of stores	Total sales (in billion EUR)	ØTurnover per store (in million EUR)
Media-Markt	Metro Group	353	10.4	29.5
fressnapf	Fressnapf	692	0.674	0.97
dm-Drogerie	dm Karlsruhe	936	2.43	0.46
KIK	Tengelmann	2,039	0.939	0.46
Concord	Concord	600	0.175	0.29

Source: EHI 2008

**Business type requirements**

Product range	Broad and extensive product range. Trend: extension of product ranges to increase margins;
Price level	Low to average price level, some discount-orientated (own brands);
Branch mix	One line of business /type of goods. Trend: additional income by subletting to bakeries and snack bars;
Sales method	Mainly self-service, high advertising activity (discounts/ special offers);
Intensity of service	Low to average. Trend: sustained reduction in service quality to save staff costs.

**Valuation factors****Market Value****MLV**

Maintenance p.a.	EUR 5.00 – 8.00/m <sup>2</sup>	EUR 5.00 – 8.00/m <sup>2</sup>
Property management	1.0 – 2.0% of GRI p.a.	1.0 – 3.0% of GRI p.a
Allowance for risk of rental loss	≥ 4.0%	≥ 4.0%
Modernisation risk	Property-specific	0.2 – 1.2% of standard construction costs
Useful life	≤ 40 years	10 – 30 years
Property yield	6.0 – 8.5%	-
Capitalisation rate	-	6.5 – 8.5%

**Statistics (standard parameters)**

Site area	General statement not possible
No. of parking spaces required	ca. 30 – 300 spaces
Proportion of value attrib. to the site	15 – 30%
Property size (lettable area)	200 – 10,000 m <sup>2</sup>
No. of storeys	Single-storey
Construction ratio usable area/GFA	ca. 90%
Ratio sales area/usable area	90%
Fit-out specification	Basic
Building costs (excl. site improvements)	EUR 550.00 – 800.00/m <sup>2</sup> GFA
Ancillary building costs	ca. 10%
Standard market rent p.m.	EUR 5.00 – 20.00/m <sup>2</sup>
Gross income multiplier	10 to 13-times
Net Initial Yield	6.0 – 7.0%, with stagnating tendency
Turnover per m <sup>2</sup> of sales area p.a.	EUR 1,000 – 6,500
Rent to sales ratio	2.5– 12.5%

*Note: Retail parks are normally traded at lower yields/higher gross income multipliers than isolated locations.*

**Location characteristics**

- ▶ Locations with good transport links, possibly on main transport routes, public transport access not Essential;
- ▶ Municipal to regional appeal;
- ▶ Sufficient parking provision, highly visible;
- ▶ Often located in commercial estates and in integrated locations with other retail warehouses.

**Property characteristics**

- ▶ Single-storey construction;
- ▶ Heated and unheated sheds;
- ▶ Large external sales area (with and without roof) ;
- ▶ Freestanding with high visibility;
- ▶ Good delivery situation for trucks and trailers;
- ▶ Basic construction and architectural quality;
- ▶ Trend: closure, particularly of smaller stores with lower space and cost efficiency;
- ▶ Trend: integration of drive-in concepts.

**Facts**

Supplier	Group	No. of stores	Total sales (in billion EUR)	ØTurnover per store (in million EUR)
Toom	Rewe	385	2	5.2
OBI	Tengelmann	334	3.5	10.5
Hagebau	Hagebau	286	3.3	11.6
Praktiker	Praktiker	275	3.9	14.2
Hornbach	Hornbach	83	2.4	28.5

Source: *wer-zu-wem.de* (as at: September 2009)

**Business type requirements**

Product range	DIY product range, building materials, garden tools and supplies, pet supplies, lamps, car parts, arts & crafts, small furniture;
Price level	Low to average;
Branch mix	Product range of ca. 15,000 – 30,000;
Sales method	Self-service, staff costs < 10% of turnover.
Intensity of service	Very low.

**Valuation factors****Market Value****MLV**

Maintenance p.a.	EUR 3.00 – 8.00/m <sup>2</sup>	EUR 5.00 – 8.00/m <sup>2</sup>
Property management	1.0 – 2.0% of GRI p.a.	1.0 – 3.0% of GRI p.a
Allowance for risk of rental loss	≥ 4.0%	≥ 4.0%
Modernisation risk	Property-specific	0.2 – 1.2% of standard construction costs
Useful life	Up to 50 years	10 – 30 years
Property yield	6.0 – 8.5%	-
Capitalisation rate	-	6.5 – 8.5%

**Statistics (standard parameters)**

Site area	10,000 – 50,000 m <sup>2</sup>
No. of parking spaces required	200 – 400 spaces
Proportion of value attrib. to the site	10 – 35%
Property size (lettable area)	3,500 – 20,000 m <sup>2</sup>
No. of storeys	single-storey
Construction ratio usable area/GFA	ca. 95%
Ratio sales area/usable area	ca. 90%
Fit-out specification	basic
Building costs (excl. site improvements)	EUR 550 – 800/m <sup>2</sup> GFA
Ancillary building costs	ca. 10%
Standard market rent p.m.	EUR 5.00 – 12.00/m <sup>2</sup> (normally < EUR 10.00/m <sup>2</sup> )
Gross income multiplier	9 to 13-times
Net Initial Yield	6.5 – 8.0%, with slight upward trend
Turnover per m <sup>2</sup> of sales area p.a.	EUR 800 – 2,200
Rent to sales ratio	5.5 – 7.5%

**Location characteristics**

- ▶ Mainly difficult planning consent procedure (core area, special zones);
- ▶ Good accessibility by car, if possible close to motorway intersections outside of city/ town centres;
- ▶ Often attempts to locate in tourist areas (e.g. Lüneburger Heide);
- ▶ Still of comparatively minor importance in Germany. Highest FOC density in Europe in UK (clear trend of saturation);
- ▶ Preferred catchment area between 4 and up to 5.5 inhabitants or 3 million inhabitants within one hour's drive.

**Property characteristics**

- ▶ Single-storey buildings with USP, e.g. village style, min. 30 individual shops, each from ca. 200 m<sup>2</sup>. German FOC are on average ca. 20% smaller than those in other European countries;
- ▶ Uniform opening hours similar to shopping centres;
- ▶ Control and marketing by a very active centre management;
- ▶ Sufficient number of parking spaces free of charge (ca. 1 parking space per 10 m<sup>2</sup> sales area is considered as convenient);
- ▶ Normally each shop is heated separately;
- ▶ Trend: 3 new openings in 2012 (Neumünster, Soltau and Ochtrup). A further 10 FOCs at advanced planning stage' in Germany;
- ▶ Trend: retrospective expansions of existing FOCs with second building phase;
- ▶ Trend: attractive areas to relax ('event shopping', 'Place to be').

**Facts**

Property	Group	No. of stores (Europe)	Sales area (sqm)
FOC Zweibrücken	Neinver	12	18,200
FOC Wustermark	Mc Arthur Glen	17	10,300
FOC Wertheim	Value Retail	9	13,500
FOC Ingolstadt	Value Retail	9	9,400
FOC Wolfsburg	OCI-Outlet	1	10,000

Source: ecostra

**Business type requirements**

Product range	Normally unsold stock, collections from the previous season, sample collections, products with faults (second quality), discontinued lines;
Price level	According to information, min. 30% below recommended retail price (difficult for customer to verify, example: manufacturers also produce products exclusively for FOC);
Branch mix	Strong focus on clothing including shoes, sportswear, glass, porcelain, household goods and food outlets;
Sales method	Direct sale by industry to the end consumer, thus bypassing local retail, service (professional shop assistants) with the philosophy based on 'brand competence' and 'transparent price reductions'. Trend: integration of online offers in the FOC, e.g. Apps;
Intensity of service	High due to well-known brands.

**Valuation factors****Market Value****MLV**

Maintenance p.a.	EUR 6.50 – 12.00/m <sup>2</sup>	EUR 7.50 – 12.00/m <sup>2</sup>
Property management	2.0 – 3.0% of GRI p.a.	2.0 – 3.0% of GRI p.a
Allowance for risk of rental loss	≥ 4.0%	≥ 4.0%
Modernisation risk	Property-specific	0.2 – 2.0% of standard construction costs
Useful life	up to 50 years	Property-specific
Property yield	6.0 – 8.5%	-
Capitalisation rate	-	6.5 – 9.0%

**Statistics (standard parameters)**

Site area	Normally over 40,000 m <sup>2</sup>
No. of parking spaces required	Over 1,000 spaces
Proportion of value attrib. to the site	15 – 25%
Property size (lettable area)	10,000 – 25,000 m <sup>2</sup>
No. of storeys	1 – 2 storey
Construction ratio usable area/GFA	ca. 85%
Ratio sales area/usable area	ca. 80%
Fit-out specification	Average
Building costs (excl. site improvements)	EUR 1,300 – 2,500/m <sup>2</sup> GFA
Ancillary building costs	ca. 15%
Standard market rent p.m.	EUR 25.00 – 35.00/m <sup>2</sup>
Gross income multiplier	14 to 16-times
Net Initial Yield	Over 6.25%, with stable trend
Turnover per m <sup>2</sup> of sales area p.a.	EUR 4,000 – 5,500
Rent to sales ratio	8.0 – 12.0%

**Location characteristics**

- ▶ Location at the residential area;
- ▶ Located in standalone buildings or on the ground floor of residential or office buildings. Also in shopping centers;
- ▶ Sufficient number of parking spaces.

**Property characteristics**

- ▶ Single story building with basic fit out;
- ▶ Ground level parking;
- ▶ Functional, cost efficient type of construction;
- ▶ Large open sales area;
- ▶ Trend: The growing demand for delicatessen especially in large and medium cities.

**Facts**

Supplier	Group	No. of stores	Total sales (EUR)	ØTurnover per store (EUR)
Tesco	Tesco	137 (hypermarkets) 313 (supermarkets)	12.6 bn 2011/2012	28mn
Carrefour	Carrefour	~100	N/A	N/A
E.Leclerc	E.Leclerc	40 (hyper – and supermarkets)	~ 662 mn 2011	16,5mn
Stokrotka	Emperia Holding	201	437.5 mn 2012	2,2mn
Piotr i Paweł	Piotr i Paweł	90	€ 460.5 mn 2012	5,1mn
Alma	Alma Market	No info	€ 382 mn 2012	N/A

Source: various media portals

**Business type requirements**

Product range	Offering food and non-food products (i.e. cosmetics, detergents, beverages);
Price level	Average price level (discount campaigns, sometimes own brands with competitive price levels);
Branch mix	One tenant;
Sales method	Self service, partly salesperson service;
Intensity of service	Limited;

**Valuation factors****Market Value**

Maintenance p.a.	EUR 1 – 2/sqm
Property management	c.a. 1 – 2% of GRI p.a.
Allowance for risk of rental loss	0%
Modernisation risk	property specific
Useful life	20 – 30 years
Property yield	7,25 – 8%
Capitalisation rate	12,5 – 13,7%

**Statistics (standard parameters)**

Site area	1.000 – 5.000 sqm
No. of parking spaces required	N/A
Proportion of value attrib. to the site	10 – 250%
Property size (lettable area)	500 – 2.500 sqm
No. of storeys	1
Construction ratio usable area/GFA	~ 90%
Ratio sales area/usable area	65 – 80%
Fit-out specification	basic
Building costs (excl. site improvements)	EUR 400 – 600/sqm GFA
Ancillary building costs	8 – 12%
Standard market rent p.m.	EUR 8 – 16/sqm
Gross income multiplier	N/A
Net Initial Yield	7,25 – 8
Turnover per m <sup>2</sup> of sales area p.a.	N/A
Rent to sales ratio	0%

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Location at the residential area;
- ▶ Located in standalone buildings or on the ground floor of residential buildings.
- ▶ Sufficient number of parking spaces.

**Property characteristics**

- ▶ Single story building with basic fit out;
- ▶ Ground level parking;
- ▶ Functional, cost efficient type of construction;
- ▶ Large open sales area;
- ▶ Trend: The growing demand for delicatessen especially in large and medium cities.

**Facts**

Supplier	Group	No. of stores	Total sales (EUR)	ØTurnover per store (EUR)
Biedronka	Jeronimo Martins Polska S.A.	2.100	6,7bn	3,2bn
Lidl	Schwarz Group	320	N/A	N/A
Netto	Dansk Supermarked	281	N/A	N/A

Source: various media portals

**Business type requirements**

Product range	Offering food and non-food products (i.e. cosmetics, detergents, beverages);
Price level	Average price level (discount campaigns, sometimes own brands with competitive price levels);
Branch mix	One tenant;
Sales method	Self service, partly salesperson service
Intensity of service	limited

**Valuation factors****Market Value**

Maintenance p.a.	EUR 1 – 2/sqm
Property management	c.a. 1 – 2% of GRI p.a.
Allowance for risk of rental loss	0%
Modernisation risk	property specific
Useful life	20 – 30 years
Property yield	7,25 – 8%
Capitalisation rate	12,5 – 13,7%

**Statistics (standard parameters)**

Site area	1.000 – 5.000sqm
No. of parking spaces required	N/A
Proportion of value attrib. to the site	10 – 25%
Property size (lettable area)	500 – 2.500sqm
No. of storeys	1
Construction ratio usable area/GFA	~ 90%
Ratio sales area/usable area	65 – 80%
Fit-out specification	basic
Building costs (excl. site improvements)	EUR 400 – 500/sqm GFA
Ancillary building costs	8 – 12%
Standard market rent p.m.	EUR 5 – 8/sqm
Gross income multiplier	N/A
Net Initial Yield	7,25 – 8%
Turnover per m <sup>2</sup> of sales area p.a.	N/A
Rent to sales ratio	0%

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Location with good transport links in a suburban area;
- ▶ Well exposed onto street;
- ▶ Location in catchment areas of large towns and agglomerations;
- ▶ Sometimes located in retail parks;
- ▶ High number of parking spaces;
- ▶ For customers with cars.

**Property characteristics**

- ▶ Single storey building with basic fit out;
- ▶ Ground level parking;
- ▶ Functional, cost efficient type of construction;
- ▶ Large open sales area;
- ▶ Adjacent retail gallery of circa 15 retail units.

**Facts**

Supplier	Group	No. of stores	Total sales (EUR)	ØTurnover per store (EUR)
Tesco	Tesco	137 (hypermarkets) 313 (supermarkets)	12,6bn 2011/2012	28mn
Auchan	Auchan	29	~ €1.6 bn 2011	56mn
Carrefour	Carrefour	11	N/A	N/A
E.Leclerc	E.Leclerc	40 (hyper – and supermarkets)	~ € 6.6 mln 2011	16,5mn

Source: Various media portals

**Business type requirements**

Product range	Offering food and non-food products (i.e. cloths, cosmetics, toys, detergents);
Price level	Low to average price level (discount campaigns, own brands);
Branch mix	One tenant;
Sales method	Self service, partly salesperson service
Intensity of service	limited

**Valuation factors****Market Value**

Maintenance p.a.	EUR 1 – 2/sqm
Property management	c.a. 1 – 2% of GRI p.a.
Allowance for risk of rental loss	0%
Modernisation risk	property specific
Useful life	20 – 30 years
Property yield	7,5 – 8%
Capitalisation rate	12,5 – 13,3%

**Statistics (standard parameters)**

Site area	5.000 – 20.000sqm
No. of parking spaces required	150 – 700 spaces
Proportion of value attrib. to the site	10 – 20%
Property size (lettable area)	2.500 – 10.000sqm
No. of storeys	1
Construction ratio usable area/GFA	~ 90%
Ratio sales area/usable area	65 – 80%
Fit-out specification	Basic
Building costs (excl. site improvements)	EUR 400 – 500/sqm GFA
Ancillary building costs	8 – 12%
Standard market rent p.m.	EUR 5 – 8/sqm
Gross income multiplier	N/A
Net Initial Yield	7,5 – 8%
Turnover per m <sup>2</sup> of sales area p.a.	N/A
Rent to sales ratio	0%

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*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Location with very good transport links;
- ▶ Mostly located at the suburban area;
- ▶ Well exposed onto main street;
- ▶ Location in catchment areas of medium, large towns and agglomerations;
- ▶ Sometimes located in retail parks;
- ▶ High number of parking spaces;
- ▶ Mostly for customers with cars;
- ▶ Land prices at medium level.

**Property characteristics**

- ▶ Single storey building with basic fit out;
- ▶ Ground level parking;
- ▶ Heated and unheated area;
- ▶ Functional, cost efficient type of construction;
- ▶ Large open sales area.

**Facts**

Supplier	Group	No. of stores	Total sales	ØTurnover per store
Castorama Brico Depot	Kingfisher	64 3	£ 1.1 bn (2011/2012)	£ 16.4 mln (2011/2012)
Leroy Merlin Bricoman	GROUPE ADEO	43 5	N/A	N/A
OBI	Tengelmann Group OBI	43	N/A	N/A
Nomi	NOMI S.A.	28	N/A	N/A
Praktiker	Praktiker Group	24	€ 3.2 bn (2011)	€133 mn (2011)

Source: various media portals

**Business type requirements**

Product range	DIY product range, often with integrated garden centre and complementary product range;
Price level	Low to average price level (discount campaigns);
Branch mix	Mostly one tenant;
Sales method	Self service;
Intensity of service	limited

**Valuation factors****Market Value**

Maintenance p.a.	EUR 1 – 2/sqm
Property management	c.a. 1 – 2% of GRI p.a.
Allowance for risk of rental loss	0%
Modernisation risk	property specific
Useful life	20 – 30 years
Property yield	7,5 – 8%
Capitalisation rate	11,7 – 13%

**Statistics (standard parameters)**

Site area	5.000 – 40.000sqm
No. of parking spaces required	150 – 900 spaces
Proportion of value attrib. to the site	10 – 25%
Property size (lettable area)	2.500 – 20.000sqm
No. of storeys	1
Construction ratio usable area/GFA	~ 95%
Ratio sales area/usable area	85 – 95%
Fit-out specification	basic
Building costs (excl. site improvements)	EUR 350 – 400/sqm GFA
Ancillary building costs	8 – 12%
Standard market rent p.m.	EUR 6 – 12/sqm
Gross income multiplier	N/A
Net Initial Yield	7,5 – 8,5%
Turnover per m <sup>2</sup> of sales area p.a.	N/A
Rent to sales ratio	0%

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*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ In central locations of primary or secondary centres also in district centres;
- ▶ Often located in or close to mass market locations;
- ▶ Rarely in small towns;
- ▶ Good public and private transport links;
- ▶ Sufficient number of parking spaces;
- ▶ Well exposed
- ▶ Trend: revitalizations of oldest shopping centres to leverage their strengths (e.g. in Warsaw – Klif, Atrium Promenada, Warszawa Wileńska), extensions (e.g. Galeria Mokotów, Auchan Łomianki), construction of communication centres with shopping centres mainly in major Polish cities (e.g. in Poznań, Katowice and Kraków), project developments in secondary cities/ towns and sometimes in small towns.

**Property characteristics**

- ▶ Target size over 5.000sqm lettable area;
- ▶ Minimum 10 tenants;
- ▶ Multi-storey building mostly with 3 retail floors (ground floor, first floor, second floor);
- ▶ In addition to large-scale anchor tenants often division of lettable area into small units;
- ▶ Balanced tenant mix suitable for the location with anchor tenants generating footfall;
- ▶ Exclusive themed architecture with recognition value and good fitout specification;
- ▶ Central mall, large column grid, comfortable ceiling heights ~ 5,00 to 6,00 m;
- ▶ Centre management, advertising association.

**Facts**

<b>Company</b>	<b>No. of Centres</b>	<b>GLA (sqm)</b>	<b>Market Share</b>
Echo Investment	20	382.200	4,6%
Atrium European Real Estate	20	390.000	4,7%
Rank Progress	7	179.250	2,1%

Source: various media portals

**Business type requirements**

Product range	Orientated to the (often) discerning demands of customers depending on the positioning of the shopping centre;
Price level	Average to high, depending on the positioning of the shopping centre;
Branch mix	Diversified branch mix, high proportion of fashion and food outlets, supplemented by services and leisure;
Sales method	Depending on supplier, ranging from sales advice, over the counter service to self-service;
Intensity of service	High (central management, advertising association).

**Valuation factors****Market Value**

Maintenance p.a.	EUR 3 – 6,5/sqm
Property management	c.a. 2 – 3% of GRI p.a.
Allowance for risk of rental loss	1 – 5%
Modernisation risk	Property-specific
Useful life	up to 50 years
Property yield	6 – 8,5%
Capitalisation rate	11,7 – 16,6

**Statistics (standard parameters)**

Site area	2.500 – 25.000sqm
No. of parking spaces required	150 – 3.000 spaces
Proportion of value attrib. to the site	15 – 30 %
Property size (lettable area)	above 5.000- 100.000sqm
No. of storeys	Min 10, standard 2–3 retail stores
Construction ratio usable area/GFA	65 – 75%
Ratio sales area/usable area	65 – 85%
Fit-out specification	average to high quality
Building costs (excl. site improvements)	EUR 600 – 1.200/sqm GFA
Ancillary building costs	8 – 12%
Standard market rent p.m.	EUR 30 – 90/sqm in Warsaw EUR 20 – 50/sqm in regional cities
Gross income multiplier	N/A
Net Initial Yield	6 – 8.5%
Turnover per m <sup>2</sup> of sales area p.a.	N/A
Rent to sales ratio	5 – 10%

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Target location – at the suburban area, close to major Polish cities (e.g. Warsaw, Poznań, Szczecin, Wrocław, Gdańsk);
- ▶ Good accessibility by car, if possible close to motorway intersections outside of city/ town centres.

**Property characteristics**

- ▶ A cluster of single storey buildings with min. 60 individual shops,
- ▶ Opening hours similar to shopping centres;
- ▶ Control and marketing by a very active centre management;
- ▶ Sufficient number of parking spaces free of charge (approx. 1 parking space per 10 m<sup>2</sup> sales area is considered as convenient);
- ▶ Normally each shop is heated separately.

**Facts**

Property	Group	No. of stores (Poland)	Lettable area (sqm)
Factory Outlet Centre Warszawa Ursus	Neinver	No information	13.500
Factory Outlet Centre Wrocław	Neinver	No information	13.000
Factory Outlet Centre Poznań	Neinver	110	15.200
Factory Outlet Centre Annopol	Neinver	122	19.700
Fashion House Outlet Centre Piaseczno	The Outlet Company	120	17.200
Fashion House Outlet Centre Gdańsk	The Outlet Company	120	17.000
Fashion House Outlet Centre Sosnowiec	The Outlet Company	110	23.300
Outlet Park Szczecin	Echo Investment	60	24.000
Ptak Outlet Rzgów	Ptak Holding	140	33.000

Source: various media portals

**Business type requirements**

Product range	Unsold stock by definition, collections of the previous season and products with faults (second quality), sample collection;
Price level	According to information min. 30% below recommended retail price (difficult for customer to verify);
Branch mix	Strong focus on clothing including shoes, sports ware, household goods;
Sales method	Service (professional shop assistants) with the philosophy based on 'brand competence' and 'transparent price reductions';
Intensity of service	High due to the well-known brands

**Valuation factors****Market Value**

Maintenance p.a.	EUR 3 – 5/sqm
Property management	c.a. 2 – 3% of GRI p.a.
Allowance for risk of rental loss	1 – 5%
Modernisation risk	Property-specific
Useful life	up to 50 years
Property yield	7,5 – 8,0%
Capitalisation rate	12,5 – 13,3

**Statistics (standard parameters)**

Site area	10.000 – 70.000sqm
No. of parking spaces required	500 – 1.500 spaces
Proportion of value attrib. to the site	10 – 20%
Property size (lettable area)	5.500 – 33.000sqm
No. of storeys	one storey
Construction ratio usable area/GFA	70 – 75%
Ratio sales area/usable area	70 – 85%
Fit-out specification	Average
Building costs (excl. site improvements)	EUR 600 – 1.000/sqm GFA
Ancillary building costs	8 – 12%
Standard market rent p.m.	EUR 21 – 23/sqm (Basis – usable area)
Gross income multiplier	N/A
Net Initial Yield	7.5 – 8.0%, with stable trend
Turnover per m <sup>2</sup> of sales area p.a.	N/A
Rent to sales ratio	N/A

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Near large residential estates;
- ▶ In secondary cities/ towns (e.g. Sieradz, Skierniewice, Myślenice, Żyrardów) and districts of large cities (e.g. Kraków, Szczecin);
- ▶ Good accessibility.

**Property characteristics**

- ▶ Mostly single storey buildings with min. 5 individual shops which have separate entrances directly from the parking;
- ▶ Sometimes 2-storey building with entrances to each store inside;
- ▶ Large-scale anchor tenant (more than 30% of lettable area) e.g. Tesco, Biedronka, the remainder smaller shops and services addressing the basic needs of the residents of residential estates;
- ▶ Opening hours similar to shopping centres.

**Facts**

Property	Group	No. of stores (Poland)	Lettable area (sqm)
Dekada Myslenice	Dekada Realty	16	3.217
Dekada Sieradz	Dekada Realty	36	9.842
Dekada Skierniewice	Dekada Realty	16	3.415
Dekada Żyrardów	Dekada Realty	25	3.800
Dekada Kraków	Dekada Realty	16	3.347
Dekada Olsztyn	Dekada Realty	14	3.721
Street Mall Vis a Vis Radom	Capital Park	20	3.400
Multibox Świecie	Budrem	11	5.000
Centrum Zakupów Ząbki	NAP Invest	6	3.000
Centrum Zakupów Zgierz	NAP Invest	7	3.500

Source: various media portals

**Business type requirements**

Product range	Wild variety, subject of the positioning of shopping centre;
Price level	Low to average price level, subject to the positioning of the shopping centre;
Branch mix	Supermarket, drugstore, clothing, shoes, household goods and services e.g. laundry;
Sales method	Depending on supplier, ranging from sales advice, over the counter service to self-service;
Intensity of service	High (central management).

**Valuation factors****Market Value**

Maintenance p.a.	EUR 2,5 – 6,5/sqm (EUR 1 – 3/sqm Anchor tenants)
Property management	c.a. 2 – 3% of GRI p.a.
Allowance for risk of rental loss	1 – 5%
Modernisation risk	Property-specific
Useful life	up to 50 years
Property yield	7,5 – 8,0%
Capitalisation rate	11,8 – 13,3%

**Statistics (standard parameters)**

Site area	6.500 – 16.000sqm
No. of parking spaces required	50 – 300 spaces
Proportion of value attrib. to the site	15 – 25%
Property size (lettable area)	3.000 – 5.000sqm
No. of storeys	1 – 2 storey (no basement)
Construction ratio usable area/GFA	65 – 75%
Ratio sales area/usable area	70 – 85%
Fit-out specification	Average
Building costs (excl. site improvements)	~ EUR 800/sqm GFA
Ancillary building costs	8 – 12%
Standard market rent p.m.	EUR 15 – 35/sqm
Gross income multiplier	N/A
Net Initial Yield	7.5 – 8.5%
Turnover per m <sup>2</sup> of sales area p.a.	N/A
Rent to sales ratio	3 – 7%

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Located at densely populated residential or mixed use areas
- ▶ Supermarkets built before 2000: mostly situated in department stores typical for 70's and 80's, or at the ground floor of residential buildings
- ▶ Supermarkets built after 2000: standalone buildings or within shopping centers
- ▶ Good private and public transport links
- ▶ Good visibility
- ▶ Sufficient number of parking spaces available, unless situated in central city zones

**Property characteristics**

- ▶ Mostly single storey
- ▶ Functional layout with large sales area
- ▶ Trend: increased presence of natural and organic products in some supermarkets

**Facts**

Food Chain	Group	No. of stores	Total sales (EUR)	ØTurnover per store
Maxi	Delhaize Group, Belgium	121	N/A	N/A
Idea	Agrocor, Croatia	169	N/A	N/A
Roda	Mercator Group, Slovenia	47	N/A	N/A
DIS	DIS, Serbia	12	223,04mn	17,16mn
Univererexport	Univerexport Group, Serbia	12	126,58mn	9,74mn
Lurdy	Phiwa	9	1,11mn	0,12mn
Interex	Les Mousquetaires, Intermarche, France	8	37,40mn	4,68mn
Super Vero	Veropoulos, Greece	5	36,66mn	6,73mn
Supermarket Premium	Mercator Group, Slovenia	1	N/A	N/A

Source: various media portals

**Business type requirements**

Product range	Convenience goods and short-term demand, often private label products, new trend in organic food
Price level	Average, with discount campaigns and private label products offered at lower prices
Branch mix	5.000-10.000 products
Sales method	Mainly self-service, trend: online ordering
Intensity of service	low

**Valuation factors****Market Value**

Maintenance p.a.	EUR 1 – 3/sqm
Property management	c.a. 1 – 2% of GRI p.a.
Allowance for risk of rental loss	5%
Modernisation risk	property specific
Useful life	20 – 40 years
Property yield	11 – 13%
Capitalisation rate	12 – 14%

**Statistics (standard parameters)**

Site area	1.000 – 3.000sqm
No. of parking spaces required	Guideline value: 1 space for 12-15sqm of sales area
Proportion of value attrib. to the site	10 – 30%
Property size (lettable area)	400 – 1.500sqm
No. of storeys	Single-storey or integrated
Construction ratio usable area/GFA	90%
Ratio sales area/usable area	70 – 80%
Fit-out specification	Basic to average
Building costs (excl. site improvements)	EUR 400 – 600/sqm GFA
Ancillary building costs	10 – 15%
Standard market rent p.m.	EUR 7 – 12/sqm
Gross income multiplier	N/A
Net Initial Yield	7 – 10% depending on investment costs
Turnover per m <sup>2</sup> of sales area p.a.	N/A
Rent to sales ratio	Data is not available, but the sales are approximately 30% less than in the countries of the EU.

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Mostly located on the outskirts of residential areas
- ▶ Easily accessed by private and public transport
- ▶ Good visibility
- ▶ Modern discount stores offer sufficiently sized parking.

**Property characteristics**

- ▶ There is a number of local discount stores, which are oriented mainly towards selling alcoholic and non-alcoholic drinks. These stores are mostly located in residential areas, on the ground floor of residential buildings, and in some cases as standalone buildings.
- ▶ Size of food discount stores is between supermarket and hypermarkets
- ▶ In past several years, modern food discounts, offering not only drinks, but also food and non-food products, were opened
- ▶ Newly opened food discounts are mainly standalone single storey buildings characterized by functional architecture, basic fit out and sufficient parking space.

**Facts**

<b>Food Chain</b>	<b>Group</b>	<b>No. of stores</b>	<b>Total sales (EUR)</b>	<b>ØTurnover per store</b>
Tempo Express	Delhaize Group, Belgium	11	N/A	N/A
Aman Hard Discount	Aman	5	N/A	N/A
Interex	Les Mousquetaires, Intermarche, France	1	N/A	N/A

Source: various media portals

**Business type requirements**

Product range	Food and non-food products (i.e. detergents, beverages)
Price level	Low to average price level, discount campaigns periodically to permanently
Branch mix	Usually one tenant
Sales method	Self-service
Intensity of service	Low to limited

**Valuation factors****Market Value**

Maintenance p.a.	EUR 1 – 3/sqm
Property management	c.a. 1 – 2% of GRI p.a.
Allowance for risk of rental loss	5%
Modernisation risk	property specific
Useful life	20 – 40 years
Property yield	11 – 13%
Capitalisation rate	12 – 14%

**Statistics (standard parameters)**

Site area	2.000 – 4.000sqm
No. of parking spaces required	Guideline value: 1 space for 15-20 sqm of sales area
Proportion of value attrib. to the site	10 – 30%
Property size (lettable area)	1.000 – 2.500sqm
No. of storeys	Single-storey
Construction ratio usable area/GFA	90%
Ratio sales area/usable area	70 – 80%
Fit-out specification	Basic to average
Building costs (excl. site improvements)	EUR 300 – 500/sqm GFA
Ancillary building costs	10 – 15%
Standard market rent p.m.	EUR 5 – 10/sqm
Gross income multiplier	N/A
Net Initial Yield	7 – 10% depending on investment costs
Turnover per m <sup>2</sup> of sales area p.a.	N/A
Rent to sales ratio	Data is not available, but the sales are approximately 30% less than in the countries of the EU.

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Located in larger cities/towns
- ▶ Preferably in commercial zones on the fringe of the city/town
- ▶ Very good visibility
- ▶ Easily accessed by car
- ▶ High number of parking spaces

**Property characteristics**

- ▶ Single storey standalone buildings or situated within larger retail agglomerations, shopping centers
- ▶ Located with small number of retail stores that often accompany the hypermarkets
- ▶ Functional and cost efficient type of construction
- ▶ Basic fit out
- ▶ Large open sales area
- ▶ Ground level parking free of charge

**Facts**

<b>Food Chain</b>	<b>Group</b>	<b>No. of stores</b>	<b>Total sales (EUR)</b>	<b>ØTurnover per store</b>
Roda Megamarket	Mercator Group, Slovenia	15	N/A	N/A
Mercator Hypermarket	Mercator Group, Slovenia	4	N/A	N/A
Idea	Agrokor, Croatia	2	N/A	N/A

Source: various media portals

**Business type requirements**

Product range	Wide range of food and non-food products, including clothing, footwear, DIY products etc.
Price level	Average, with sales campaigns, some with private label products
Branch mix	Anchor tenant along with a few small tenants, usually service activity and subleased
Sales method	Self service and partially over the counter
Intensity of service	Low to average (service at specialized sections)

**Valuation factors****Market Value**

Maintenance p.a.	EUR 1 – 3/sqm
Property management	c.a. 1 – 2% of GRI p.a.
Allowance for risk of rental loss	5%
Modernisation risk	property specific
Useful life	20 – 40 years
Property yield	11 – 13%
Capitalisation rate	12 – 14%

**Statistics (standard parameters)**

Site area	8.000 – 20.000sqm
No. of parking spaces required	Guideline value: 1 space for 10-20sqm of sales area
Proportion of value attrib. to the site	10 – 30%
Property size (lettable area)	4.000 – 10.00sqm
No. of storeys	Single-storey
Construction ratio usable area/GFA	90%
Ratio sales area/usable area	70 – 80%
Fit-out specification	Basic to average
Building costs (excl. site improvements)	EUR 400 – 700/sqm GFA
Ancillary building costs	10 – 15%
Standard market rent p.m.	EUR 6 – 11/sqm
Gross income multiplier	N/A
Net Initial Yield	7 – 10% depending on investment costs
Turnover per m <sup>2</sup> of sales area p.a.	N/A
Rent to sales ratio	Data is not available, but the sales are approximately 30% less than in the countries of the EU.

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Located in larger cities
- ▶ Often located on the fringe of the city/town
- ▶ Good transport links
- ▶ Easily accessed by car
- ▶ High number of parking spaces

**Property characteristics**

- ▶ Mostly single storey buildings, or situated within retail parks
- ▶ Functional and cost efficient type of construction
- ▶ Basic fitout
- ▶ Ground level parking
- ▶ Large open sales area

**Facts**

<b>Food Chain</b>	<b>Group</b>	<b>No. of stores</b>	<b>Total sales (EUR)</b>	<b>ØTurnover per store</b>
Mr. Bricolage	Mr. Bricolage	3	5,02mn	1,67mn
Merkur	Merkur Group	3	18,72mn	6,24mn
Home Center	Fishman Group	5	15,54mn	3,11mn
Uradi sam	Uradi sam	7	12,84mn	1,83mn

Source: various media portals

**Business type requirements**

Product range	DIY products with complementary product ranges (i.e. building material and elements, gardening, tools, interior decoration)
Price level	Low to average, discount campaigns
Branch mix	Usually one tenant
Sales method	Mainly self service
Intensity of service	Limited

**Valuation factors****Market Value**

Maintenance p.a.	EUR 1 – 3/sqm
Property management	c.a. 1 – 2% of GRI p.a.
Allowance for risk of rental loss	5%
Modernisation risk	property specific
Useful life	40 – 60 years
Property yield	11 – 13%
Capitalisation rate	12 – 14%

**Statistics (standard parameters)**

Site area	4.000 – 20.000sqm
No. of parking spaces required	Guideline value: 1 space for 10-20sqm of sales area
Proportion of value attrib. to the site	10 – 30%
Property size (lettable area)	2.000 – 10.00sqm
No. of storeys	Mostly Single-storey
Construction ratio usable area/GFA	90%
Ratio sales area/usable area	70 – 80%
Fit-out specification	Basic to average
Building costs (excl. site improvements)	EUR 400 – 600/sqm GFA
Ancillary building costs	10 – 15%
Standard market rent p.m.	EUR 4 – 8/sqm
Gross income multiplier	N/A
Net Initial Yield	7 – 10% depending on investment costs
Turnover per m <sup>2</sup> of sales area p.a.	N/A
Rent to sales ratio	Data is not available, but the sales are approximately 30% less than in the countries of the EU.

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Mostly located in urban areas, sometimes on the fringe of city/town with good transport links for customers with cars
- ▶ Good visibility
- ▶ High number of parking spaces, except if located in central city/town areas

**Property characteristics**

- ▶ Standalone buildings or situated on the ground floor of residential buildings
- ▶ Single or multi-storey
- ▶ Functional layout with large sales area
- ▶ Modern, functional architecture, unless located in residential buildings
- ▶ Spacious car park, unless located in central city/town areas

**Facts**

Food Chain	Group	No. of stores	Total sales (EUR)	ØTurnover per store
Simpo	Simpo, Serbia	32	51.00mn	1.59mn
Forma Ideale	Forma Ideale, Serbia	22	58.80mn	2.67mn
Aleksandro	Aleksandro, Serbia	17	5.48mn	0.32mn
YISK	JYSK, Denmark	16	8.54mn	0.53mn
Vitorog	Vitorog-Promet, Serbia	4	8.09mn	2.02mn
Eurosalon	Eurosalon, Serbia	3	1.27mn	0.42mn
Kika	Kika, Austria	1	15.45mn	15.45mn

Source: various media portals

**Business type requirements**

Product range	Furniture, sometimes household goods
Price level	Low to high price levels, discount campaigns
Branch mix	mostly one tenant
Sales method	Self-service to intensive customer support
Intensity of service	Average to high

**Valuation factors****Market Value**

Maintenance p.a.	EUR 1 – 3/sqm
Property management	c.a. 1 – 2% of GRI p.a.
Allowance for risk of rental loss	5%
Modernisation risk	property specific
Useful life	40 – 60 years
Property yield	11 – 13%
Capitalisation rate	12 – 14%

**Statistics (standard parameters)**

Site area	5.000 – 20.000sqm
No. of parking spaces required	Guideline value: 1 space for 10-20sqm of sales area
Proportion of value attrib. to the site	10 – 30%
Property size (lettable area)	3.000 – 20.00sqm
No. of storeys	1 to 3 floors
Construction ratio usable area/GFA	90%
Ratio sales area/usable area	70 – 80%
Fit-out specification	Basic to average
Building costs (excl. site improvements)	EUR 400 – 600/sqm GFA
Ancillary building costs	10 – 15%
Standard market rent p.m.	EUR 4 – 8/sqm
Gross income multiplier	N/A
Net Initial Yield	7 – 10% depending on investment costs
Turnover per m <sup>2</sup> of sales area p.a.	N/A
Rent to sales ratio	Data is not available, but the sales are approximately 30% less than in the countries of the EU.

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*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Located in larger cities/towns, in densely populated residential areas
- ▶ Good public and private transport links
- ▶ Good visibility
- ▶ Large, usually underground parking

**Property characteristics**

- ▶ Construction of modern shopping centers in Serbia began after 2000.
- ▶ Slovenian Mercator was the first company to begin with the construction of modern shopping centers in Serbia. These shopping centers were characterized by large supermarkets accompanied by smaller retail stores that usually follow Mercator supermarkets in their shopping centers (Avenia).
- ▶ The first major shopping center was Delta City, after which the concept of shopping centers changed in Serbia and now is more in accordance with shopping centers worldwide.
- ▶ All shopping centers in Serbia have been built in accordance with international requirements for modern shopping centers.
- ▶ Architecturally modern and functional shopping centers
- ▶ Multi-storey buildings, usually with 3 retail floors
- ▶ Center management and coordinated marketing and other activities

**Facts**

Company	No. of Centres	GLA (sqm)	Market Share
Mercator Group, Slovenia	13	80,000 (sum of all shopping centers)	N/A
Verano Group, Serbia	1	7.000	N/A
Shopping Center Stadium	1	28.000	N/A
MPC Properties, Serbia	1	50.000	N/A
Delta Holding, Serbia	1	31.000	N/A
Plaza Centers Group, Israel	1	26.000	N/A
Forum, Nis	1	15.500	N/A
Immo Point	1	10.000	N/A

Source: various media portals

**Business type requirements**

Product range	Customer oriented and depending on the position of shopping centre
Price level	Average to high, depending on location
Branch mix	Diversified branch mix, high proportion of fashion and sportswear, along with food services and leisure in a smaller amount
Sales method	Depending on the supplier, ranging from sales advice, over the counter service to self-service
Intensity of service	Average to high, depending on the ownership and management

**Valuation factors****Market Value**

Maintenance p.a.	EUR 3 – 5/sqm
Property management	c.a. 2 – 4% of GRI p.a.
Allowance for risk of rental loss	5%
Modernisation risk	Property-specific
Useful life	40 – 60 years
Property yield	10 – 12%
Capitalisation rate	11 – 13%

**Statistics (standard parameters)**

Site area	8.000 – 25.000sqm
No. of parking spaces required	Guideline value: 1 space for 10-20sqm of sales area
Proportion of value attrib. to the site	10 – 30 %
Property size (lettable area)	7.000- 50.000sqm
No. of storeys	Multi-storey, 2 to 3 retail floors
Construction ratio usable area/GFA	60 – 70%
Ratio sales area/usable area	65 – 85%
Fit-out specification	average to high
Building costs (excl. site improvements)	EUR 700 – 900/sqm GFA
Ancillary building costs	10 – 20%
Standard market rent p.m.	Belgrade: EUR 25/m <sup>2</sup> Other cities: EUR 12-18 /m <sup>2</sup>
Gross income multiplier	N/A
Net Initial Yield	6 – 9%, depending on investment costs
Turnover per m <sup>2</sup> of sales area p.a.	N/A
Rent to sales ratio	Data is not available, but the sales are approximately 20% less than in the countries of the EU.

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Situated mostly on the outskirts of large cities, or in secondary towns, in the vicinity of large cities
- ▶ Located close to the main roads, often close to the highways outside of city/town
- ▶ Good accessibility by car
- ▶ Good visibility
- ▶ Large ground level parking

**Property characteristics**

- ▶ A cluster of mainly single-storey buildings, sometimes 2-storey buildings
- ▶ Specific architecture
- ▶ Uniform opening hours, similar to shopping centres
- ▶ Control and marketing by centre management
- ▶ Sufficient number of parking spaces free of charge

**Facts**

Property	Group	No. of stores	Lettable area (sqm)
Immo Outlet Center, Belgrade	MPC Properties	42	8.500
BN Bos, Belgrade	BN Bos, Serbia	28	4.500
Italian Mall Outlet, Belgrade	Piazza Roma	N/A	N/A
BIG Center, Novi Sad	BIG CEE, Israel	36	34.000
Fashion Park Outlet Center, Indjija	BlackOak Development	65	30.000
Delta Park, Kragujevac	Delta Holding, Serbia	N/A	17.000
Aviv Park, Pancevo	Aviv Arlon, Israel	71	22.000

Source: various media portals

**Business type requirements**

Product range	Wide variety of products, including unsold stock, collections of the previous seasons and products with faults
Price level	Low to average
Branch mix	Anchor tenants along with smaller shops in retail parks; different tenants, mainly fashion, in outlet centers
Sales method	Sales advice, counter service or self-service, depending on supplier
Intensity of service	Low to high, depending on supplier

**Valuation factors****Market Value**

Maintenance p.a.	EUR 1 – 3/sqm
Property management	c.a. 3 – 5% of GRI p.a.
Allowance for risk of rental loss	5%
Modernisation risk	Property-specific
Useful life	40 – 60 years
Property yield	10 – 12%
Capitalisation rate	11 – 13

**Statistics (standard parameters)**

Site area	10.000 – 90,000sqm
No. of parking spaces required	Approximately 1.000
Proportion of value attrib. to the site	10 – 30%
Property size (lettable area)	5.000 – 35.000sqm
No. of storeys	1 – 2 floors
Construction ratio usable area/GFA	60 – 70%
Ratio sales area/usable area	65 – 85%
Fit-out specification	Average
Building costs (excl. site improvements)	EUR 500 – 700/sqm GFA
Ancillary building costs	10 – 20%
Standard market rent p.m.	EUR 10 – 10/sqm
Gross income multiplier	N/A
Net Initial Yield	6 – 9%
Turnover per m <sup>2</sup> of sales area p.a.	N/A
Rent to sales ratio	Data is not available, but the sales are approximately 30% less than in the countries of the EU.

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Medium to highly populated residential areas;
- ▶ High visibility;
- ▶ Good transportation access;
- ▶ Sufficient number of parking spaces (mainly outdoor).

**Property characteristics**

- ▶ Normally single storey;
- ▶ Mainly outdoor parking spaces (sometimes indoor), mostly for free;
- ▶ Average to low building qualities. Basic design;
- ▶ Sometimes in combination with smaller stores;
- ▶ Surface area < 2,500 m<sup>2</sup>. Average: 800 m<sup>2</sup>.

**Facts**

Company	Group	No. of stores	Average GLA in m <sup>2</sup>	Total sales (in billion EUR)
Dia	Dia	2,566	585	3.2
Lidl	Schwarz	525	1,230	2.3
Aldi	Aldi	220	980	0.6

Source: respective financial reports, Alimarket report and self-elaboration. Figures refer just to discounters, not to the respective groups.

**Business type requirements**

Product range	mainly food, but also non-food products
Price level	average to low price level (generally including own-brand products at low prices)
Branch mix	one tenant
Sales method	self service
Intensity of service	low

**Valuation factors****Market Value**

Maintenance p.a.	EUR 4 – 8/m <sup>2</sup> /month
Property management	3 – 5% of GRI p.a.
Allowance for risk of rental loss	Approx. 5 %
Modernisation risk	Property specific
Useful life	20 – 30 years
Property yield	6 – 8 %
Capitalisation rate	7 – 10 % (real rate)

**Statistics (standard parameters)**

Site area	> 1,000 m <sup>2</sup>
No. of parking spaces required	20 – 100
Proportion of value attrib. to the site	15 – 35%
Property size (lettable area)	300 – 2,000 m <sup>2</sup>
No. of storeys	Single storey
Construction ratio usable area/GFA	80 – 90%
Ratio sales area/usable area	70 – 85%
Fit-out specification	Basic
Building costs (excl. site improvements)	EUR 700 – 900 /sqm GFA
Ancillary building costs	8 – 12%
Standard market rent p.m.	EUR 8 – 12/m <sup>2</sup>
Gross income multiplier	8 to 12 times
Net Initial Yield	6 – 8 %
Turnover per m <sup>2</sup> of sales area p.a.	Euro 2,000 – 8,000
Rent to sales ratio	4 - 6 %

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Medium to highly populated residential areas;
- ▶ High visibility;
- ▶ Good transportation access;
- ▶ Sufficient number of parking spaces (mainly outdoor).

**Property characteristics**

- ▶ Normally single storey;
- ▶ Mainly outdoor parking spaces (sometimes indoor), mostly for free;
- ▶ Average to low building qualities. Basic design;
- ▶ Sometimes in combination with smaller stores;
- ▶ Surface area < 2,500 m<sup>2</sup>. Average: big supermarkets 1,500 m<sup>2</sup>; medium-size supermarkets 800 m<sup>2</sup>.

**Facts**

Company	Group	Type	No. of stores	Average GLA in m <sup>2</sup>	Total sales (in billion EUR)
Mercadona	Mercadona	Big supermarket	1,448	1,245	17.8
Eroski center / Caprabo	Eroski	Big supermarket	1,100	1,247	3.2
Sabeco / Simply	Auchan.	Big supermarket	209	2,000	1.0
El Árbol	El Árbol	Medium-size supermarket	459	720	0.8
Carrefour Market	Carrefour	Big supermarket	112	1,785	0.8
Supercor	El Corte Inglés	Big supermarket	90	2,000	0.4
Ahorra Más	IFA	Medium-size supermarket	220	800	1.4

Source: respective financial reports, Alimarket report and self-elaboration. Figures refer just to supermarkets, not to the respective groups.

**Business type requirements**

Product range	mainly food, but also non-food products
Price level	average to low price level (generally including own-brand products at low prices)
Branch mix	one tenant
Sales method	self service
Intensity of service	low

**Valuation factors****Market Value**

Maintenance p.a.	EUR 4 – 8/m <sup>2</sup> /month
Property management	3 – 5% of GRI p.a.
Allowance for risk of rental loss	Approx. 5 %
Modernisation risk	Property specific
Useful life	20 – 30 years
Property yield	6 – 8 %
Capitalisation rate	7 – 10 % (real rate)

**Statistics (standard parameters)**

Site area	> 1,000 m <sup>2</sup>
No. of parking spaces required	20 – 100
Proportion of value attrib. to the site	15 – 35%
Property size (lettable area)	300 – 2,000 m <sup>2</sup>
No. of storeys	Single storey
Construction ratio usable area/GFA	80 – 90%
Ratio sales area/usable area	70 – 85%
Fit-out specification	Basic
Building costs (excl. site improvements)	EUR 700 – 900 /sqm GFA
Ancillary building costs	8 – 12%
Standard market rent p.m.	EUR 8 – 12/m <sup>2</sup>
Gross income multiplier	8 to 12 times
Net Initial Yield	6 – 8 %
Turnover per m <sup>2</sup> of sales area p.a.	Euro 2,000 – 8,000
Rent to sales ratio	4 - 6 %

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Outskirts of residential areas;
- ▶ High visibility;
- ▶ Very good transportation access;
- ▶ Sufficient number of parking spaces outdoor and/or indoor.

**Property characteristics**

- ▶ One to three storeys plus underground parking spaces;
- ▶ Areas for concessionaires in the cash desk area;
- ▶ Outdoor and/or indoor parking spaces, mainly for free;
- ▶ Average building qualities;
- ▶ Surface area greater than 2,500 m<sup>2</sup>;
- ▶ Average surface area around 8,000 m<sup>2</sup>.

**Facts**

<b>Company</b>	<b>No. of stores</b>	<b>Average GLA in sqm</b>	<b>Total sales 2012 (in billion EUR)</b>
Carrefour	173	7.500	8.0
Eroski	115	5.900	3.8
Alcampo (Auchan)	46	9.000	2.5
Hipercor (El Corte Inglés)	41	11.000	2.6

Source: respective financial reports, Alimarket report and self-elaboration. Figures refer just to hypermarkets, not to the respective groups.

**Business type requirements**

Product range	both food and non-food products
Price level	average price level (generally including own-brand products at low prices)
Branch mix	one tenant
Sales method	self service
Intensity of service	low

**Valuation factors****Market Value**

Maintenance p.a.	EUR 4 – 8/m <sup>2</sup> /month
Property management	3 – 5% of GRI p.a.
Allowance for risk of rental loss	Approx. 5 %
Modernisation risk	Property specific
Useful life	20 – 30 years
Property yield	7 – 9 %
Capitalisation rate	7 – 10 % (real rate)

**Statistics (standard parameters)**

Site area	> 10,000 m <sup>2</sup>
No. of parking spaces required	500 – 1.000
Proportion of value attrib. to the site	15 – 30%
Property size (lettable area)	5,000 – 12,000 sqm
No. of storeys	1 - 3 storeys plus underground parking
Construction ratio usable area/GFA	80 – 90%
Ratio sales area/usable area	60 – 75%
Fit-out specification	basic to average
Building costs (excl. site improvements)	EUR 700 – 900 /sqm GFA
Ancillary building costs	8 – 12%
Standard market rent p.m.	EUR 8 – 12/m <sup>2</sup>
Gross income multiplier	8 to 12 times
Net Initial Yield	6 –8%
Turnover per m <sup>2</sup> of sales area p.a.	EUR 5,000 – 7.000
Rent to sales ratio	5 –7 %

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ In locations of primary or secondary centres and out-of-town locations;
- ▶ Often located in or close to the mass market locations;
- ▶ Rarely in small towns;
- ▶ Good public and private transport links;
- ▶ Sufficient number of parking spaces;
- ▶ Good visibility;
- ▶ Trend: revitalizations, project developments in retail park areas.

**Property characteristics**

- ▶ Multi-storey building normally with 1-2 retail floors (ground floor, first floor);
- ▶ In addition to large-scale anchor tenants often division of lettable area into small units;
- ▶ Balanced tenant mix suitable for the location with anchor tenants generating footfall;
- ▶ Centre management, advertising association.

**Facts**

<b>Company</b>	<b>No. of Centres</b>	<b>GLA ( in '000 sqm)</b>	<b>Market Share</b>
Klepierre	81	2,250	16.4%
Unibail-Rodamco	28	1,320	9.6%
Corio	15	550	4.0%
Altarea Cogedim	12	250	1.8%

Source: RegioData 2011

**Business type requirements**

Product range	Orientated to the (often) discerning demands of customers depending on the positioning of the shopping centre;
Price level	Average to high, depending on the positioning of the shopping centre;
Branch mix	Diversified branch mix, high proportion of fashion, supplemented by services and leisure;
Sales method	Depending on supplier, ranging from sales advice, event shopping to self-service;
Intensity of service	High (central management, advertising association).

**Valuation factors****Market Value****MLV**

Maintenance p.a.	7.5 - 15 €/m <sup>2</sup>	7.5 -15 €/m <sup>2</sup>
Property management	2% - 3% of the annual gross income	2% - 3% of the annual gross income
Allowance for risk of rental loss	≥4%	≥4%
Modernisation risk	Property specific	0.5 to 3%
Useful life	up to 50 years	15 - 50 years
Property yield	4.50 - 4.75% (prime)	
Capitalisation rate		6.5 - 9%

**Statistics (standard parameters)**

Site area	10.000 – 200.000sqm
No. of parking spaces required	400 – 7,000 spaces
Proportion of value attrib. to the site	30 to 50%
Property size (lettable area)	10,000 – 100,000sqm, larger in individual cases
No. of storeys	Mostly multi-storey, standard 1–2 retail floors
Construction ratio usable area/GFA	60 – 75%, subject to the size of the mall
Ratio sales area/usable area	60 – 80%
Fit-out specification	average to high quality
Building costs (excl. site improvements)	€1,000 - €2,500 per m <sup>2</sup> of gross area
Ancillary building costs	15 - 20% (incidental building costs)
Standard market rent p.m.	EUR 20 – 35/sqm (Basis – usable area)
Gross income multiplier	16 – 25 times
Net Initial Yield	4.50 to 4.75% (prime)
Turnover per m <sup>2</sup> of sales area p.a.	EUR 4,000 – 7,000
Rent to sales ratio	6 – 12%

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Good private and public transport links;
- ▶ Local supply function in core and residential areas;
- ▶ Sufficient number of parking spaces available (if possible);
- ▶ Higher visibility;
- ▶ Trend: return to city/ town centre locations (city stores).

**Property characteristics**

- ▶ Normally single storey;
- ▶ Also ground floor stores in areas of dense development;
- ▶ Basic and functional design;
- ▶ Unpretentious architecture.

**Facts**

Supplier	Group	No. of stores	Total sales (EUR)	ØTurnover per store (EUR)
Casino	Casino Groupe	8,394	5.1bn	0.6m
Intermarché	Groupe des Mousquetaires	1,800	N/A	N/A
Super U	Système U	1,423	17.7bn	12.4m
Simply Market	Auchan	300	N/A	N/A

Source: Mintel 2012, Auchan 2014

**Business type requirements**

Product range	Convenience goods and short-term demand, fresh food, trend: supermarkets increasingly offering organic food and regional products
Price level	Average to high price level
Branch mix	
Sales method	
Intensity of service	

**Valuation factors****Market Value****MLV**

Maintenance p.a.		
Property management		
Allowance for risk of rental loss		
Modernisation risk		
Useful life		
Property yield		
Capitalisation rate		

**Statistics (standard parameters)**

Site area	>1,000sqm
No. of parking spaces required	Guideline value: 1 parking space per 12sqm of sales area
Proportion of value attrib. to the site	
Property size (lettable area)	1,500 – 3,000sqm
No. of storeys	Single storey or integrated
Construction ratio usable area/GFA	ca. 90%
Ratio sales area/usable area	70 – 80%
Fit-out specification	Basic to average
Building costs (excl. site improvements)	
Ancillary building costs	
Standard market rent p.m.	EUR 11 – 16/sqm
Gross income multiplier	
Net Initial Yield	
Turnover per m <sup>2</sup> of sales area p.a.	EUR 4,500 – 6,000
Rent to sales ratio	2.0 – 4.0%

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ For customers with cars, good transport links;
- ▶ Very good visibility;  
Spacious, ground level customer car park
- ▶ Preferably in commercial/ special zones on the fringe of the city/ town and on arterial roads;
- ▶ Sufficiently dimensioned catchment area;
- ▶ Solitary location, often retail agglomeration together with other retail businesses;
- ▶ Trend: Drive-in concepts;

**▶ Trend: Property characteristics**

- ▶ Single storey, functional and cost efficient type of construction, basic fitout specification;
- ▶ Mostly areas for concessionaires in the cash desk area or attached malls;
- ▶ Spacious, ground level and free of charge parking spaces close to the property;
- ▶ Target size: 5,000 sqm to 20,000 sqm usable area;
- ▶ Trend: higher awareness of service charges, stronger revitalisation pressure;
- ▶ Trend: decreasing useful life.

**Facts**

Supplier	Group	No. of stores	Total sales (EUR)	ØTurnover per store (EUR)
Carrefour	Carrefour	763	35.2bn	46.1m
E. Leclerc	E. Leclerc	560	30bn	53.6m
Auchan	Auchan	543	19.9bn	36.6m
Intermarché	Groupe des Mousquetaires	356	N/A	N/A

Source: Mintel 2012

**Business type requirements**

Product range	Offering a high variety of food, wide non-food product range, fresh food department;
Price level	Average price level, discount-orientated (own brands);
Branch mix	Often only one supplier plus small- to mid-sized tenants at the mall;
Sales method	Service for fresh products, high advertising activity;
Intensity of service	Average

**Valuation factors****Market Value****MLV**

Maintenance p.a.	€5 - €8 per m <sup>2</sup>	€5 - €8 per m <sup>2</sup>
Property management	1 - 3% of the annual gross income	1 - 3% of the annual gross income
Allowance for risk of rental loss	≥4%	≥4%
Modernisation risk	Property specific	0.2 - 1.2%
Useful life	> 30 years	15 - 30 years
Property yield	5.00 - 6.50% (prime)	
Capitalisation rate		6.5 - 8.5%

**Statistics (standard parameters)**

Site area	>10,000sqm
No. of parking spaces required	200 – 500 spaces
Proportion of value attrib. to the site	15 - 30% (if not in the inner city)
Property size (lettable area)	5,000 – 20,000sqm
No. of storeys	Normally single storey
Construction ratio usable area/GFA	ca. 90%
Ratio sales area/usable area	60 – 75%
Fit-out specification	Basic to average
Building costs (excl. site improvements)	€500 - €750 per m <sup>2</sup> of gross area
Ancillary building costs	10 - 15% (incidental building costs)
Standard market rent p.m.	EUR 7.5 – 11/sqm
Gross income multiplier	
Net Initial Yield	
Turnover per m <sup>2</sup> of sales area p.a.	EUR 5,000 – 8,000
Rent to sales ratio	2.0 – 3.5%

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Cities/ towns and communities with min. 5,000 inhabitants;
- ▶ Better visibility;
- ▶ Also in commercial/ special zones if aforementioned characteristics are satisfied;
- ▶ Discounters also in retail agglomerations;
- ▶ Increasingly grouped together with e.g. other supermarkets, retail warehouses, beverage stores etc.;
- ▶ Sufficiently sized car parking;
- ▶ Good Accessibility.

**Property characteristics**

- ▶ Single storey, basic fitout specification;
- ▶ Functional, cost efficient type of construction;
- ▶ Building structure/ architecture often standardized with corporate identity;
- ▶ Trend: maximum permissible property sizes under planning law.

**Facts**

Supplier	Group	No. of stores	Total sales (in billion EUR)	ØTurnover per store (in million EUR)
Lidl	Schwarz Stiftung	1,500	6.3	4.2
Dia	Dia	916	2.4	2.6
Aldi	Aldi	885	2.9	3.3
Leader Price	Groupe Casino	600	N/A	N/A
Netto	Les Mousquetaires	340	N/A	N/A

Source: Mintel 2012

**Business type requirements**

Product range	
Price level	Strongly discount-orientated and price-aggressive permanently low prices and limited offer prices;
Branch mix	
Sales method	Mostly self-service;
Intensity of service	Low.

**Valuation factors****Market Value****MLV**

Maintenance p.a.
Property management
Allowance for risk of rental loss
Modernisation risk
Useful life
Property yield
Capitalisation rate

**Statistics (standard parameters)**

Site area	4,000 – 6,000 sqm
No. of parking spaces required	70 – 120 spaces
Proportion of value attrib. to the site	
Property size (lettable area)	1,000 – 1,400sqm
No. of storeys	Single-storey
Construction ratio usable area/GFA	ca. 90 %
Ratio sales area/usable area	ca. 80 %
Fitout specification	Basic
Building costs (excl. site improvements)	
Ancillary building costs	
Standard market rent p.m.	EUR 10.00 – 14.00/sqm
Gross income multiplier	
Net Initial Yield	
Turnover per m <sup>2</sup> of sales area p.a.	EUR 3,000 – 5,000
Rent to sales ratio	3.0 – 4.0%

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ For customers with cars, good transport links;
- ▶ Very good visibility;
- ▶ Spacious ground level customer car park;
- ▶ Preferably in commercial/ special zones on the fringe of the city/ town and on arterial roads;
- ▶ Sufficiently large catchment area;
- ▶ Mainly in retail agglomeration;
- ▶ Trend: numerous small to mid-size retail warehouses adjoined in out-of-town retail parks.

**Property characteristics**

- ▶ Single-storey, basic fitout specification;
- ▶ Functional, cost efficient type of construction;
- ▶ Spacious if possible ground level and free of charge parking spaces close to the property;
- ▶ Several retail warehouse are deprecated;
- ▶ Target size: between 300 sqm (bed/mattress stores) and up to 8,000 sqm (sports);
- ▶ Trend: stores constructed from the perspective of cost efficiency in terms of property maintenance and energy consumption

**Facts**

Supplier	Group	No. of stores	Total sales (in billion EUR)	ØTurnover per store (in million EUR)
Fnac/Redcats	PPR	91	4.3	47.3
INTERSPORT	Intersport	585	1.3	2.2
Darty	Darty	250	2.8	11.2
Décathlon	Groupe Oxylane	250	2.9	11.6
Boulangier	HTM Group	171	2.4	14.0

Source: Mintel 2012

**Business type requirements**

Product range	Broad and extensive product range
Price level	Low to average price level, some discount-orientated (own brands)
Branch mix	One supplier
Sales method	Mainly self-service, high advertising activity
Intensity of service	Broad and extensive product range

**Valuation factors****Market Value****MLV**

Maintenance p.a.	€5 - €8 per m <sup>2</sup>	€5 to €8 per m <sup>2</sup>
Property management	1 - 3% of the annual gross income	1 - 3% of the annual gross income
Allowance for risk of rental loss	≥4%	≥4%
Modernisation risk	Property specific	0.2 - 1.2%
Useful life	> 30 years	15 - 30 years
Property yield	5.75 - 6.25% (prime)	
Capitalisation rate		6.5 - 8.5%

**Statistics (standard parameters)**

Site area	General statement not possible
No. of parking spaces required	ca. 30 – 300 spaces
Proportion of value attrib. to the site	15 - 30%
Property size (lettable area)	500 – 8,000sqm
No. of storeys	Single-storey
Construction ratio usable area/GFA	ca. 90%
Ratio sales area/usable area	75 – 90%
Fit-out specification	Basic
Building costs (excl. site improvements)	€500 - €800 (higher cost if the building is within a retail park)
Ancillary building costs	10 - 15% (incidental building costs)
Standard market rent p.m.	EUR 8.00 – 25.00/sqm
Gross income multiplier	13 - 15-times
Net Initial Yield	5.75 to 6.25% (prime)
Turnover per m <sup>2</sup> of sales area p.a.	EUR 2,000 – 12,000
Rent to sales ratio	2.0 – 12.0%

**Location characteristics**

- ▶ Locations with good transport links;
- ▶ Often located on the fringe of the city/ town;
- ▶ In catchment areas of large cities and agglomerations;
- ▶ High number of parking spaces;
- ▶ Trend: often in retail agglomeration.

**Property characteristics**

- ▶ Mostly single-storey with basic functional appearance;
- ▶ Small neighborhood-stores to large-scale stores;
- ▶ Mostly ground level parking spaces;
- ▶ Heated and unheated warehouse areas;
- ▶ Functional, cost efficient type of construction;
- ▶ Broad column grid > 10 m sensible;
- ▶ Medium open sales area;
- ▶ Trend: drive-through.

**Facts**

Supplier	Group	No. of stores	Total sales (in billion EUR)	ØTurnover per store (in million EUR)
Bricomarché	ITM Intermarché	625	1.6	2.6
Gedimat	Gedex-Gedimat	380	1.5	3.9
Castorama	Kingfisher	205	5.1	10.5
Groupe Adeo	Groupe Adeo	120	4.3	35.8
Mr Bricolage	Mr Bricolage Group	89*	1.8	20.2

Source: Mintel 2012

\* directly-owned stores only.

**Business type requirements**

Product range	Extensive DIY product range, often with integrated kitchen furniture
Price level	Low to average price level, discount campaigns, without detailed strategic positioning;
Branch mix	Consumer goods and building material for construction and DIY;
Sales method	Mainly self-service
Intensity of service	Limited

**Valuation factors****Market Value****MLV**

Maintenance p.a.	€5 - €8 per m <sup>2</sup>	€5 - €8 per m <sup>2</sup>
Property management	1 - 3% of the annual gross income	1 - 3% of the annual gross income
Allowance for risk of rental loss	≥4%	≥4%
Modernisation risk	Property specific	0.2 - 1.2%
Useful life	> 30 years	15 to 30 years
Property yield	5.75 - 6.25% (prime)	
Capitalisation rate		6.5 - 8.5%

**Statistics (standard parameters)**

Site area	5,000 – 50,000sqm
No. of parking spaces required	100 – 400 spaces
Proportion of value attrib. to the site	15 - 30%
Property size (lettable area)	1.000 – 20,000sqm
No. of storeys	single-storey
Construction ratio usable area/GFA	ca. 95%
Ratio sales area/usable area	80 – 90%
Fit-out specification	Basic
Building costs (excl. site improvements)	€500 - €700
Ancillary building costs	10 - 15% (incidental building costs)
Standard market rent p.m.	EUR 6.00 – 15.00/sqm
Gross income multiplier	
Net Initial Yield	5.75 - 6.25% (prime)
Turnover per m <sup>2</sup> of sales area p.a.	EUR 1,200 – 3,500
Rent to sales ratio	4.5 – 7.0%

**Location characteristics**

- ▶ Mainly difficult planning consent procedure;
- ▶ Good accessibility by car, if possible close to motorway intersections outside of city/ town centres;
- ▶ Target location often close to regions with high tourism;
- ▶ Of medium importance in France. Highest FOC density in UK;
- ▶ Preferred catchment area between 4 and up to 5.5 million inhabitants or 3 million inhabitants within a one hour drive.

**Property characteristics**

- ▶ A cluster of single storey buildings with USP, e.g. village style, min. 30 individual shops, each approx. 200 sqm;
- ▶ Opening hours similar to shopping centres;
- ▶ Control and marketing by a very active centre management;
- ▶ Sufficient number of parking spaces free of charge;
- ▶ Normally each shop is heated separately.

**Facts**

Property	Group	No. of stores (Europe)	Sales area (sqm)
McArthurGlen Troyes	McArthurGlen	17	28,700
Marques Avenue Troyes	Concepts & Distribution	9	25,000
The Style Outlets Roppenheim	Neinver	12	22,000
One Nation Paris Plaisir	Advantail	3	20,000
Marques Avenue Talange	Concepts & Distribution	9	19,000

Source: ecostra 2013

**Business type requirements**

Product range	Unsold stock by definition, collections of the previous season and products with faults (second quality), sample collection;
Price level	
Branch mix	Strong focus on clothing including shoes, sports ware, glass, porcelain, household goods;
Sales method	Service (professional shop assistants) with the philosophy based on 'brand competence' and 'transparent price reductions';
Intensity of service	High due to well-known brands.

**Valuation factors****Market Value****MLV**

Maintenance p.a.	.	.
Property management	.	.
Allowance for risk of rental loss	.	.
Modernisation risk	.	.
Useful life	.	.
Property yield	.	.
Capitalisation rate	.	.

**Statistics (standard parameters)**

Site area	20,000 – 50,000sqm
No. of parking spaces required	300 – 1,500 spaces
Proportion of value attrib. to the site	
Property size (lettable area)	10,000 – 30,000sqm
No. of storeys	1 – 2 storey
Construction ratio usable area/GFA	no information
Ratio sales area/usable area	ca. 80%
Fit-out specification	Average
Building costs (excl. site improvements)	
Ancillary building costs	
Standard market rent p.m.	EUR 25.00 – 40.00/sqm
Gross income multiplier	14 - 17 times
Net Initial Yield	Over 6.5%
Turnover per m <sup>2</sup> of sales area p.a.	EUR 5,000 – 7,000
Rent to sales ratio	min. 8.0 – 10.0%

**Location characteristics**

- ▶ Retail warehouse park or commercial location on edge of town with main road visibility and frontage
- ▶ Typically smaller and less affluent towns and demographics.
- ▶ Catchment populations  $\geq 10,000$
- ▶ Min. c 3250 sq m sites

**Property characteristics**

- ▶ Single storey industrial style unit with some display windows, purpose built or converted retail warehouse.
- ▶ Free surface parking adjoins typically 80 spaces 1/20 sq m gla
- ▶ Minimal fit out, although the trend is improving
- ▶ 1500 – 2,000 sq m gla ideally
- ▶ Operators prefer to purchase freehold, town centre or edge of centre sites and develop their own customised building

**Facts**

Supplier	Group	No. of stores	Total sales (in billion EUR)	ØTurnover per store (in million EUR)
Aldi	Aldi			
Lidl	Schwartz Stiftung			
Netto	Edeka			

No published UK-specific data

KantarWorldPanel estimate Aldi and Lidl have 4% and 3.1% respectively of UK grocery spend

**Business type requirements**

Product range	Popular lines from major brands plus some own label of modest quality or other unknown (with Germanic slant)
Price level	Permanent discounts;
Branch mix	Mainly pre-packed food and groceries; some fresh veg.; alcohol
Sales method	Pile it high and sell it cheap
Intensity of service	Minimal. Trend: more and higher quality lines; better presentation

**Valuation factors****Market Value****MLV**

Maintenance p.a.	Tenants responsibility	EUR ≥5
Property management	Recovered from tenant	1 - 3%
Allowance for risk of rental loss	Implied in yield	≥4%
Modernisation risk	Implied in yield	0-1%
Useful life	50 years	15 - 30 Years
Property yield	6 - 9%	
Capitalisation rate		6.5 - 9%

**Statistics (standard parameters)**

Site areas	5000 sq m
No. of parking spaces required	80
Proportion of value attrib. to the site	+/- 25%
Property size (lettable area)	1600 sq m ideally
No. of storeys	Grd Flr only
Construction ratio usable area/GFA	98%
Ratio sales area/usable area	80
Fitout specification	Minimal; painted block walls
Building costs (excl. site improvements)	EUR 660 - 840 psm GFA
Ancillary building costs	10%
Standard market rent p.m.	EUR 150- 260 psm pa
Gross income multiplier	
Net Initial Yield	6 - 9%
Turnover per m <sup>2</sup> of sales area p.a.	
Rent to sales ratio	

*These recommendations must carefully be verified for each valuation!*

**Location characteristics**

- ▶ Town and city centres; occasionally edge of town
- ▶ Generally backland adjacent to established high street with one or more pedestrian links thereto
- ▶ Good pedestrian linkages are fundamental to success
- ▶ Good private and public transport e.g. additional bus routes created if edge of town

**Property characteristics**

- ▶ Multi-storey structure with two, three or exceptionally four levels
- ▶ An open mall with no significant servicing is more properly regarded as a terrace of retail units
- ▶ Includes one or more variety chain stores and department store if large enough plus a range of units of varying sizes
- ▶ Tenants are mainly national chains; very few independents and only at periphery
- ▶ Often incorporate multi-storey car parking which is essential to larger schemes
- ▶ Servicing facilities include delivery bay with goods lifts to servicing corridors
- ▶ Public areas often climate controlled; lifts/escalators
- ▶ On-site management and marketing the centre as an entity
- ▶ Trend: lettings at base rent with turnover top up, close attention to tenant mix; tight control of operating costs, extended hours and seven day trading

**Facts**

<b>Company</b>	<b>No. of Centres</b>	<b>GLA ( in '000 sqm)</b>	<b>Market Share</b>
Westfield	5	600	
Intu	16	1,700	
LaSalle Investment Management	33	585	
Land Securities Properties	22	706	
Threadneedle Property Investments	31	362	
Hammerson	14	669	

Source:Trevor Woods/Company Websites

**Business type requirements**

Product range	Mass market and mainstream fashion
Price level	Standard; does not primarily compete on price
Branch mix	Fashion, jewellery, homeware; limited food and electrical
Sales method	Determined by individual tenants
Intensity of service	High: management, maintenance, cleaning, security

**Valuation factors****Market Value****MLV**

Maintenance p.a.	2 - 5% of ERV	Min EUR 5; typically EUR ≥7.5
Property management	Recovered through service charge	1 - 3%
Allowance for risk of rental loss	Implied in yield	≥ 4%
Modernisation risk	Property Specific	0.2 - 2% of standard construction costs
Useful life	20 - 30 years	15 - 50
Property yield	5.25% - 10%	
Capitalisation rate	5.5% - 12%	6.5 - 9

**Statistics (standard parameters)**

Site areas	6.000 – 20.000sqm
No. of parking spaces required	400 – 1,500 spaces
Proportion of value attrib. to the site	30 – 50%
Property size (lettable area)	10,000 – 30,000sqm, larger in individual cases
No. of storeys	2 - 4 retail plus ancillary, servicing, parking, other
Construction ratio usable area/GFA	60 – 75%, subject to the size of the mall
Ratio sales area/usable area	65 – 85%
Fit out specification	Average-high
Building costs (excl. site improvements)	Mean EUR 1175 psm; Lower Quartile EUR 802; Upper Quartile EUR 1550
Ancillary building costs	15%
Standard market rent p.m.	EUR 950 - 3600 per sq m pa
Gross income multiplier	n/a
Net Initial Yield	5.25% - 12% with stable trend
Turnover per m <sup>2</sup> of sales area p.a.	n/a
Rent to sales ratio	6 - 12%

*These recommendations must carefully be verified for each valuation!*

### Location characteristics

- ▶ Large out of town (OOT) supermarket (4,000sqm upwards): Visible site on or near trunk road, accessible by car, in residential, commercial or rural area
- ▶ Convenience Store (suburban): (300-2,000 sq m) Visible site on classified road, accessible by car in residential area
- ▶ Convenience Store (in town): (200-500 sq m) High Street adjoining parking

### Property characteristics

- ▶ OOT: predominantly single storey, (maybe 1<sup>st</sup> flr ancillary) with own free surface parking; separate goods entrance; often includes café and perhaps pharmacy. No third party retailers unless part of neighborhood scheme. Can include architectural embellishment/ vernacular features. Fully air conditioned. Rarely build more than 6,000 sq m today; 12,000 sq m stores often being down-sized.
- ▶ Suburban: Ground floor sales (often 1<sup>st</sup> flr ancillary) with own free surface parking. Trend to adapting/convert existing buildings eg former pubs
- ▶ In Town: purpose built with surface, or in larger towns multi storey parking with direct lift access; smaller stores can be standard shops
- ▶ Trend: Supermarkets are focusing on opening smaller, convenience stores and improving online operations
- ▶ Operators almost always purchase freehold and develop their own customised building which they may sell as a leaseback investment when complete
- ▶ Average lease length is 25 years, supermarkets offer excellent covenants and leases increasingly include regular RPI rent reviews producing strong market values

### Facts

Supplier	Group	No. of Stores (Of which convenience)	Total sales (EUR Billion)	ØTurnover per store (EUR Million)
Sainsbury's	J Sainsbury plc	1,016 (523)	30.7	30.2
Asda	Walmart Stores, Inc	564 (0)	27.4	48.5
Tesco (UK food operations only)	Tesco plc	3,146 (1601)	52.3	16.6
Morrisons	WM Morrison Supermarkets plc	577 (est) (85)	21.7	43.6
Waitrose	John Lewis Partnership plc	290 (35)	6.9	23.8
Co-Op Food	The Co-operative Group	2,816 (2,816)	8.9	3.2

Source: Companies' published accounts

## Business type requirements

Product range	Fresh food, groceries, alcohol, household products; wide range of “own label” products including growing premium ranges
Price level	Standard pricing with selected promotional offers
Branch mix	Average of 30,000 lines stocked, of which half are “own label”
Sales method	Self service; self scanning/self checkout increasing
Intensity of service	Increasing as automation frees up staff

## Valuation factors

### Market Value

### MLV

Maintenance p.a.	Tenants responsibility	EUR 5 - 8
Property management	Recovered from tenant	1 - 3%
Allowance for risk of rental loss	Implied in yield	≥4%
Modernisation risk	Property specific	0.2 - 1.2%
Useful life	60 Years	15 - 30
Property yield	≥4.25%	
Capitalisation rate	≥4.25%	6.5 - 8.5%

## Statistics (standard parameters)

Site areas	20,000 sq m (ideally 25% site cover)
No. of parking spaces required	1 space per 17sq m gross
Proportion of value attrib. to the site	20 – 50%
Property size (lettable area)	5,500 sq m
No. of storeys	Single storey with some 1 <sup>st</sup> floor ancillary
Construction ratio usable area/GFA	98%
Ratio sales area/usable area	50% (sales typically excludes checkout area)
Fit out specification	Tiled floor, suspended ceiling, air con
Building costs (excl. site improvements)	Mean: EUR 1,320 psm; Lower Quartile EUR 972; Upper Quartile: EUR 1,860
Ancillary building costs	10%
Standard market rent p.m.	Typically EUR 21 psm pm. (EUR 10-15 psm pm secondary; EUR 25-35 psm pm Prime)
Gross income multiplier	22
Net Initial Yield	4.25%
Turnover per m <sup>2</sup> of sales area p.a.	EUR 10,000/sq m
Rent to sales ratio	2 - 3% of turnover

*These recommendations must carefully be verified for each valuation!*

		Supermarkets						
Key figures		France		Germany		Greece	Italy	Latvia
Valuation factors		MV	MLV	MV	MLV	Market Value	Market Value	Market Value
Maintenance p.a.	min			€4/m <sup>2</sup>	€7/m <sup>2</sup>	€1/m <sup>2</sup>		€4/m <sup>2</sup>
	max			€9/m <sup>2</sup>	€9/m <sup>2</sup>	€3/m <sup>2</sup>		€8/m <sup>2</sup>
Property management (in % of GRI p.a.)	min			1%	1%	1%		
	max			2%	3%	3%		
Allowance of risk of rental loss	min			≥ 4.0%	≥ 4.0%	at least 5%		3%
	max							4%
Modernisation risk	min			Property-specific	0.2%	Property specific		Property-specific, not more than 1%
	max				0.5% <sup>1</sup>			
Useful life (years)	min			Up to 40	10	20		10
	max				30	40		30
Property yield	min			6%		9%		6%
	max			8%		11%		12%
Capitalisation rate	min				6.5%	12%		7%
	max				8.5%	14%		14%
<b>Statistics (standard parameters)</b>								
Site area	min		>1,000m <sup>2</sup>	>1,000m <sup>2</sup>		n/a		1,000m <sup>2</sup>
	max							4,000m <sup>2</sup>
No. of parking spaces required	min	Guideline: 1 space per 12m <sup>2</sup> of sales area		20	Guideline: 1 space per 15-20m <sup>2</sup> of sales area			1 space per 10m <sup>2</sup> sales area
	max			80				
Proportion of value attrib. to the site	min			15%		20%		8%
	max			50%		40%		20%
Property size (lettable area)	min	1,500m <sup>2</sup>		400m <sup>2</sup>		up to 20,000m <sup>2</sup> (Carrefour)		200m <sup>2</sup>
	max	3,000m <sup>2</sup>		1,500m <sup>2</sup>				
No. of storeys		Single storey or integrated		Single storey or integrated		Normally up to 2 storeys		Single storey or integrated
Construction ratio usable area/GFA	min		Ca. 90%	Ca. 90%		Less than 80%		Ca. 95%
	max							
Ratio sales area/usable area	min		70%	Ca. 75%		65%		75%
	max		80%			80%		85%
Fitout specification			Basic to average	Basic to average		Basic to average		Basic to average
Building costs (excl. site improvements)	min			€650/m <sup>2</sup> GFA		€500/m <sup>2</sup> GFA		€600/m <sup>2</sup> GFA
	max			€850/m <sup>2</sup> GFA		€700/m <sup>2</sup> GFA		€900/m <sup>2</sup> GFA
Ancillary building costs	min			Ca. 12%		7%		Not more than 15%
	max				10%			
Standard market rent p.m.	min		€11/m <sup>2</sup>	€10/m <sup>2</sup>		€3.50/m <sup>2</sup>		€7/m <sup>2</sup>
	max		€16/m <sup>2</sup>	€16/m <sup>2</sup>		€5/m <sup>2</sup>		€12/m <sup>2</sup>
Gross income multiplier	min			10-times		n/a		6-times
	max			14-times				16-times
Net Initial Yield	min			6%		8%		6%
	max			7.0% (with slight upward trend)		10% (depending on investment costs)		9%
Turnover per m <sup>2</sup> sales area p.a.	min		€4,500	€3,500		n/a		€2,000
	max		€6,000	€4,000				€15,000
Rent to sales ratio	min		2%	3,5%		1%		2%
	max		4%	5%		3%		4%

<sup>1</sup> of standard construction costs

		Supermarkets					
Key figures		Poland	Romania	Serbia	Spain	UK	
Valuation factors		Market Value	Market Value	Market Value	Market Value	MV	MLV
Maintenance p.a.	min	€1/m <sup>2</sup>		€1/m <sup>2</sup>	€4/m <sup>2</sup>	2	€5/m <sup>2</sup>
	max	€2/m <sup>2</sup>		€3/m <sup>2</sup>	€8/m <sup>2</sup>		€8/m <sup>2</sup>
Property management (in % of GRI p.a.)	min	1%	Ca. 1%	1%	3%	3	1%
	max	2%	2%	2%	5%		3%
Allowance of risk of rental loss	min	0%		5%	5%	4	≥ 4.0%
	max						
Modernisation risk	min	Property specific		Property specific	Property specific	Property specific	0.2%
	max						1.2%
Useful life (in years)	min	20	30	20	20	60	15
	max	30		40	30		30
Property yield	min	7.25%	9%	11%	6%	≥ 4.25%	
	max	8%	9.5%	13%	8%		
Capitalisation rate	min	12.5%		12%	7%	≥ 4.25%	6.5%
	max	13.7%		14%	10%		8.5%
<b>Statistics (standard parameters)</b>							
Site area	min	1,000m <sup>2</sup>	300m <sup>2</sup>	1,000m <sup>2</sup>	>1,000m <sup>2</sup>	20,000m <sup>2</sup> (ideally 25% site cover)	
	max	5,000m <sup>2</sup>	3,000m <sup>2</sup>	3,000m <sup>2</sup>			
No. of parking spaces required	min	n/a	Does not matter	Guideline: 1 space for 12-15m <sup>2</sup> of sales area	20	1 space per m <sup>2</sup> gross	
	max				100		
Proportion of value attrib. to the site	min	10%	15%	10%	15%	20	
	max	25%	30%	30%	35%		50
Property size (lettable area)	min	500m <sup>2</sup>	150m <sup>2</sup>	400m <sup>2</sup>	300m <sup>2</sup>	5,500m <sup>2</sup>	
	max	2,000m <sup>2</sup>	2,500m <sup>2</sup>	1,500m <sup>2</sup>	2,200m <sup>2</sup>		
No. of storeys	min	1	Usually 1 storey 2 as exception	Single storey or integrated	Single-storey	Single storey with some 1 <sup>st</sup> floor ancillary	
	max						
Construction ratio usable area/GFA	min	~ 90%	95%	90%	80%	98%	
	max				90%		
Ratio sales area/usable area	min	65%	70%	70%	70%	50% (sales typ. excludes checkout area)	
	max	80%	80%	80%	85%		
Fitout specification		Basic		Basic to average	Basic	Tiled floor, suspended ceiling, air con	
Building costs (excl. site improvements)	min	€400/m <sup>2</sup> GFA	€200/m <sup>2</sup> GFA	€400/m <sup>2</sup> GFA	€700/m <sup>2</sup> GFA	€972/m <sup>2</sup> GFA <sup>5</sup>	
	max	€600/m <sup>2</sup> GFA	€300/m <sup>2</sup> GFA	€600/m <sup>2</sup> GFA	€900/m <sup>2</sup> GFA	€1,860/m <sup>2</sup> GFA <sup>6</sup>	
Ancillary building costs	min	8%		10%	8%	10%	
	max	12%		15%	12%		
Standard market rent p.m.	min	€8/m <sup>2</sup>	€12/m <sup>2</sup>	€7/m <sup>2</sup>	€8/m <sup>2</sup>	Typic. €21/m <sup>2</sup> (€ 10-15 second, €25-35 Prime)	
	max	€16/m <sup>2</sup>	€16/m <sup>2</sup>	€12/m <sup>2</sup>	€12/m <sup>2</sup>		
Gross income multiplier	min	n/a		n/a	8-times	22-times	
	max				12-times		
Net Initial Yield	min	7.25%	9%	7%	6%	4.25%	
	max	8%	9.5%	10% (depending on investment costs)	8%		
Turnover per m <sup>2</sup> sales area p.a.	min	n/a		n/a	€2,000	€10,000	
	max				€8,000		
Rent to sales ratio	min	0%		Data n/a, but sales appr. 30% less than in EU	4%	2%	
	max				6%		3%

<sup>2</sup> Tenants responsibility<sup>3</sup> Recovered from tenant<sup>4</sup> Implied in yield<sup>5</sup> Lower Quartile<sup>6</sup> Upper Quartile

		Food Discounters					
Key figures		France	Germany		Greece	Italy	Latvia
Valuation factors		Market Value	MV	MLV	Market Value	Market Value	Market Value
Maintenance p.a.	min		€4/m <sup>2</sup>	€5/m <sup>2</sup>		€3/m <sup>2</sup>	
	max		€8/m <sup>2</sup>	€8/m <sup>2</sup>		€6/m <sup>2</sup>	
Property management (in % of GRI p.a.)	min		1%	1%		3%	
	max		2%	3%		5%	
Allowance of risk of rental loss	min		≥4%	≥4%		2%	
	max					5%	
Modernisation risk	min		Property specific	0.2%		Property specific	
	max			1.2% <sup>7</sup>			
Useful life (in years)	min		Up to 40	10		30	
	max			30		40	
Property yield	min		5%			7%	
	max		7%			10%	
Capitalisation rate	min			6.5%		8%	
	max			9%		12%	
<b>Statistics (standard parameters)</b>							
Site area	min	4,000m <sup>2</sup>	4,000m <sup>2</sup>			1,000m <sup>2</sup>	
	max	6,000m <sup>2</sup>	6,000m <sup>2</sup>			6,000m <sup>2</sup>	
No. of parking spaces required	min	70	70			30	
	max	120	120			150	
Proportion of value attrib. to the site	min		15%			10%	
	max		30%			25%	
Property size (lettable area)	min	1,000m <sup>2</sup>	500m <sup>2</sup>			300m <sup>2</sup>	
	max	1,400m <sup>2</sup>	1,400m <sup>2</sup>			1,200m <sup>2</sup>	
No. of storeys		Single-storey	Single-storey			Single-storey	
Construction ratio usable area/GFA	min	Ca. 90%	Ca. 90%			85%	
	max					90%	
Ratio sales area/usable area	min	Ca. 80%	Ca. 80%			70%	
	max					80%	
Fitout specification		Basic	Basic			Basic to average	
Building costs (excl. site improvements)	min		€500/m <sup>2</sup> GFA			€600/m <sup>2</sup> GFA	
	max		€800/m <sup>2</sup> GFA			€850/m <sup>2</sup> GFA	
Ancillary building costs	min		Ca.10%			8%	
	max			12%			
Standard market rent p.m.	min	€10/m <sup>2</sup>	€8/m <sup>2</sup>			€8/m <sup>2</sup>	
	max	€14/m <sup>2</sup>	€14/m <sup>2</sup>			€15/m <sup>2</sup>	
Gross income multiplier	min		10-times			n/a	
	max		14-times				
Net Initial Yield	min		6%			6%	
	max		7%,slight upward trend			8%	
Turnover per m <sup>2</sup> sales area p.a.	min	€3,000	€3,000			€2,500	
	max	€5,000	€4,500			€4,000	
Rent to sales ratio	min	3%	3%			5%	
	max	4%	4%			7%	

<sup>7</sup> of standard construction costs

		Food Discounters					
Key figures		Poland	Romania	Serbia	Spain	UK	
Valuation factors		Market Value	Market Value	Market Value	Market Value	MV	MLV
Maintenance p.a.	min	€1/m <sup>2</sup>		€1/m <sup>2</sup>	€4/m <sup>2</sup>	Tenants responsib.	≥ €5/m <sup>2</sup>
	max	€2/m <sup>2</sup>		€3/m <sup>2</sup>	€8/m <sup>2</sup>		
Property management (in % of GRI p.a.)	min	1%		1%	3%	Recov. fr. tenant	1%
	max	2%		2%	5%		3%
Allowance of risk of rental loss	min	0%	3%	5%	5%	Implied in yield	≥ €4/m <sup>2</sup>
	max						
Modernisation risk	min	Property specific		Property specific	Property specific	Implied in yield	0%
	max						1%
Useful life (in years)	min	20	40	20	20	50	15
	max	30		40	30		30
Property yield	min	7.25%	9%	11%	6%	6%	
	max	8%	9.5%	13%	8%	8%	
Capitalisation rate	min	12.5		12%	7%		6.5%
	max	13.7		14%	10%		9%
<b>Statistics (standard parameters)</b>							
Site area	min	1,000m <sup>2</sup>	4,000m <sup>2</sup>	2,000m <sup>2</sup>	>1,000m <sup>2</sup>	5000m <sup>2</sup>	
	max	5,000m <sup>2</sup>	8,000m <sup>2</sup>	4,000m <sup>2</sup>			
No. of parking spaces required	min	No info	Up to 600	Guideline: 1 space for 15-20m <sup>2</sup> of sales area	20	80	
	max				100		
Proportion of value attrib. to the site	min	10%		10%	15%	ca. 25%	
	max	25%		30%	35%		
Property size (lettable area)	min	500m <sup>2</sup>	1,000m <sup>2</sup>	1,000m <sup>2</sup>	300m <sup>2</sup>	1600m <sup>2</sup> ideally	
	max	2,500m <sup>2</sup>	2,500m <sup>2</sup>	2,500m <sup>2</sup>	2,200m <sup>2</sup>		
No. of storeys	min	One storey	One storey	Single storey	Single-storey	Ground floor only	
	max						
Construction ratio usable area/GFA	min	~90%	95%	90%	80%	98%	
	max				90%		
Ratio sales area/usable area	min	65%	75%	70%	70%	80%	
	max	80%	80%	80%	85%		
Fitout specification		Basic		Basic to average	Basic	Minimal; painted block walls	
Building costs (excl. site improvements)	min	€400/m <sup>2</sup> GFA		€300/m <sup>2</sup> GFA	€700/m <sup>2</sup> GFA	€660/m <sup>2</sup> GFA	
	max	€500/m <sup>2</sup> GFA		€500/m <sup>2</sup> GFA	€900/m <sup>2</sup> GFA	€840/m <sup>2</sup> GFA	
Ancillary building costs	min	8%		10%	8%	10%	
	max	12%		15%	12%		
Standard market rent p.m.	min	€5/m <sup>2</sup>	€7/m <sup>2</sup>	€5/m <sup>2</sup>	€8/m <sup>2</sup>	€12.5/m <sup>2</sup>	
	max	€8/m <sup>2</sup>	€12/m <sup>2</sup>	€10/m <sup>2</sup>	€12/m <sup>2</sup>	€21.5/m <sup>2</sup>	
Gross income multiplier	min	n/a		n/a	8-times		
	max				12-times		
Net Initial Yield	min	7.25	9%	7%	6%	6%	
	max	8%	9.5%	10%	8%	9%	
Turnover per m <sup>2</sup> sales area p.a.	min	n/a		n/a	€2,000		
	max				€8,000		
Rent to sales ratio	min	0%		Data n/a, but sales appr. 30% less than in EU	4%		
	max				6%		

		Hypermarkets						
Key figures		France		Germany		Greece	Italy	Latvia
Valuation factors		MV	MLV	MV	MLV	Market Value	Market Value	Market Value
Maintenance p.a.	min	€5/m <sup>2</sup>	€5/m <sup>2</sup>	€5/m <sup>2</sup>	€5/m <sup>2</sup>	€2/m <sup>2</sup>		€3/m <sup>2</sup>
	max	€8/m <sup>2</sup>	€8/m <sup>2</sup>	€8/m <sup>2</sup>	€8/m <sup>2</sup>	€3/m <sup>2</sup>		€6/m <sup>2</sup>
Property management (in % of GRI p.a.)	min	1%	1%	1%	1%	1%		Not more than 1%
	max	3%	3%	2%	3%	2%		
Allowance of risk of rental loss	min	≥4%	≥4%	≥4%	≥4%	3%		0%
	max					5%		2%
Modernisation risk	min	property specific	0.2%	property specific	0.2%	Property specific		0.5%
	max		1.2%		1.2% <sup>8</sup>			3%
Useful life (in years)	min	> 30 years	15	Up to 50	10	25		20
	max		30		40	50		30
Property yield	min	5%		6%		9.5%		6%
	max	6.50%		8%		10.5%		9%
Capitalisation rate	min		6.5%		6.5%	12.5%		7%
	max		8.5 %		9%	14%		11%
<b>Statistics (standard parameters)</b>								
Site area	min	>10,000m <sup>2</sup>		>10,000m <sup>2</sup>		n/a		7,000m <sup>2</sup>
	max							20,000m <sup>2</sup>
No. of parking spaces required	min	200		200		Guideline: 1 space for 15-20m <sup>2</sup> of sales area		1 space for 10-20m <sup>2</sup> of sales area
	max	500		500				
Proportion of value attrib. to the site	min	15%		15%		15%		5%
	max	30% (if not in inner city)		30%		30%		15%
Property size (lettable area)	min	5,000m <sup>2</sup>		5,000m <sup>2</sup>		5,000m <sup>2</sup>		2,500m <sup>2</sup>
	max	20,000m <sup>2</sup>		10,000m <sup>2</sup>		20,000m <sup>2</sup>		12,000m <sup>2</sup>
No. of storeys		Normally single storey		Single, sometimes underground parking		Up to 2		Single, some underground or multistorey car parks
Construction ratio usable area/GFA	min	Ca. 90%		Ca. 90%		~90%		90%
	max							95%
Ratio sales area/usable area	min	60%		Ca. 75%		65%		75%
	max	75%				80%		90%
Fitout specification		Basic to average		Basic to average		Basic to average		Basic to average
Building costs (excl. site improvements)	min	€500/m <sup>2</sup> GFA		€900/m <sup>2</sup> GFA		€450/m <sup>2</sup> GFA		€750/m <sup>2</sup> GFA
	max	€750/m <sup>2</sup> GFA		€1,300/m <sup>2</sup> GFA		€600/m <sup>2</sup> GFA		€1,000/m <sup>2</sup> GFA
Ancillary building costs	min	10%		Ca. 12%		7%		8%
	max	15%				15%		15%
Standard market rent p.m.	min	€7,50/m <sup>2</sup>		€8,00/m <sup>2</sup>		€3,50/m <sup>2</sup>		€7/m <sup>2</sup>
	max	€11/m <sup>2</sup>		€13/m <sup>2</sup>		€6/m <sup>2</sup>		€12/m <sup>2</sup>
Gross income multiplier	min			10-times		n/a		9-times
	max			13-times				14-times
Net Initial Yield	min			6%		8.5%		7%
	max			7%, slight upward trend		9.5%		10%
Turnover per m <sup>2</sup> sales area p.a.	min	€5,000		€3,500		n/a		€2,000
	max	€8,000		€4,500				€5,000
Rent to sales ratio	min	2%		4%		1%		2%
	max	3,5%		4,5%		3%		4%

<sup>8</sup> of standard construction costs

		Hypermarkets						
Key figures		Poland	Romania	Serbia	Spain	UK		
Valuation factors		Market Value	Market Value	Market Value	Market Value	MV	MLV	
Maintenance p.a.	min	€1/m <sup>3</sup>		€1/m <sup>3</sup>	€4/m <sup>2</sup>			
	max	€2/m <sup>3</sup>		€3/m <sup>3</sup>	€8/m <sup>2</sup>			
Property management (in % of GRI p.a.)	min	Ca. 2%	Ca. 1%	1%	3%			
	max			2%	5%			
Allowance of risk of rental loss	min	0%	0%	5%	5%			
	max		1%					
Modernisation risk	min	Property specific		Property specific	Property specific			
	max							
Useful life (in years)	min	20	40	20	20			
	max	30		40	30			
Property yield	min	7.5%	8%	11%	7%			
	max	8%	8.25%	13%	9%			
Capitalisation rate	min	12.5%		12%	7%			
	max	13.3%		14%	10%			
<b>Statistics (standard parameters)</b>								
Site area	min	5,000m <sup>2</sup>	20,000m <sup>2</sup>	8,000m <sup>2</sup>	>10,000m <sup>2</sup>			
	max	20,000m <sup>2</sup>	60,000m <sup>2</sup>	20,000m <sup>2</sup>				
No. of parking spaces required	min	150	1,000	Guideline: 1 space for 10-20m <sup>2</sup> of sales area	500			
	max	700	1,500		1,000			
Proportion of value attrib. to the site	min	10%		10%	15%			
	max	20%		30%	30%			
Property size (lettable area)	min	2,500m <sup>2</sup>	5,000m <sup>2</sup>	4,000m <sup>2</sup>	5000m <sup>2</sup>			
	max	10,000m <sup>2</sup>	15,000m <sup>2</sup>	10,000m <sup>2</sup>	12,000m <sup>2</sup>			
No. of storeys	min	1	One storey	Single storey	1-3 storeys + underground parking			
	max							
Construction ratio usable area/GFA	min	~90%	98%	90%	80%			
	max				90%			
Ratio sales area/usable area	min	65%	70%	70%	60%			
	max	80%	80%	80%	75%			
Fitout specification		basic		Basic to average	Basic to average			
Building costs (excl. site improvements)	min	€400/m <sup>2</sup> GFA		€400/m <sup>2</sup> GFA	€700/m <sup>2</sup> GFA			
	max	€500/m <sup>2</sup> GFA		€700/m <sup>2</sup> GFA	€900/m <sup>2</sup> GFA			
Ancillary building costs	min	8%	8%	10%	8%			
	max	12%	10%	15%	12%			
Standard market rent p.m.	min	€5/m <sup>2</sup>	€5/m <sup>2</sup>	€6/m <sup>2</sup>	€8/m <sup>2</sup>			
	max	€8/m <sup>2</sup>	€10/m <sup>2</sup>	€11/m <sup>2</sup>	€12/m <sup>2</sup>			
Gross income multiplier	min	n/a		n/a	8-times			
	max				12-times			
Net Initial Yield	min	7.5%	8%	7%	6%			
	max	8%	8.25%	10%	8%			
Turnover per m <sup>2</sup> sales area p.a.	min	n/a		n/a	€5,000			
	max				€7,000			
Rent to sales ratio	min	0%		Data n/a, but sales appr. 30% less than in EU	5%			
	max				7%			

		DIY Stores						
Key figures		France		Germany		Greece	Italy	Latvia
Valuation factors		MV	MLV	MV	MLV	Market Value	Market Value	Market Value
Maintenance p.a.	min	€5/m <sup>2</sup>	€5/m <sup>2</sup>	€3/m <sup>2</sup>	€5/m <sup>2</sup>			
	max	€8/m <sup>2</sup>	€8/m <sup>2</sup>	€8/m <sup>2</sup>	€8/m <sup>2</sup>			
Property management (in % of GRI p.a.)	min	1%	1%	1%	1%			
	max	3%	3%	2%	3%			
Allowance of risk of rental loss	min	≥4%	≥4%	≥4%	≥4%			
	max							
Modernisation risk	min	Property specific	0.2%	Property specific	0.2%			
	max		1.2% <sup>9</sup>		1.2% <sup>10</sup>			
Useful life	min			Up to 50	10			
	max				30			
Property yield	min	5.75%		6%				
	max	6.25%		8.5%				
Capitalisation rate	min		6.5%		6.5%			
	max		8.5%		8.5%			
<b>Statistics (standard parameters)</b>								
Site area	min	5,000m <sup>2</sup>		10,000m <sup>2</sup>				
	max	50,000m <sup>2</sup>		50,000m <sup>2</sup>				
No. of parking spaces required	min	100		200				
	max	400		400				
Proportion of value attrib. to the site	min	15%		10%				
	max	30%		35%				
Property size (lettable area)	min	1,000m <sup>2</sup>		3,500m <sup>2</sup>				
	max	20,000m <sup>2</sup>		20,000m <sup>2</sup>				
No. of storeys		Single storey		Single-storey				
Construction ratio usable area/GFA	min	Ca. 95%		Ca. 95%				
	max							
Ratio sales area/usable area	min	80%		Ca. 90%				
	max	90%						
Fitout specification		Basic		Basic				
Building costs (excl. site improvements)	min	€500/m <sup>2</sup> GFA		€550/m <sup>2</sup> GFA				
	max	€700/m <sup>2</sup> GFA		€800/m <sup>2</sup> GFA				
Ancillary building costs	min	10%		Ca. 10%				
	max	15%						
Standard market rent p.m.	min	€6/m <sup>2</sup>		€5/m <sup>2</sup>				
	max	€15/m <sup>2</sup>		€12/m <sup>2</sup> (normally < €10/m <sup>2</sup> )				
Gross income multiplier	min			9-times				
	max			13-times				
Net Initial Yield	min	5.75%		6.5%				
	max	6.25% (prime)		8%, slight upward trend				
Turnover per m <sup>2</sup> sales area p.a.	min	€1,200		€800				
	max	€3,500		€2,200				
Rent to sales ratio	min	4,5%		5,5%				
	max	7%		7,5%				

<sup>9</sup> of standard construction costs<sup>10</sup> of standard construction costs

Key figures		DIY Stores					
		Poland	Romania	Serbia	Spain	UK	
Valuation factors		Market Value	Market Value	Market Value	Market Value	MV	MLV
Maintenance p.a.	min	€1/m <sup>2</sup>		€1/m <sup>2</sup>			
	max	€2/m <sup>2</sup>		€3/m <sup>2</sup>			
Property management (in % of GRI p.a.)	min	1%	Ca. 1%	1%			
	max	2%	Ca. 2%	2%			
Allowance of risk of rental loss	min	0%	1%	5%			
	max						
Modernisation risk	min	Property specific		Property specific			
	max						
Useful life (in years)	min	20	40	40			
	max	30		60			
Property yield	min	7.5%	8%	11%			
	max	8.5%	8.5%	13%			
Capitalisation rate	min	11.7%		12%			
	max	13%		14%			
<b>Statistics (standard parameters)</b>							
Site area	min	5,000m <sup>2</sup>	20,000m <sup>2</sup>	4,000m <sup>2</sup>			
	max	40,000m <sup>2</sup>	40,000m <sup>2</sup>	20,000m <sup>2</sup>			
No. of parking spaces required	min	150	Up to 1,000	Guideline: 1 space for 10-20m <sup>2</sup> of sales area			
	max	900					
Proportion of value attrib. to the site	min	10%		10%			
	max	25%		30%			
Property size (lettable area)	min	2,500m <sup>2</sup>	6,000m <sup>2</sup>	2,000m <sup>2</sup>			
	max	20,000m <sup>2</sup>	12,000m <sup>2</sup>	10,000m <sup>2</sup>			
No. of storeys	min	1	One storey	Mostly single storey			
	max						
Construction ratio usable area/GFA	min	~95%	98%	90%			
	max						
Ratio sales area/usable area	min	85%	80%	70%			
	max	95%	85%	80%			
Fitout specification		basic		Basic to average			
Building costs (excl. site improvements)	min	€350/m <sup>2</sup> GFA		€400/m <sup>2</sup> GFA			
	max	€400/m <sup>2</sup> GFA		€600/m <sup>2</sup> GFA			
Ancillary building costs	min	8%		10%			
	max	12%		15%			
Standard market rent p.m.	min	€6/m <sup>2</sup>	€7.5/m <sup>2</sup>	€4/m <sup>2</sup>			
	max	€12/m <sup>2</sup>	€9.5/m <sup>2</sup>	€8/m <sup>2</sup>			
Gross income multiplier	min	n/a		n/a			
	max						
Net Initial Yield	min	7.5%	8%	7%			
	max	8.5%	8.5%	10%			
Turnover per m <sup>2</sup> sales area p.a.	min	n/a		n/a			
	max						
Rent to sales ratio	min	0%		Data n/a, but sales appr. 30% less than in EU			
	max						

		Shopping Centres						
Key figures		France		Germany		Greece	Italy	Latvia
Valuation factors		MV	MLV	MV	MLV	Market Value	Market Value	Market Value
Maintenance p.a.	min	€7.5/m <sup>2</sup>	€7.5/m <sup>2</sup>	€9/m <sup>2</sup>	€9/m <sup>2</sup>	€4/m <sup>2</sup>	€7/m <sup>2</sup>	€4/m <sup>2</sup>
	max	€15/m <sup>2</sup>	€15/m <sup>2</sup>	€14/m <sup>2</sup>	€14/m <sup>2</sup>	€6/m <sup>2</sup>	€12/m <sup>2</sup>	€8/m <sup>2</sup>
Property management (in % of GRI p.a.)	min	2%	2%	1%	2%	2%	3%	3%
	max	3%	3%	3%	3%	4%	5%	10%
Allowance of risk of rental loss	min	≥4%	≥4%	≥4%	≥4%	≥5%	2%	4%
	max						5%	10%
Modernisation risk	min	Property specific	0.5%	Property specific	0.5%	Property specific	Property specific	depends on date of upgrade, currently 1-2% of construction costs
	max		3%		3%			
Useful life	min	Up to 50	15	Up to 50	15	50	30	>20% (sc-industry is just 15 years old)
	max		50		50		40	
Property yield	min	4.5%		5.5%		9%	5%	6%
	max	4.75%		8%		10%	8%	10%
Capitalisation rate	min		6.5%		6.5%	12%	6%	7%
	max		9%		9%	15%	10%	12%
<b>Statistics (standard parameters)</b>								
Site area	min	10,000		6,000m <sup>2</sup>			7,500m <sup>2</sup>	8,000m <sup>2</sup>
	max	200,000		20,000m <sup>2</sup>		50,000m <sup>2</sup>	50,000m <sup>2</sup> (sometimes more)	150,000m <sup>2</sup>
No. of parking spaces required	min	400		400		Guideline: 1 space for 15-20m <sup>2</sup> of sales area	Depending on location, >500 spaces	200 (downtown)
	max	7,000		1,500				1,200
Proportion of value attrib. to the site	min	30%		30%		20%	10%	10%
	max	50%		50%		30%	20%	35%
Property size (lettable area)	min	10,000m <sup>2</sup>		10,000m <sup>2</sup>			5,000m <sup>2</sup>	5,000m <sup>2</sup>
	max	100,000m <sup>2</sup> (larger in individual cases)		30,000m <sup>2</sup>		20,000m <sup>2</sup>	20,000m <sup>2</sup> (sometimes more)	62,000m <sup>2</sup>
No. of storeys		Mostly multi-storey, standard 1-2 retail floors		Mostly single-storey, standard 2-3 retail floors		Multi-storey, 2-3 retail floors	Mostly multi stores, standard 2 retail floors	Standard: 2 storeys; except. with up to 7 floors
Construction ratio usable area/GFA	min	60%		Ca. 65%		n/a	60%	75%
	max	75% (subj. to size of mall)					85%	85%
Ratio sales area/usable area	min	60%		Ca. 80%		ca 70%	80%	80%
	max	80%					85%	85%
Fitout specification		Average to high		Average to high		Average to high	Basic to average	Average to high
Building costs (excl. site improvements)	min	€1,000/m <sup>2</sup> GFA		€1,300/m <sup>2</sup> GFA		€1,000/m <sup>2</sup> GFA	€1,000/m <sup>2</sup> GFA	€1,000/m <sup>2</sup> GFA
	max	€2,500/m <sup>2</sup> GFA		€2,800/m <sup>2</sup> GFA		€1,500/m <sup>2</sup> GFA	€1,500/m <sup>2</sup> GFA	€2,100/m <sup>2</sup> GFA
Ancillary building costs	min	15%		ca 15%		7%	10%	10%
	max	20%				15%	20%	20%
Standard market rent p.m.	min	€20/m <sup>2</sup>		€20/m <sup>2</sup>		€7/m <sup>2</sup>	€10/m <sup>2</sup>	€8/m <sup>2</sup>
	max	€35/m <sup>2</sup>		€35/m <sup>2</sup>		€50/m <sup>2</sup>	€20/m <sup>2</sup>	€40/m <sup>2</sup>
Gross income multiplier	min	16-times		13-times		10-times	8-times	10-times
	max	25-times		19-times		12-times	15-times	18-times
Net Initial Yield	min	4.50%		5.5%		8.5%	6%	5%
	max	4.75%		7% (stable trend)		9.5%	7.5% (upward trend)	8%
Turnover per m <sup>2</sup> sales area p.a.	min	€4,000		€2,500		n/a	€2,000	€1,000
	max	€7,000		€5,000			€4,000	€2,500
Rent to sales ratio	min	6%		7%		-	6%	5%
	max	12%		9%			8%	15%

		Shopping Centres				
Key figures		Poland	Romania	Serbia	UK	
Valuation factors		Market Value	Market Value	Market Value	Market Value	MLV
Maintenance p.a.	min	€3/m <sup>2</sup>	€5/m <sup>2</sup>	€3/m <sup>2</sup>	2% of ERV	Min €5/m <sup>2</sup> , typically ≥ €7.5/m <sup>2</sup>
	max	€6.5/m <sup>2</sup>	€10/m <sup>2</sup>	€5/m <sup>2</sup>	5% of ERV	
Property management (in % of GRI p.a.)	min	2%	Ca. 1%	2%	Recovered through service charge	1%
	max	3%		4%		3%
Allowance of risk of rental loss	min	1%		5%	Implied in yield	≥4%
	max	5%				
Modernisation risk	min	Property specific		Property specific	Property specific	0.2%
	max					2.2% (of standard construction costs)
Useful life (in years)	min	Up to 50	40	40	20	15
	max			60	30	50
Property yield	min	6%	8%	10%	5.25%	
	max	8.5%	8.25%	12%	10%	
Capitalisation rate	min	11.7		11%	5.5%	6.5%
	max	16.6		13%	12%	9.0%
<b>Statistics (standard parameters)</b>						
Site area	min	2,500m <sup>2</sup>	40,000m <sup>2</sup>	8,000m <sup>2</sup>	6,000m <sup>2</sup>	
	max	25,000m <sup>2</sup>	100,000m <sup>2</sup>	25,000m <sup>2</sup>	20,000m <sup>2</sup>	
No. of parking spaces required	min	150	1,000	Guideline: 1 space for 10-20m <sup>2</sup> of sales area	400	
	max	3,000	2,000		1,500	
Proportion of value attrib. to the site	min	15%		10%	30%	
	max	30%		30%	50%	
Property size (lettable area)	min	Above 5,000m <sup>2</sup>	5,000m <sup>2</sup>	7,000m <sup>2</sup>	10,000m <sup>2</sup>	
	max	100,000m <sup>2</sup>	80,000m <sup>2</sup>	50,000m <sup>2</sup>	30,000m <sup>2</sup> , larger in individual cases	
No. of storeys	min	Min 10, standard 2-3 retail stores	2	Multi-storey, 2 to 3 retail floors	2-4 retail plus ancillary, servicing, parking, other	
	max		5			
Construction ratio usable area/GFA	min	65%	80%	60%	60%	
	max	75%	85%	70%	75%, subject to size of the mall	
Ratio sales area/usable area	min	65%	65%	65%	65%	
	max	75%	70%	85%	85%	
Fitout specification		Average to high quality		Average to high	Average to high	
Building costs (excl. site improvements)	min	€600/m <sup>2</sup> GFA		€700/m <sup>2</sup> GFA	802 (Lower Quartile)	
	max	€1,200/m <sup>2</sup> GFA		€900/m <sup>2</sup> GFA	1.550 (Upper Quartile)	
Ancillary building costs	min	8%	8%	10%	15%	
	max	12%	10%	20%		
Standard market rent p.m.	min	€30/m <sup>2</sup> in Warsaw	€20/m <sup>2</sup>	€8/m <sup>2</sup>	Belgrade: €25/m <sup>2</sup>	€80/m <sup>2</sup>
	max	€90/m <sup>2</sup>	€50/m <sup>2</sup>	€24/m <sup>2</sup>	Other cities: €12-18/m <sup>2</sup>	€300/m <sup>2</sup>
Gross income multiplier	min	n/a		n/a	n/a	
	max					
Net Initial Yield	min	6%	8%	6%	5.25%	
	max	8.5%	8.25%	9%	12%, with a stable trend	
Turnover per m <sup>2</sup> sales area p.a.	min	n/a		n/a	n/a	
	max					
Rent to sales ratio	min	5%		Data n/a, but appr. 20% less than in EU	6%	
	max	10%			12%	

