

The UK-based developer has projects throughout the Balkans, where it has had close ties for many years. Despite the global recession, it still sees ‘massive opportunities’ in the region

# Poseidon Group

The Poseidon Group is close to starting work on the first out-of-town retail park in Croatia – Dalmatia Capitol Park – and plans to roll out its Capitol brand throughout the Balkans by developing a further five retail schemes in major cities over the next three years. Construction of Belgrade Capitol Park in Serbia is set to begin by late 2009.

The UK-based company, established in 2001 through its base in Croatia, is an established investor in the Balkans. It is attracted to the region’s macroeconomic stability and solid growth prospects compared with the rest of Eastern Europe, and intends to capitalise on Croatia and Serbia’s pending EU member status.

The retail park concept has proved successful in more mature markets such as Hungary, the Czech Republic and Poland, but has yet to be tested in Croatia and Serbia. Poseidon sees the potential to dramatically alter the retail property landscape there, especially as consumers are in relatively good shape because they are not heavily indebted.

Although some of Poseidon’s ongoing development projects have been delayed or slowed down to reflect the current financial climate, the group remains committed to its long term strategy to expand its presence in the Balkans.

“We haven’t sought new projects for nearly two years and even the terms for those that have been developed in that time were

agreed at least a year before that,” says Poseidon’s managing director Oliver Hurley, who owns the company privately with his brother Matthew.

“We typically invest with equity, and the debt we have tends to be short term on an individual project basis, not at a group level. We didn’t take advantage of the availability of cheap credit so banks now see us as a safe partner. This financial freedom will enable us to work with joint venture partners to secure opportunities that will only present themselves a couple of times in a lifetime.”

All Poseidon projects are driven by the nearest local team, with direction from the London headquarters. The company, which has 31 employees, operates through a network of regional offices in Split, Belgrade and Sarajevo, and has a 20-asset property portfolio worth €1.62bn, ranging from land plots to retail schemes and tourist and residential developments. The only sector Poseidon excludes is offices, because “like cars, offices are expensive and lose value almost immediately”, explains Hurley.

### Focus on the Balkans

The company also invests in both commercial and residential property in the UK, but is focused on the Balkan real estate market, namely Croatia, Serbia, and Bosnia and Herzegovina, where opportunities for property development in particular stem from the region’s lack of existing investment-grade product.

“We prefer to be a big fish in a little pond, rather than a little fish in a big pond. In the Balkans we have had close ties for many years, and opportunities there are still prevalent and present,” says Hurley.

Poseidon co-invests with joint venture partners on a project-by-project basis to deliver internal rates of return of 25% plus per year. The group has worked alongside a broad range of partners, including US private equity houses, private property companies, high net worth individuals and Arab sovereign wealth funds. It has teamed up with JER Partners to develop Dalmatia Capitol Park, the 105,000 m<sup>2</sup> Croatian retail park that will house several international retailers by the end of 2010.

### Logistics development

Poseidon is also working on what will be the largest industrial park in Serbia. Currently a 145,000 m<sup>2</sup> plot of land zoned for logistics development, the group is working towards a supporting logistics hub for the key retailers that will occupy its 28,000 m<sup>2</sup> Belgrade Capitol Park.

“Retail parks and retailers can operate only in a country that has supporting logistics networks. However, there is not a single logistics park facility of an international quality in Serbia. We will provide a long-term logistics framework,” says Hurley.

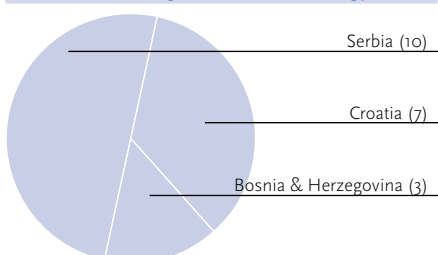
Outside its core markets Poseidon is aware of opportunities in the countries bordering Serbia, such as Macedonia and Montenegro. However, the group is currently more concerned about pursuing its existing investments.

“Split, Belgrade and Sarajevo are still immature markets with plenty of opportunities on offer. We are looking to expand in these locations but it is more about consolidation than tapping new markets,” concludes Hurley.

[www.poseidon-gp.com](http://www.poseidon-gp.com)

### Developments by country

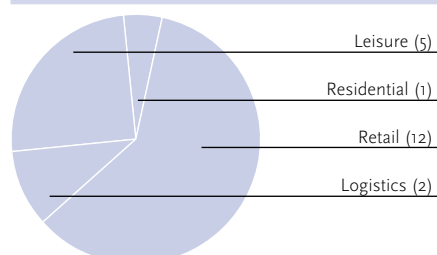
Poseidon has long-term Balkan strategy



Source: Poseidon

### Assets by sector

Portfolio is worth €1.62bn



Source: Poseidon