Early Warning System

IFC-39510

Cucuta Mall

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Quick Facts

Countries	Colombia
Specific Location	Cucuta
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Voting Date	2017-12-08
Borrower	PROYECTO CUCUTA S A S
Sectors	Construction
Investment Type(s)	Loan
Investment Amount (USD)	$ 16.60 million
Loan Amount (USD)	$ 16.60 million
Project Cost (USD)	$ 58.00 million

Project Description

The Project involves the construction of a greenfield shopping mall in the city of Cucuta, a city in the frontier region of Norte de Santander in Colombia right next to the border with Venezuela. With a gross leasable area (“GLA”) of around 32,600 sqm.

People Affected By This Project

- Job creation in a frontier region with high unemployment rates: the Project will create job opportunities in a frontier region, directly during both the construction and operation of the shopping mall in a city where unemployment rate is high.
- Safety and quality of living: The Project will offer the local population a safe environment for recreation.
- Improvements in local offering: Offer a broad array of goods and services that benefit consumers by expanding retail supply and improving the quality of merchandise and services.
- Boost formality and tax generation: The Mall will contribute to boost formality and tax generation.
- Local business development: Provide access to quality business infrastructure which is a key component to Cucuta's growth strategy, boosting its attractiveness.
- Opportunity to Small and Medium Enterprises ("SMEs"): The Project will contribute to the growth and development of local businesses, including SMEs.

Investment Description

- International Finance Corporation (IFC)

Private Actors Description

The Project will be owned 50% by a JV between Portuguese-British group Sonae Sierra and its local Colombian partner Central Control (together, the “Sponsors”) and 50% by PEI, a Terranum managed real estate fund. The agreement with PEI is currently being finalized.

(i) Sonae Sierra , an international property company with almost 30 years of experience developing and managing shopping malls. It is owned by Sonae SGPS (50%) and Grosvenor Group Limited (50%) and is headquartered in Maia, Portugal. With a net profit of EUR181 million and assets under management worth EUR7 billion, Sonae Sierra owns 48 shopping centers and manages and/or leases 77 shopping centers worldwide in 14 countries on 4 continents, with a total managed GLA of 2.3 million sqm.

(ii) Central Control, a Colombian shopping mall developer and manager based in Cali, the third largest city in Colombia. Central Control developed two of the most successful and recognizable shopping malls in Cali: Chipichape and Jardín Plaza Cali. The latest is still 51% owned and operated by Central Control.

The Project will be owned 25% by Sonae Sierra, 25% by Central Control and 50% by PEI . PEI is a real estate fund (REIT) from Colombia traded in the Colombia stock exchange. It is managed by Terranum Investments of the Santo Domingo Group. PEI has about US$1.4 billion in assets under management and almost 800,000 sqm of GLA, with an overall occupancy of 98.5% in its portfolio.

Contact Information

For Inquiries About the Project and local access to documentation, Contact
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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/