



# INVESTMENT MARKET SNAPSHOT RUSSIAN FEDERATION November – December 2010



## QUOTE OF THE MONTH



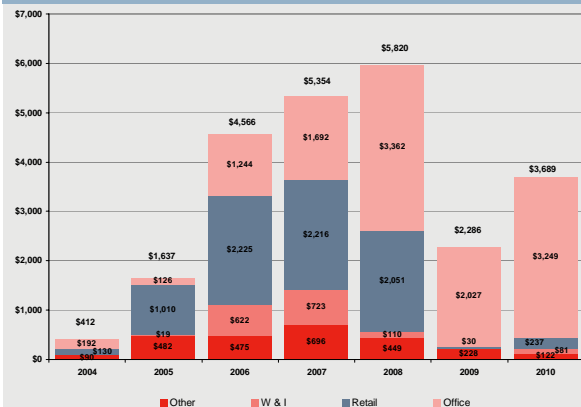
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Capital Markets

"Year 2010 became a turning point and has demonstrated many changes in market trends: rental rates are rising, vacancies are shrinking and yields are compressing. Most of the investors became very active trying to acquire properties at the right phase of the market cycle. This activity of investors resulted in a significant amount of deals during the year and we saw two major transactions closed at the year end. Offices became the most interesting segment for investors – more than 85% of all transactions by volume. And we expect the office segment to remain attractive for institutional investors. Interestingly that most active investors were local players whose risk appetite allowed them to transact at the attractive levels of pricing. We believe that next year will be more active and full of interesting opportunities."

## 2010 NOTABLE TRANSACTIONS

Property name	Sector	City	GLA / Rooms	Investor	Amount
<b>INVESTMENT TRANSACTIONS</b>					
Horus	Office	Moscow	confidential	Lenmar Capital	confidential
Olimpia Park	Office	Moscow	45,966	Lenmar Capital	
Business Hall Classic	Office	Moscow	21,527	Lenmar Capital	\$140,000,000
Domnikov BC	Office	Moscow	49,838	RWM Capital	\$450,000,000
MARR Plaza	Office	Moscow	21,222	Norilsky Nickel NPF	\$160,000,000
Northern tower	Office	Moscow	62,700	Pharmstandart	\$260,000,000
Capital Plaza	Office	Moscow	38,000	VTB Capital	\$180,000,000
Format SC	Retail	Moscow	21,500	VI Holding	\$35,000,000
Aviapark project	Retail	Moscow	260,000	Amma Development	\$25,000,000
ALPI portfolio	Retail	Regions	340,000	GK Regions	\$117,000,000
Europark SC	Retail	Moscow	39,235	Tashir	\$60,000,000
Sibir Hotel	Hospitality	Novosibirsk	258	Azimit Hotels Company	\$40,000,000
3* project in St. Petersburg	Hospitality	St. Petersburg	n/a	NAI Becar	\$17,000,000
Caterina Park (Euroluxe)	Hospitality	Moscow	260	UMACO Group	n/a
Sheremetievo-2 Hotel	Hospitality	Moscow	293	Wenaas Hotel Russia AS	\$65,000,000
TLC Tomilino	W&I	Moscow	53,000	Sberbank	\$39,000,000
<b>OWNER OCCUPATION</b>					
Baltia (Warehouse Complex)	W&I	Moscow	28,000	Casebre Holdings Limited	\$42,000,000
Greenwood	Office	Moscow	96,483	ChenTun corporation	\$350,000,000
Western gate	Office	Moscow	61,795	Evraz Group	\$160,000,000

## TRANSACTIONS BREAKDOWN, bn USD



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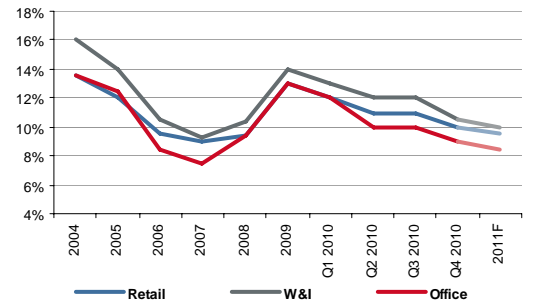
Moscow Office prime yield	9 %
Moscow Class A / B+ Rental Rate <sup>*)</sup>	\$680 / \$430
Moscow Retail Prime yield	10 %
Moscow Shopping center Prime rental rate	\$2,400 / sq m
Moscow Industrial Prime yield	10.5 %

<sup>\*)</sup> Base asking rental rates per sq. m per annum. Rents exclude OPEX and VAT.

## CAP RATES IN SELECTED EUROPEAN COUNTRIES Q3 2010

	Retail	Office	Industrial
Austria	6.25%	5.5%	7.5%
Belgium	5.5%	6.2%	7.75%
Czech Republic	6.5%	6.5%	8.5%
Denmark	6%	5%	7%
France	5.25%	5%	7.25%
Germany	5.35%	5.05%	6.8%
Greece	7.3%	8%	9.8%
Hungary	7%	7.5%	9.25%
Ireland	7.5%	7.5%	8.5%
Italy	6.5%	5.5%	8%
Poland	6.5%	6.5%	8.5%
Portugal	6.25%	7%	8.25%
Spain	6%	5.75%	7.75%
Switzerland	5.5%	4.5%	6.75%
Ukraine	14%	16%	17%
United Kingdom	5.5%	4%	6.25%

## ANNUAL AVERAGE YIELDS IN MOSCOW



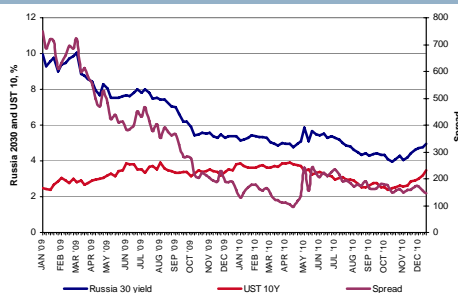
## REGIONAL PRIME YIELD UPDATE

	St. Petersburg	RF Regions	Ukraine	Kazakhstan
Office	11%	14.5%	16%	16%
Shopping Centers	12%	13%	14%	16%
Industrial	13%	14.5%	17%	16%

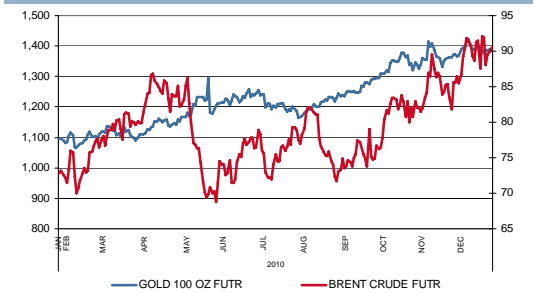
## RTS INDEX



## RUSSIA 2030 AND UST 10



## BRENT CRUDE AND GOLD FUTURES



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