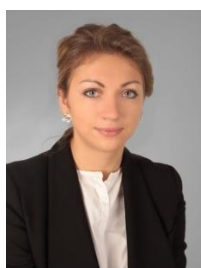


ELITE RESIDENTIAL MARKET

ANNA KALININA

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"The year 2012 has been characterized by increase in supply volume on the elite residential market and stabilization of demand at a high level. The competition between the business class projects developers on the primary market has become notably tougher. The buyers impose higher requirements to internal characteristics of the block of apartments and near-house areas."

The year has passed under the auspices of changes in the administration team. The results of accepted decisions regarding changes in the city planning policy are not yet obvious. In this respect we anticipate that dynamics and direction of the development of both the whole residential construction market of St. Petersburg and the elite residential market in particular will be set next year"

MAJOR TRENDS

- The developers started working at industrial areas with the aim to construct business class residential projects there
- Stable growth of demand for elite real estate during 2012
- Increase in number of requirements to the elite projects from the buyers' side
- Increase in average supply price in all segments of the market over 2012 made over 9%

Asking prices for high class residential real estate, Q4 2011 - Q4 2012

High class residential market	Average supply price range, thous. RUR / sq. m			
	Premium		Business	
	Q4 2011	Q4 2012	Q4 2011	Q4 2012
Primary market	200 - 240	210 - 260	90 - 120	100 - 140
Secondary market	from 180	190 - 500	100 - 180	115 - 200

Source: ASTERA, an alliance member of BNP Paribas Real Estate

PRIMARY MARKET

Number of apartments for sale

Selling price

SECONDARY MARKET

Number of apartments for sale

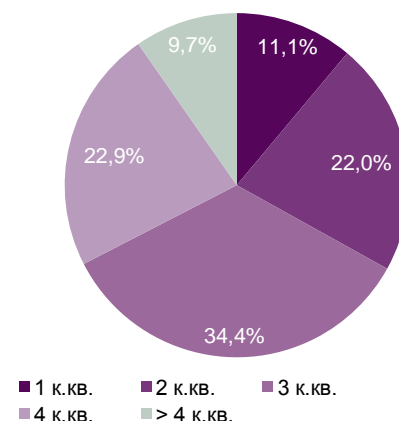
Selling price

Distribution of elite residential supply by districts, Q4 2012



Source: ASTERA, an alliance member of BNP Paribas Real Estate

Distribution of premium class supply by apartments type, Q4 2012



Source: ASTERA, an alliance member of BNP Paribas Real Estate

SUPPLY

As of the end of 2012 the primary market of business and premium class residential real estate comprises 28 projects under construction with the total area of 770,000 sq. m. The major part of the supply is concentrated in the business class projects, making 608,000 sq. m or 79%, while the premium class makes 162,000 sq. m (21%).

The largest volume is supplied in Moskovsky (30%), Petrogradsky (20%) and Central (17%) districts. Therewith, it shall be noted that Central district is still leading in terms of premium class construction with the total area of about 132,000 sq.m.

Residential complexes opened for sale in 2012

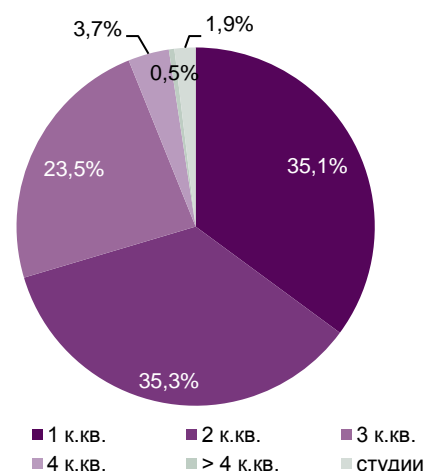
Project name	District	Class	Number of apartments	Developer
Paradny kvartal, Phases 2-3	Central	Premium	465	Vozrozhdeniye SPb
Leontjevsky Mys	Petrogradsky	Premium	399	NPF 'Test' LLC
Sobranie	Petrogradsky	Premium	264	RBI
Smolny Park	Central	Premium	190	Vozrozhdeniye SPb
Novella	Primorsky	Premium	54	RBI
5, Pobedy	Moskovsky	Premium	51	Legenda Intelligent Development
Brilliant House	Petrogradsky	Premium	34	TETRA-INVEST / Fort Group
Suomi	Vasileostrovskiy	Business	360	YIT Lentek
Novomoskovsky	Admiraltejsky	Business	474	YIT
Riverside	Primorsky	Business	497	Setl City
Novomoskovsky	Admiraltejsky	Business	156	YIT
Dom na Linii	Vasileostrovskiy	Business	38	Solo Group
39, Radischeva str.	Central	Premium	148	Vozrozhdeniye SPb
5, Kovensky per.	Central	Premium	8	Vozrozhdeniye SPb
15, Streymannaya	Central	Premium	32	Soyuzgenstroy
Nalichnaya str / Nakhimova str.	Vasileostrovskiy	Business	over 200	GOU VPO 'Gorny universitet'
Megalit House in Dibunovskaya	Primorsky	Business	27	Megalit
Dom na Malom	Vasileostrovskiy	Business	23	Solo
Edelweiss	Primorsky	Business	76	Sfera
TOTAL:			3,496	

Source: ASTERA, an alliance member of BNP Paribas Real Estate

The major trend on the elite residential construction market is the launched development of industrial areas and utilization of this land resource for construction of multi-functional complexes, which include the residential quarters. These projects as a rule include residential construction of business class. Therefore, it is possible to anticipate the increase of business class residence share in the short-term and long-term perspective. The most promising areas are the industrial sites in Moskovsky, Vasileostrovsky and Admiraltejsky districts.

The potential for premium class supply volume increase is not that high. Implementation of the existing projects goes on. At the present moment the developers restored their interest in Krestovskiy island as an elite location, however, due to restriction on residential buildings construction on Kamenny and Krestovskiy islands, it is most likely that the developers will implement

Distribution of business class supply by apartments type, Q4 2012



Source: ASTERA, an alliance member of BNP Paribas Real Estate

DEMAND

At the present moment when selecting an apartment the buyer is guided by rationality and pragmatism: to invest moneys in a quality and liquid project and use rationally the apartment space.

The buyer pays attention not only to the location and environment of the house, but also to the quality of internal performance of the projects under construction,

Rationality is expressed in the apartment selection approach: as a rule, the buyer assesses convenience and ergonomics of the layout solutions, pays attention to the ratio of residential and common area of the apartment. The buyer wants the procured area to be equipped with storage rooms, cloakrooms, conveniently located in the apartment. This trend creates a tough competition between the developers, and can seriously affect the success of a certain project.

In 2012 the share of transactions on residence procurement in high-price segment using the mortgage loans increased. It is connected with the fact that quite often the potential buyers invest their spare cash into business development and payment of interest on mortgage loan becomes a more beneficial solution as against the company losses caused by lack of operating assets.

At the end of 2012 the share of investment acquisitions at the market of residential real estate under construction makes approximately 10-15%. The level of risks

projects of apart-hotel type, with the exception of projects, which have earlier obtained the construction permit (Brilliant House). In years to come, taking into consideration the land plots deficit, the elite houses with perfect technical characteristics may appear in some business class locations, in particular at Petrogradskaya side.

The most interesting projects, which were introduced to the market in Q4 2012 are Brilliant House of Fort Group company, which is under construction in Dinamo prospect, as well as the building of RBI company called Sobranie, which is located in Petrogradsky district.

Due to deficit of land plots for elite residential construction of premium class, we expect creation of significant 'gap' between the characteristics of premium class supply and business class houses. At the present moment this trend can be observed in difference of real estate cost, as well as in quality approach to projects implementation. Premium class turns to be more exclusive (single projects realization), business class becomes more mainstream - the complex area development aimed at a much wider consumers pool is predominant.

The major trend in premium class is increasing share of apartments with larger area (3- and more room apartments), in business class the trend is the increasing share of 2-room apartments.

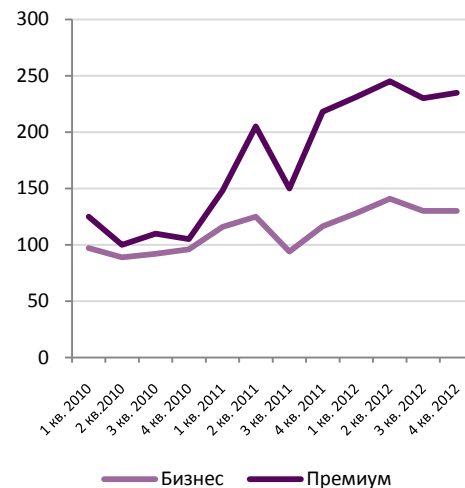
COMMERCIAL TERMS

As of Q4 2012 the average price of the square meter of premium class residence makes 235,000 roubles / sq. m. It has changed by +7.5% as against Q4 2011. The positive dynamics is mostly caused by launching of new quality projects and enhanced demand from the investors' side. In 2013 the premium segment will keep reducing, supply volume can be increased by means of construction of new phases in the existing projects.

The cost of a square meter in business class projects has changed over the year (since Q4 2011 to Q4 2012) by +9.5% - from 117,000 RUR/sq. m to 130,000 RUR/sq. m. In 2013 stabilization of price for sq. m in business class apartments at a level of 136,000 roubles is anticipated, due to introduction to the market of 4 large-scale business class projects with the total area of 543,000 sq.m. Implementation of promising projects will definitely affect suppressing the growth of price for a sq. m.

and yield of investments into real estate depends on a number of factors, including the selection of project class.

Dynamics of prices for elite residential real estate in St. Petersburg, thous. RUR / sq. m



Source: ASTERA, an alliance member of BNP Paribas Real Estate



Brilliant House



Sobranie

ABOUT ASTERA

ASTERA, an alliance member of BNP Paribas Real Estate, is an international consulting company, rendering professional consulting services in commercial and elite residential real estate. The Company has been actively present on the Russian real estate market since 1992. The Company's offices are located in Moscow, St. Petersburg and Kiev.

ASTERA is the partner of **BNP Paribas Real Estate** in Russia and Ukraine. BNP Paribas Real Estate is a leading international real estate company and the largest company by gross turnover among European consulting companies by year 2010, according to annual rating of authoritative publication Property Week.

An alliance with BNP Paribas Real Estate gives ASTERA specialists the opportunity to represent the interests of their clients abroad and to attract foreign investments into Russian development projects.

ASTERA portfolio comprises retail, office, industrial, warehouse and hotel projects, including large multi-functional complexes and commercial premises of street retail format, detached buildings, 'built-to-suit' projects and land plots.

ASTERA portfolio includes over **500 implemented projects** of strategic and investment consulting and the exclusive data base consisting of **30,000 objects** in all segments of commercial real estate. Since 1992 ASTERA consultants have leased and sold **more than 6,000,000 sq. m** of commercial premises and concluded over **9,000 transactions** on the commercial real estate market in Russia and Ukraine.

ASTERA has assisted over **4,000 clients**, including major international and Russian financial, investment, trading and industrial corporations and networks.

ASTERA provides full range of services for investors, developers, owners, tenants and buyers of the commercial real estate:

- Consulting services
- Investment consulting
- Real estate valuation
- Brokerage services
- Pre-brokerage
- Representing the clients' interests
- Legal services
- Real estate projects promotion

ASTERA reputation is confirmed by membership in the leading Russian and international professional organizations:

- Guild of Managers and Developers (GUD)
- Russian Shopping Malls Council
- Russian Realtors Guild
- Russian-British Chamber of Commerce
- European Business Association

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