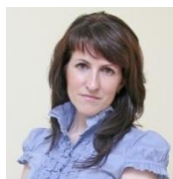


WAREHOUSE MARKET

Vera Boikova

Head of Industrial Department at ASTERA, an alliance member of BNP Paribas Real Estate



"In the expiring year the large volume of demand under conditions of quality supply deficit was a special feature of the warehouse market in the North-Western region, which was aggravated by the vacancy rate approaching zero and lack of large projects declared to be commissioned at the end of 2012".

MAJOR TRENDS

- Volume of commissioned warehouse complexes remains low. A number of projects declared to be commissioned in 2H 2012 is put off to 2013.
- The total volume of space supplied in the quality warehouse complexes made about 1.42 mln sq. m in December 2012.
- Lack of quality warehouse premises for rent has been observed on the market. Demand for warehouse and industrial premises during 2012 remained steadily high.
- The rental rates over the year have grown by 5-10% within the frames of annual indexation under acting lease agreements.
- By the end of 2012 the vacancy rate level in the warehouse complexes of class A and B has made 5.4% and 3.8% respectively. Rotation of the warehouse complex has taken place: some tenants of class B have moved to warehouse complexes of class A.
- The developers' interest in warehouse real estate segment has increased. New large projects are expected to be announced in 2013.
- As a result of supply deficit the following trend remains strong: signing of preliminary lease agreements for warehouse space in complexes, which are under construction.

Key indicators of warehouse real estate market of Saint-Petersburg, class A and

Indicator	Class A		Class B	
	2011	2012	2011	2012
Leasable area in warehouse centres commissioned in the relevant period, sq. m	12,000	74,000	6,000	60,000
Vacancy rate, %	7%	5.4%	3%	3.8%
Average supply rental rate, USD / sq.m / p.a., net of VAT, incl. utilities and operating expenses	180	183	135	146
Average supply rental rate based on triple net, USD / sq.m / p.a.	116	120	Not assigned	

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

TOTAL AREA
VACANT AREA
RENTAL RATES



Dynamics of quality warehouse complexes commissioning in 2008-2012 and forecast for 2013 -Q1 2014



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

Warehouse complexes commissioned in 2012

Name	Class	GBA, sq. m
STC, Phase 1	B	60,000
Nordway, Phase 1	A	43,000
Orion Logistic, Phase 1	A	10,000
IP Zvezda, Phase 1	A	21,000
TOTAL:		134,000

SUPPLY

In the 1st half of 2012 four quality warehouse complexes were commissioned, and in the second half of 2012 not a single project was put into operation.

At the end of 2012 the total space volume in warehouse complexes was evaluated to be of 1.42 mln sq.m. The vacant space volume in the quality complexes makes about 50-60 thous. sq.m.

As of Q4 2012 the share of class A warehouses in the total volume of high-quality supply makes 66%, and share of class B warehouses is 34%.

The overwhelming majority of quality warehouse complexes is located in the Southern directions (including South-West and South-East) - about ¾ of the total supply.

Since the beginning of the year, 4 new projects have complemented the market: the first phases of complexes STC, Orion Logistic, Nordway and industrial park Zvezda.

Warehouse complexes to be commissioned in 2013

In case the projects declared for commissioning in the coming year are implemented, the warehouse market will be supplemented by 87 thous. sq. m by the end of Q1 2014. The increase per annum will make 6%.

Commissioning of phase 2 of the warehouse complex Nordway (40 thous. sq. m) is scheduled for Q3 2013. The commissioning date of Phase 3 of terminal Osinovaya Roscha on Gorskoe highway is put off from 2012 to 2013.

In 2012 A+ Development company announced the project A Plus Park Pulkovo - a logistics complex, comprising three buildings with the total area of 35 thous. sq. m each. One building of the logistics complex will be rented and two other buildings will be of built-to-suit format. The first building is planned to be commissioned in Q1 2014.

Construction of the warehouse complex PNK-KAD by PNK Group company, announced to be put into operation in 2012, has not yet started. Its commissioning is delayed without date.

Projects to be commissioned in 2013 - Q1 2014

Name	Class	GBA, sq. m	Opening date
Osinovaya Roscha, Phase 3	A	12,000	2013
Nordway, Phase 2	A	40,000	Q4 2013
A+ Park Pulkovo	B+	35,000	Q1 2014
TOTAL:		87,000	

Many owners are planning, or have already launched development of built-to-suit format - construction performed to fulfill the order of a certain tenant. This format is planned to be implemented in the next phase of Kulon-Pulkovo complex (land plot of 10 ha), and in other projects of large developers.

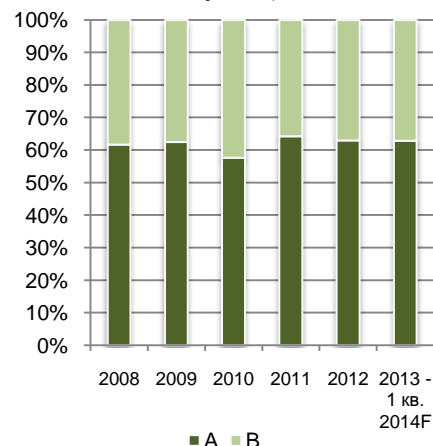
DEMAND

The demand for quality warehouse complexes in 2012 has remained at a high level, significantly exceeding the supply. On-display period of the most liquid premises made 1-3 months.

In 2012 the large warehouse units (from 5,000 sq. m) were rented by industrial and construction companies (they occupied 50-60% of space commissioned in 2012) and large retail networks (10-20% of space).

On the basis of applications, received in 2012 by ASTERA, an alliance member of BNP Paribas Real Estate, it is obvious that the major demand for warehouse and industrial space was generated by the Russian trading and

Dynamics of structure of quality warehouse complexes, 2008-Q1 2014



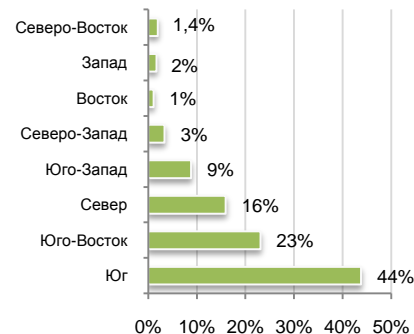
Source: ASTERA, an alliance member of BNP Paribas Real Estate

Supply structure at warehouse real estate market, Q4 2012



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

Distribution of operating quality warehouse complexes by location at the end of 2012, GLA



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

Distribution of tenants demand for

industrial companies, as well as logistics operators.

The major part of lease applications for warehouse space falls on the premises with the area from 1,000 up to 3,000 sq. m (about 33%), as well as the premises - from 500 up to 1,000 sq. m (32%). The share of applications for premises being larger than 5,000 sq. m has made 4% of the total applications volume.

Major transactions at warehouse real estate market in 2012

Tenant	Specialty	Area, sq. m	Warehouse complex
Marvel-Distribution	Computer equipment	14,000	Logopark Shushary
SOK Retail	FMCG	10,000	Nordway
Sumitek International	Construction equipment	8,000	Volkhonskoe highway, b. 5
FJ Group Russia Production	Heavy industry	7,000	A Plus Kolpino
Dixy	Retailer	7,000	Logopark Shushary
Bestex	Light industry	6,000	Industrial-warehouse complex Parnas
Lear Corporation	Distribution	5,000	Logopark Shushary
Intexo	Retail operator	4,600	Astros Logistic Centre

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

Due to low vacancy rate, many companies start considering acquisition of land plots in order to construct industrial-warehouse complexes for their own usage.

Thus, for instance, CJSC Marine engineering company 'AQUA-SERVICE' in Q4 2012 purchased a land plot of 12,000 sq. m in the development project Utkina Zavod in order to construct an industrial complex. ASTERA, an alliance member of BNP Paribas Real Estate, served as a transaction consultant.

VACANCY RATES AND COMMERCIAL TERMS

Predominance of demand over the supply has led to reduction of vacancy rates from 6.7% in 2011 to 4.9% in 2012. In class A warehouse complexes the vacancy rate in Q4 2012 made 5.4%, and in class B - 3.8%. According to the results of 2012 the space absorption made 151 thous. sq. m, which is by 10% lower than in 2011.

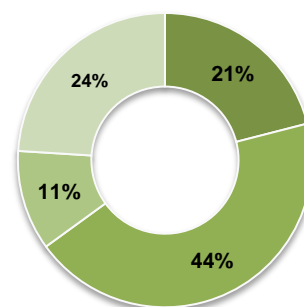
In 2012 space commissioning in new warehouse projects has not solved the deficit problem. In 2013 worsening of the warehouse real estate deficit is anticipated if the commissioning dates of new warehouse complexes are postponed; vacancy rates are expected to decrease down to limiting values.

In general the rental rates level for warehouse space of class A made 183 USD / sq. m / p.a., net of VAT, including utilities and operating expenses or 120 USD / sq. m / p.a. following the triple net calculation. Due to difficulties in rental rates structuring in warehouse complexes of class B, it is almost impossible to outline the warehouse lease itself, therefore, the rental rates are given net of VAT, but including utilities and operating expenses. Summarizing Q4 2012, 1 sq. m in such warehouses cost 146 USD per annum.

The rental rates in lease agreements for class A warehouse complexes were mostly specified in US dollars, while in class B complexes - in roubles.

Standard term of the lease agreement for class A warehouse complex makes 3-7 years. In class B complexes the short-term lease is quite often

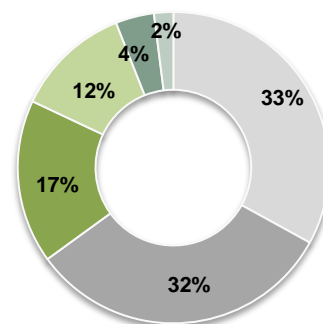
warehouse space by specialization



- Производственные компании
- Торговые операторы
- Логистические операторы
- Другие

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

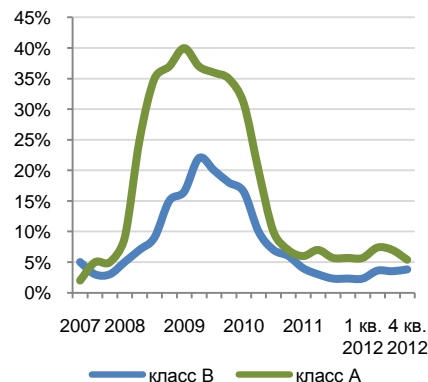
Structure of demand for warehouse space by area



- 500-1 000 кв.м
- 1 000-3 000 кв.м
- 200-500 кв.м
- 3 000-5 000 кв.м
- более 5 000 кв.м
- 100-200 кв.м

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

Vacancy rate in warehouse complexes of class A and B



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

applied.

DEVELOPEMENT FORECAST

In case the same rate of new space commissioning is kept in 2013-2015, the low vacancy rate in quality complexes will remain, which is also supported by the fact that the majority of space in new warehouse complexes is already rented under preliminary lease agreements. In three coming years the rental rates increase is rather expected, which is caused by lack of supply on the warehouse real estate market. ASTERA analysts forecast increasing interest in industrial real estate segment from the developers' side and expect new large-scale projects to be announced in the nearest years. Built-to-suit segment will keep developing in the coming years.

In case the stable macroeconomic situation is maintained in Russia, new quality projects, which will be introduced to the market in the nearest 5 years, will be of high demand among the tenants.



Logistics terminal Osinovaya Roscha



Logopark Nordway

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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