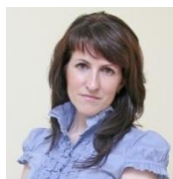


WAREHOUSE MARKET

Vera Boikova

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



«The trends of 2011, such as vacancy reduction in class A and B segments and stabilization of demand, continued in the beginning of 2012. Rental rate growth continues only within indexation limits. Exposition period for the most liquid premises is around 1 month».

TOTAL AREA →

VACANT AREA →

RENT RATES →

CAPITALIZATION RATE →

MAJOR TRENDS

- ✓ Exposition period for the most liquid premises is around 1-2 month
- ✓ Growing deficit of class A premises
- ✓ Due to a deficit of premises available for lease, operators consider buying warehouse properties
- ✓ Due to an insufficient supply of warehouse space new projects are leased prior to commission and permit issuing
- ✓ Rental rates growth is mostly limited by indexation predetermined in lease contract terms
- ✓ Property owners are interested in built-to-suit construction
- ✓ Main demand for warehouse property comes from Russian manufacturing companies (food, pharmaceutical and light industries) and retail companies

ASTERA – AMONG THE TOP THREE

CRE EXCLUSIVE DAY

CRE Exclusive Day – yearly rating of brokerage companies, constructed by CRE North-West journal. According to yearly results leaders by volume of realization of commercial space are selected among companies.

In 2011 ASTERA, an alliance member of BNP Paribas Real Estate leased 29'400 sq.m and was among the top 3 brokers in warehouse segment.

KEY INDICATORS

Key indicators of the warehouse market development in Saint-Petersburg, Class A and B, Q4 2011 – Q1 2012

Key indicators of warehouse real estate market development	Class A		Class B	
	Q4 2011	Q1 2012	Q4 2011	Q1 2012
Leasable area in warehouse complexes commissioned in the respective period, sq.m.	0	0	6 000	0
Vacancy rate, %	7%	5.7%	3%	2.3%
Average asking rent rate, USD / sq.m / p.a., net of VAT, incl. utilities and OPEX	180	183	135	138

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

SUPPLY

Warehouse complexes commissioned in Q1 2012

In the beginning of 2012 a total supply volume of St.Petersburg warehouse real estate market was more than 1.3 mln sq.m (including the territory of Leningradskaya oblast near Ring Road). None of the complexes planned for commission in Q1 2012 were put into operation. There is a deficit of warehouse space available for lease. Due to an insufficient supply of warehouse space new projects are leased prior to commission and permit issuing. A deficit of premises available for lease makes operators consider the option of buying warehouse properties. A tendency of built-to-suit construction continues, when developers build properties according to the requirements of a particular tenant-company.

The highest concentration of warehouse space is in Pushkinsky (28%), Moskovsky (15%) and Vsevolozhsky (14%) districts. Quality warehouse space is also presented in industrial zones «Obuhovo», «Gorelovo», «Kolpino» and «Parnas».

New warehouse complexes announced for commission in 2012

Compared to the low construction and commission volumes in 2011 (during the last year only 2 complexes with a total GLA of 18'000 sq.m were commissioned), a considerable increase in new supply on warehouse market is expected in 2012. 6 speculative warehouse complexes are announced for commission, including 2-3 phases of already operating complexes. One of the warehouse complexes planned for commission in 2012 – PNK-KAD which belongs to PNK Group – is not under construction yet and its commission date may be shifted to 2013.

Currently the construction of three warehouse complexes is finalized: STC (1-2 phases, Nordway (1 phase), Orion Logistics. Presumably they will be commissioned in Q2 2012 after the permits are issued.

The major part of warehouse space announced for commission (76%) is classified as class A. In case all 6 complexes planned for commission will be put into operation, the share of class A warehouse space in the structure of new supply will be 75%. Geographically more than 40% of new warehouse space will be located in Viborgsky district of St. Petersburg.

Warehouse and logistic terminals and complexes announced for commission in 2012

Name	District	Class	GBA, sq.m
PNK-KAD (not under construction yet)	Kolpinsky	A	93'000
STC, 1-2 phases	Viborgsky	B	75'000
Osinovaya Roscha, 3 phase	Viborgsky	A	Ca. 50'000
Teorema-Terminal	Nevsky	A	44'300
Nordway, 1 phase	Pushkinsky	A	43'000
Orion Logistics	Viborgsky	A	10'000
TOTAL			Ca. 315'300

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

In case all the announced projects are commissioned, by the end of 2012 the total supply volume of quality warehouse space in St.Petersburg and Leningradskaya oblast will amount to more than 1.6 mln sq.m.

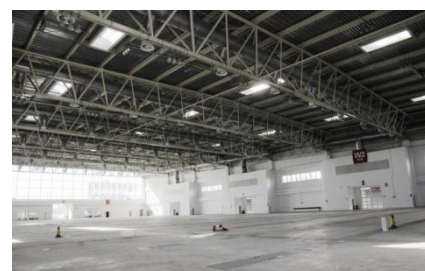
Dynamics of structure of quality warehouse complexes, 2004-2012



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



Warehouse complex STC



Logistic park Nordway



Office and warehouse complex PNK-KAD

DEMAND

Together with the growth of business activity in 2012, the growth of demand for quality warehouse space continued. Due to a lack of new supply vacancy levels have decreased and exposition terms for the most liquid premises shortened to 1 month. Lease agreements for some complexes are signed before the commission of premises. The largest transaction of Q1 2012 was a lease deal in a warehouse complex STC (developer «Investbugry») planned for commission in Q2 2012. Transport and logistics company «Major», service provider in the area of transportation and customs registration, leased 30'000 sq.m in STC.

Examples of major deals on warehouse real estate market, Q1 2012

Tenant	Tenant specialization	Leased area, sq.m	Warehouse complex/ Address
Major	Logistics company	30 000	STC
Marvel-Distribucya	PC equipment	14 000	Logistic park Shushary
Mir Instrumenta	Instruments	5 100	Interterminal-Trade
Quattro	Alcohol products	5 100	Interterminal-Trade
TD «Intertorg»	Food manufacturing	4 500	«Kolpin» manufacture building
Nippon Cosmetic	Cosmetics	2 150	Salova st.
WineDom	Alcohol products	1 130	Crossroad of Piskarevsky pr. and Volgo-Donsky pr.

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

In Q1 2012 demand for warehouse property came mainly from Russian manufacturing companies (light, food and pharmaceutical industries) and retail companies. Major categories in the structure of demand according to tenants' specialization were the following: auto salons and goods – 15%, construction – 11%, equipment – 10%, heavy industry – 9%, logistics companies – 7%. The highest demand among tenants was for premises 200 – 1'000 sq.m and 1'000 – 2'000 sq.m area.

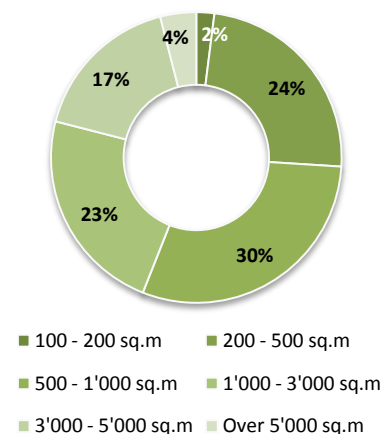
Vacancy rates and commercial terms

Due to the deficit of quality warehouse space vacancy levels continued decreasing: to 5.7% in class A, to 2.5% in class B. However there is no increase of rental rates for warehouse space because most of the contracts are long-term (rates grow within indexation limits indicated in contract terms).

In Q1 2012 rental rates level in class A was 183 USD/sq.m per year, net of VAT, including OPEX and utilities. In class B rental rates in the first quarter of the year were around 138 USD/sq.m, net of VAT, including OPEX and utilities. In the future rental rates level is expected to rise gradually.

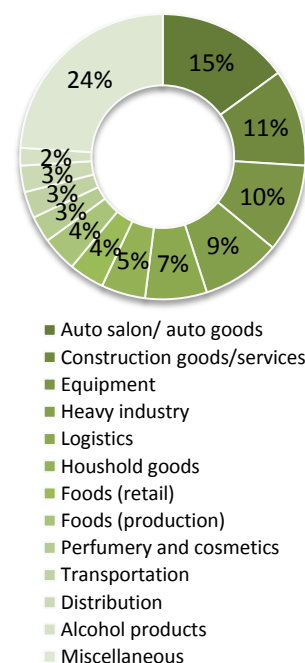
Conditions of project financing have improved – banks are now ready to provide credit lines for new warehouse construction and to consider different options of refinancing owners' costs.

Structure of demand for warehouse space by area



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

Distribution of warehouse space tenants by specialization



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

Development forecast for warehouse market in 2012

Class A:

Vacancy level – 4-7%
Rental rates – 180-190 USD / sq.m per year, net of VAT, including OPEX and utilities

Class B:

Vacancy level – 1-3%
Rental levels – 140-150 USD / sq.m, net of VAT, including OPEX and utilities

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ASTERA an alliance member of BNP Paribas Real Estate is an international company, which renders professional services in commercial and elite residential real estate. The company has been actively operating on the Russian market since 1992. Companies' offices are located in Moscow, Saint-Petersburg and Kiev.

ASTERA is a partner company to BNP Paribas Real Estate in Russian and Ukraine. BNP Paribas Real Estate is a leading international company in real estate sphere, which occupies leading positions among the consulting companies on the European market in terms of turnover volume by the results of 2009, according to an annual rating of authoritative publication Property Week.

Alliance with BNP Paribas Real Estate gives the ASTERA specialists an opportunity to represent the clients' interest abroad and to attract foreign investment to the Russian development projects.

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- 'In-house' exclusive data base comprising 30'000 projects of retail, office, warehouse and elite residential real estate;
- Over 6'000'000 sq.m of commercial real estate space have been realized by the consultants of ASTERA company since 1992;
- Over 8'500 transactions concluded on the commercial real estate market of Russia and Ukraine;
- Over 4'000 companies, including the major international and Russian financial, investment, retail and industrial corporations and chains are now clients of ASTERA

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