



INVESTMENT MARKET SNAPSHOT

RUSSIAN FEDERATION

April-May 2010



QUOTE OF THE MONTH



Sayan TSYRENOV
Senior consultant
Capital Markets

"The announcement last week of 2010's initial classic investment deal provides the first hard transaction evidence post crisis. Capital Group closed on the sale, agreed in Q4 last year, of Capital Plaza BC to VTB Capital for \$ 180m or \$4,600 per leaseable sqm. Shortly, after this announcement another appeared describing Acron's sale of 32 Bakhrushina St to UFG Real Estate Fund for \$35m or \$8,700 per leaseable sqm. Most recently, it was announced that Russian pharmaceutical firm Pharmstandart purchased the entire 62,700 leaseable sqm in Block 2 & 3 of Northern Tower in Moscow City. These announcements mark the beginning of what we expect will be an acceleration in deals where, barring any systemic shocks, we are likely to see pre-crisis cap rates by year-end for the very best product. Development and other high yield opportunities will gain currency."

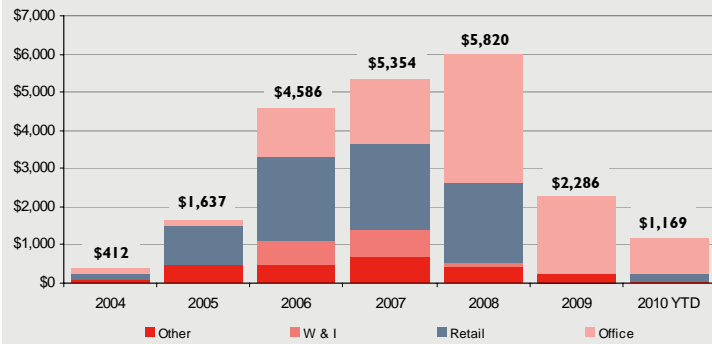
Moscow Office prime yield	10 %
Moscow Class A / B+ Rental Rate ¹⁾	\$660 / \$420
Moscow Retail prime yield	11 %
Moscow Retail indicator ²⁾	\$2,200 / sq m
Moscow Industrial prime yield	12 %

¹⁾ Base asking rental rates per sq. m per annum. Rents exclude OPEX and VAT.
²⁾ Rental rate indicator represents equivalent rental rate one will have to pay in order to lease average shop in retail gallery within prime shopping center in Moscow

Q2 2010 DEAL STATISTICS

No	Property	Region	Type	Investor(s)	Deal amount	Source
1	Northern tower	Moscow	Office	Pharmstandart	\$ 260,000,000	media
2	Western gates	Moscow	Office	Evrax group	\$ 160,000,000	media
3	BC Bakhrushina 32	Moscow	Office	UFG Real Estate II	\$ 35,000,000	media
4	Regent Hall	St. Petersburg	Office+Retail	Renaissance Development	\$ 25,500,000	media
5	Capital Plaza	Moscow	Office	VTB Capital	\$ 180,000,000	media

DEALS BREAKDOWN, bn USD



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The graphics is compatible with Adobe Acrobat ver. 8.0 and lower.

CAP RATES IN SELECTED EUROPEAN COUNTRIES Q1 2010

	Retail (Shops)	QoQ chg. bps	Retail (SCs)	QyQ chg. bps	Office	QyQ chg. bps	W&I	QyQ chg. bps
Austria	4.6%	(-10)	6.1%	-	5.5%	-	7.5%	-
Belgium	5.0%	(-25)	5.5%	-	6.2%	(-5)	7.8%	-
Czech Rep	6.8%	(-10)	6.8%	(-25)	6.8%	(-10)	8.8%	-
Denmark	5%	-	6%	-	5%	(-50)	7.5%	-
Finland	6.5%	-	6.3%	-	6.5%	-	8%	-
France	5.0%	-	5.3%	(-25)	5.5%	(-25)	8%	(-25)
Germany	4.2%	-	5.4%	-	5.1%	(-5)	6.9%	(-5)
Greece	6.5%	(+50)	6.5%	-	7.6%	(+10)	8.1%	(+10)
Hungary	7.5%	(-25)	7.5%	-	7.8%	(+25)	9.5%	-
Ireland	6.4%	(-10)	7.5%	-	7.5%	-	8.3%	-
Italy	5.0%	-	6.5%	-	6.0%	-	8%	-
Netherlands	4.8%	(-20)	6.9%	(-10)	6.5%	-	7.8%	(-10)
Norway	5.8%	-	6.5%	-	6.0%	(-25)	7.5%	(-25)
Poland	9%	(-25)	7%	(-75)	7%	-	8.5%	-
Portugal	6.3%	(-25)	6.3%	(-25)	7.0%	(-25)	8.3%	-
Spain	5%	-	6%	(-25)	6%	-	8%	-
Sweden	5.5%	(-25)	5.5%	(-25)	5.5%	(-25)	7%	(-50)
Switzerland	4.5%	-	5.5%	-	4.5%	(-25)	6.8%	-
Turkey	8.3%	(-50)	9.5%	-	8.5%	(-25)	9.3%	-
Ukraine	17%	-	14%	-	16%	-	17%	-
UK	4%	(-25)	6%	(-50)	5%	(-25)	6.3%	-

RUSSIA: ECONOMIC SUMMARY

	2003	2004	2005	2006	2007	2008	2009	2010F	2011F	2012F
GDP, YoY %	7.3	7.1	6.4	7.7	8.1	5.6	-7.9	5.5	3.8	5.4
GDP, bn US\$	431.9	591.7	764.6	985.1	1,289.5	1,671.4	1,230.7	1,503.8	1,776.1	2,033.3
Industrial Output, YoY %	7.0	6.1	4.0	3.9	6.3	2.1	-10.8	8.1	5.3	6.0
Real Disposable Income, YoY %	14.9	8.4	11.1	10.2	10.4	2.7	2.3	4.1	3.4	3.0
CPI, YoY %	12.0	11.7	10.9	9.0	11.9	13.3	8.8	7.5	8.0	6.3
Retail trade turnover, YoY %	8.8	13.3	12.8	13.0	15.2	13.0	-5.5	4.6	6.8	7.4
Annual Exports, bn US\$	135.9	183.2	243.8	303.9	369.5	472.0	303.7	409.7	442.0	457.4
Annual Imports, bn US\$	76.1	97.4	125.4	164.7	215.1	291.8	191.8	255.1	275.1	284.7
Current Account Balance, bn US\$	35.4	58.6	83.6	94.5	76.6	98.9	49.0	88.5	104.1	112.2
RUR/US\$, eop	29.45	27.75	28.78	26.33	24.55	29.39	30.19	28.24	26.84	27.47
RUR/US\$, avg	30.66	28.81	28.28	27.19	25.58	24.85	31.74	29.13	27.69	27.18

Source: URALSIB Capital, May 19, 2010

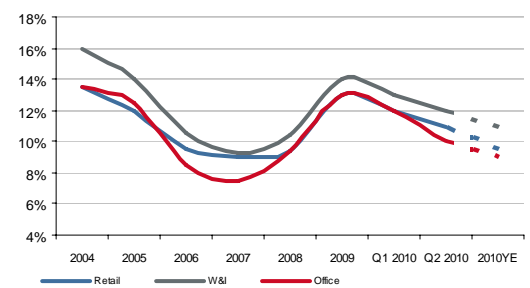
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RUSSIA 2010 AND UST 10



ANNUAL AVERAGE YIELDS IN MOSCOW



REGIONAL PRIME YIELD UPDATE

	St. Petersburg	RF Regions	Kazakhstan
Office	11%	14.5%	18%
Shopping Centers	12%	13%	18%
Industrial	13%	14.5%	18%

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OFFICE

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GENEVA HOUSE
Petrovka str., 5
On the market: 11,700 sq m
Class A



WORLD TRADE CENTER Phase III
Krasnopresnenskaya nab., 12
Vacant Area: 25,750 sq m
Class A



DIAMOND HALL
Olimpiyskiy prosp., vl. 12/16
Available area: 33,470 sq m
Class A



ARBAT I
Arbat str., 1
Total area: 37,019.2 sq m
Class A



SEVASTOPOL'SKIY PROSP., 43A
Total area: 5,660 sq m
Class A



YAROSLAVSKAYA STR., 8, BLD.3
Total area: 4,580.8 sq m
Class B

INDUSTRIAL

Contact: **Alexander Nikishov** Alexander.Nikishov@eur.cushwake.com



WH COMPLEX SALARIEVO
Kievskoe 2km from MKAD
Total: 20000 sq m
For Lease 10000
Class A



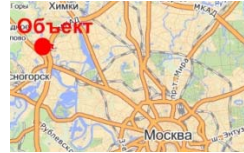
PNK CHEKHOV
Simferoplskoye 50 km from MKAD
Total 320 000 sq m
Phase II 34000 sq m (IV 2010)
Class A

LAND

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SETTLEMENT LANDS,
Yekaterinburg, Studencheskaya st.
Area: 5.45 ha
The permission of construction a shopping complex is received



LAND PLOT
Moscow, Mitino district, Pyatnitskoe highway
Area: 4 ha
Project documentation for construction a shopping complex is approved.
1st construction stage is completed, the mall is functioning.



SHOPPING CENTER
Moscow, Nizhegorodskaya st.
Lease of retail premises in constructing shopping center.
Great location for the Cash&Carry store, DIY, electronic, furniture center.



FORMER INDUSTRIAL COMPLEX
Moscow, Ryazansky prospect
Sale/lease of retail premises in 11,000 sq m and 17,000 sq m buildings
First line of Ryazansky prospect
Large production capacities are available



KLIN, SERPUKHOV, SERGIEV POSAD
Sale of operation shopping centers loaded with tenants

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Hotel MOSKVA, Moscow
2, Okhotny Ryad Street
GBA: 200,000 sq m
GLA: 27,000 sq m
Opening: 1Q 2011



SEC VEGAS, Moscow
Intersection of 24th km of MKAD and Kashirskoe highway,
GBA: 398,000 sq m
GLA: 130,000 sq m
Opening: June 2010