



Financing of *Investment* Projects in Russia

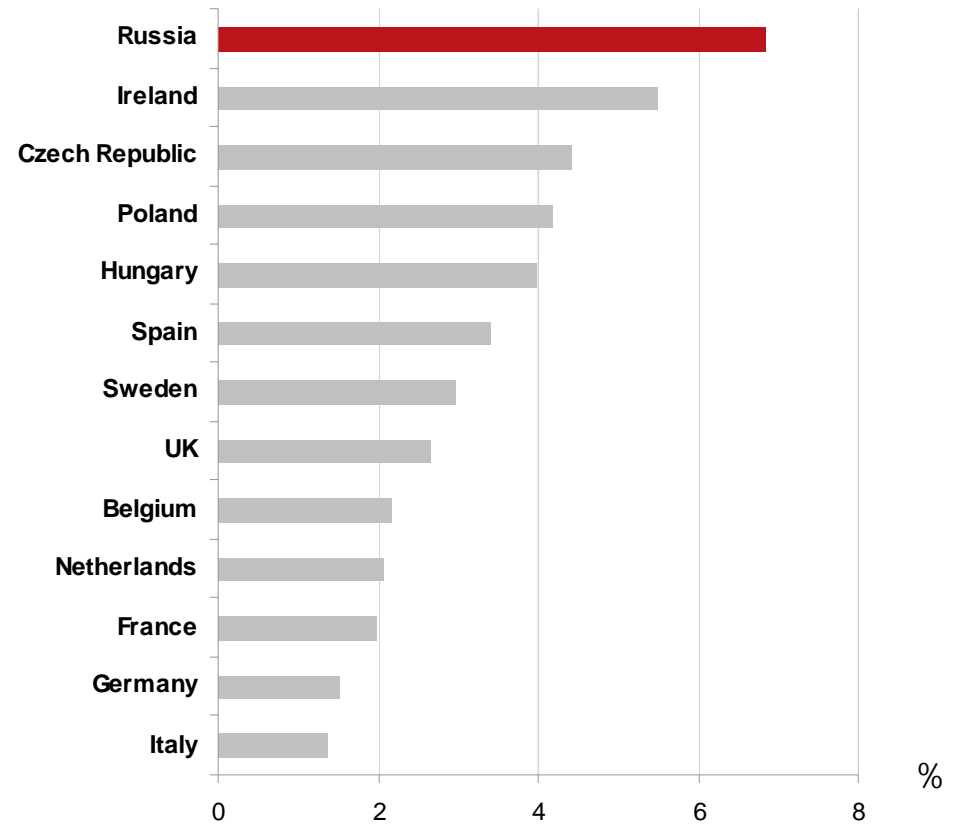
Vladimir Pinaev
Managing Director
Russia and CIS
Jones Lang LaSalle



Europe's New *Tiger* Economy



Real GDP Growth per Annum
(average 2000-2007)



Russian economy has been the champion of growth in Europe

Source: EIU, Jones Lang LaSalle Research

Not So Much an Oil Economy

Russian GDP Structure, %

	2006 Share	2003-06 CAGR
Construction	5.1	12.0
Wholesale and retail trade	16.8	10.2
Financial services	3.7	9.9
Transportation and telecoms	8.4	8.6
Processing industry	16.6	6.7
Mineral extraction	9.1	5.3

Construction -- not oil, gas or metals -- has recently been the fastest growing sector

Retail trade and financial services have also outperformed

Source: Rosstat, Jones Lang LaSalle

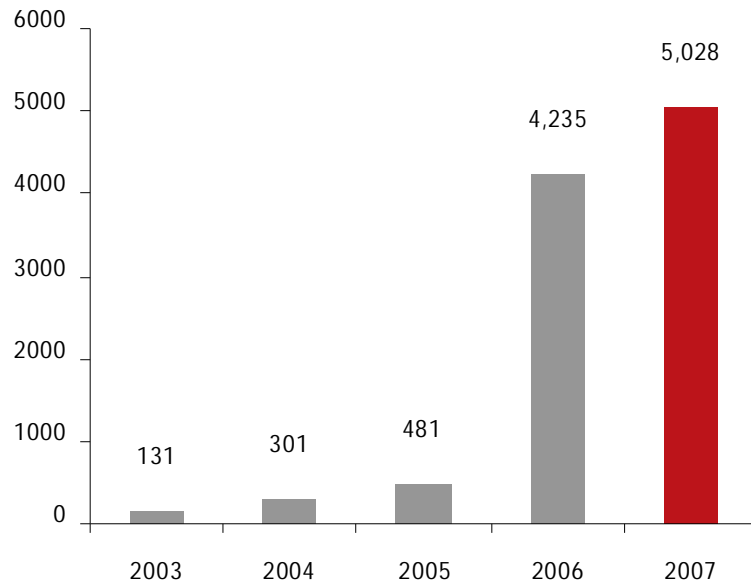


Investment *Opportunities* In Russia

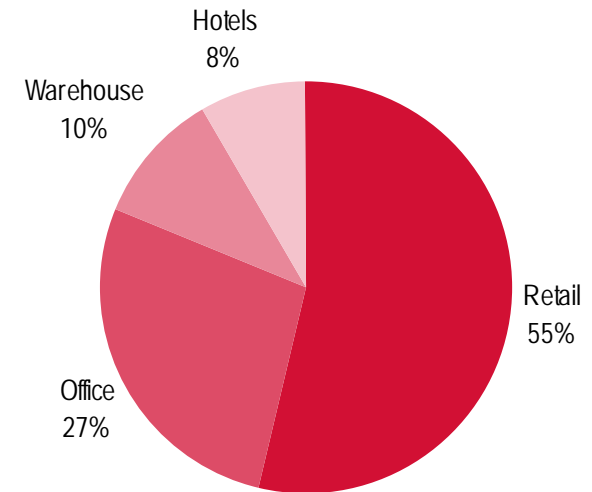


Russian Real Estate Investment Volume

Investment Volume Dynamics (mn \$)



Investment Volume by Sector, 2007



Real estate investment volume in 2007 reached \$5 bn, growing by 16 %

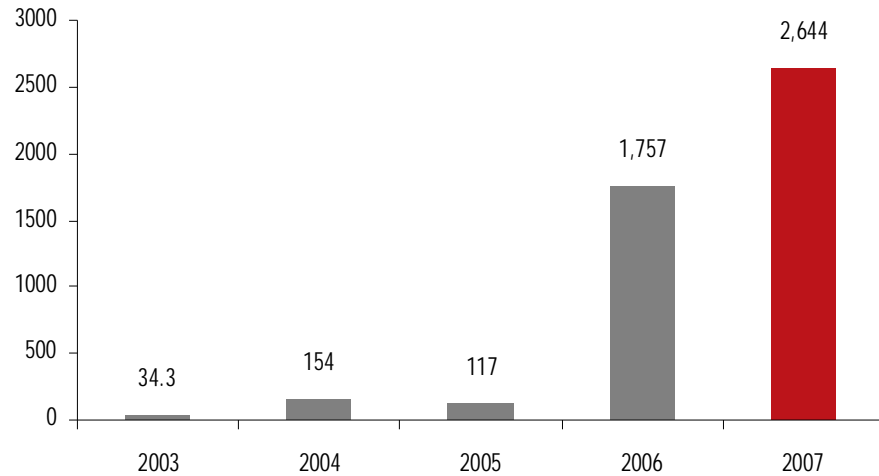
Retail properties continue to attract the bulk of investment

* Investment deals, excluding share acquisitions of less than 30% of assets for own occupation, land acquisitions, JVs

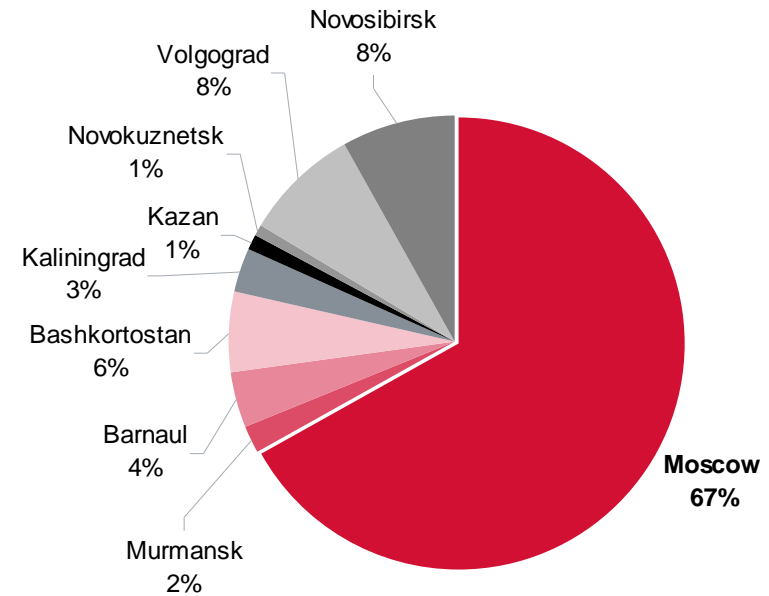
Source: Jones Lang LaSalle Research

Retail Investment Dynamics

Investment Volume Dynamics (\$mn)



Retail Investment Volume Breakdown



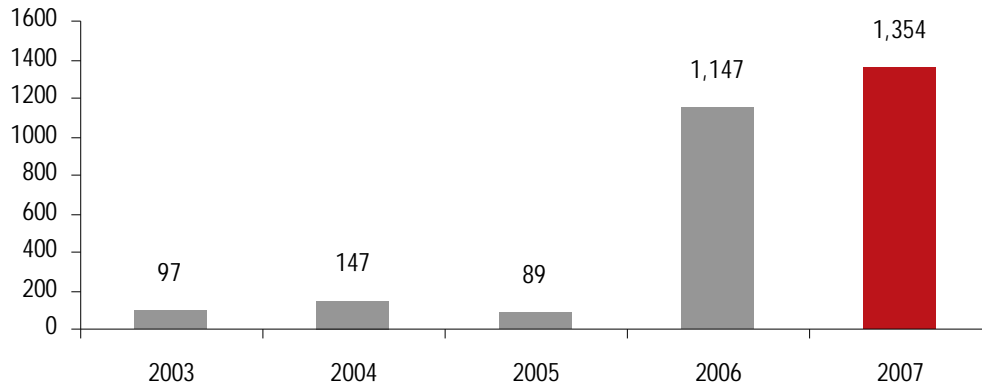
In 2007, 55% of the total investment volume in Russia went into retail assets. Yet, a deficit of quality premises, meeting international investment grade standards, limits the scope of investment activity

Over the next few years, Moscow retail market will continue its fast-paced development, while the competition from regional cities is growing

Source: Jones Lang LaSalle Research

Office Investment Dynamics

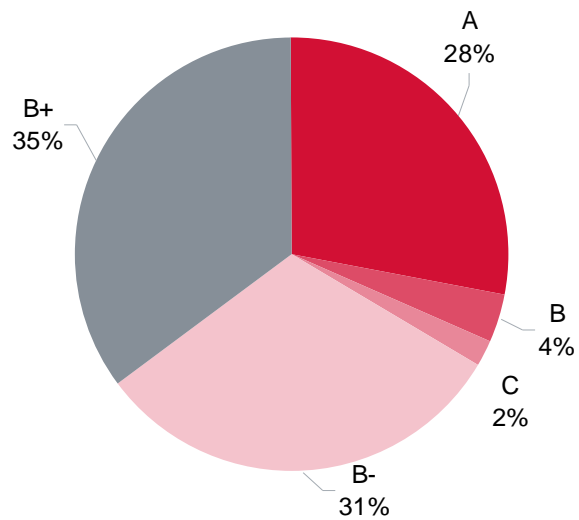
Investment Volume Dynamics (\$mn)



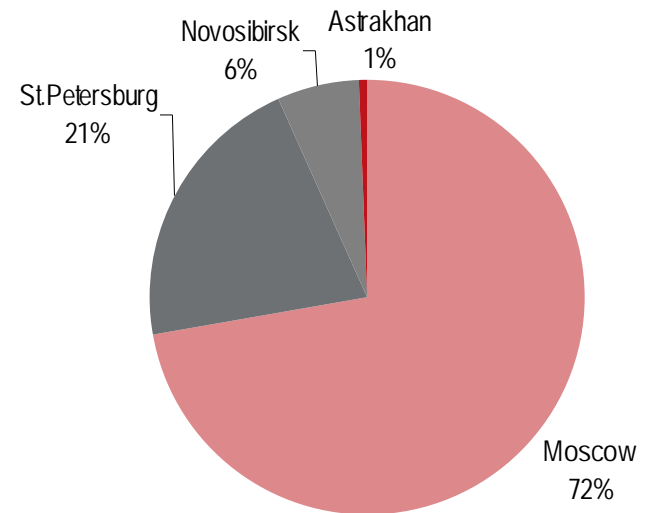
Moscow office yields continue to harden but still exceed the European average by 3-4 pps

High returns have attracted new investors into the market

Destination of Investment Capital

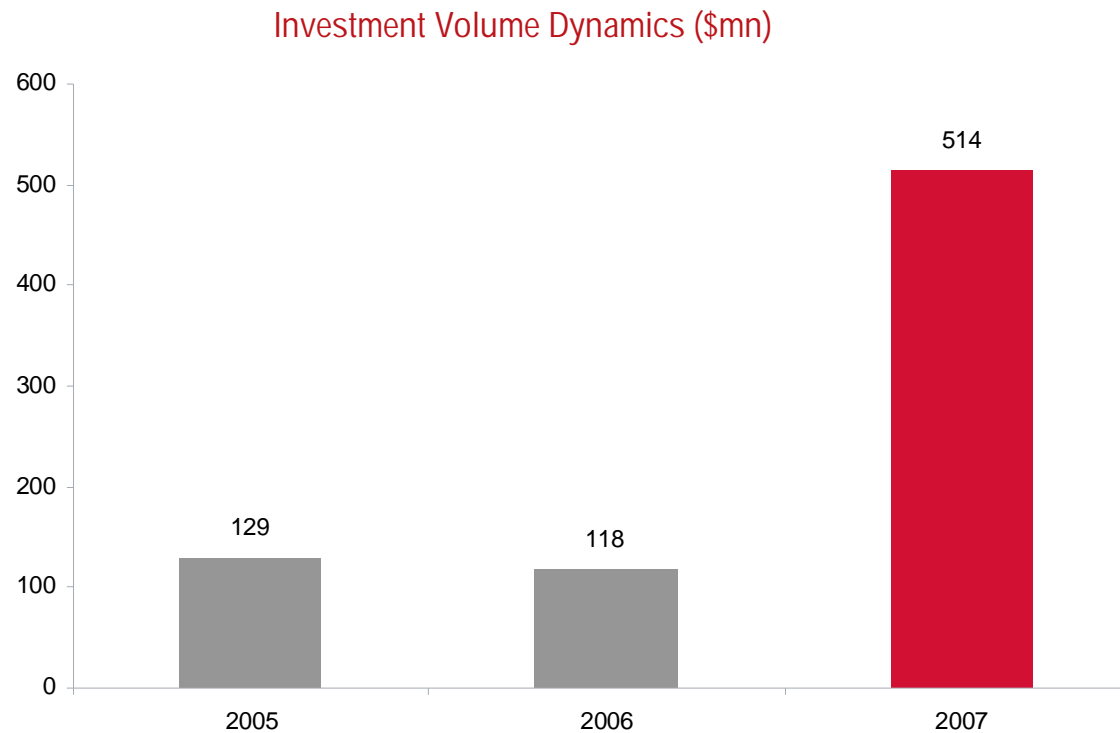


Office Investment Volume Breakdown by City



Source: Jones Lang LaSalle Research

Warehouse Investment Dynamics



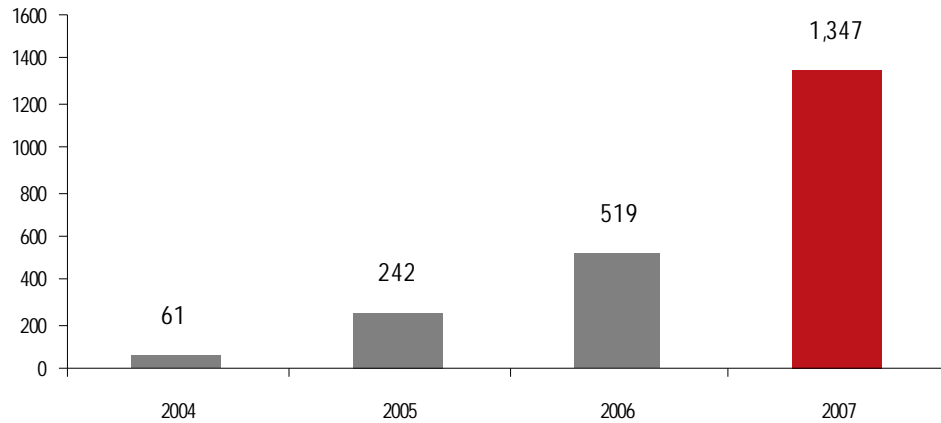
Russian warehouse market is entering a very active stage of development. We expect to see a strong increase of investment grade warehouse stock on the back of declining risks and favorable returns

Investment volume in 2007 has increased by 77%

Source: Jones Lang LaSalle Research

Regional Real Estate Investment Market*

Investment Volume Dynamics (\$mn)

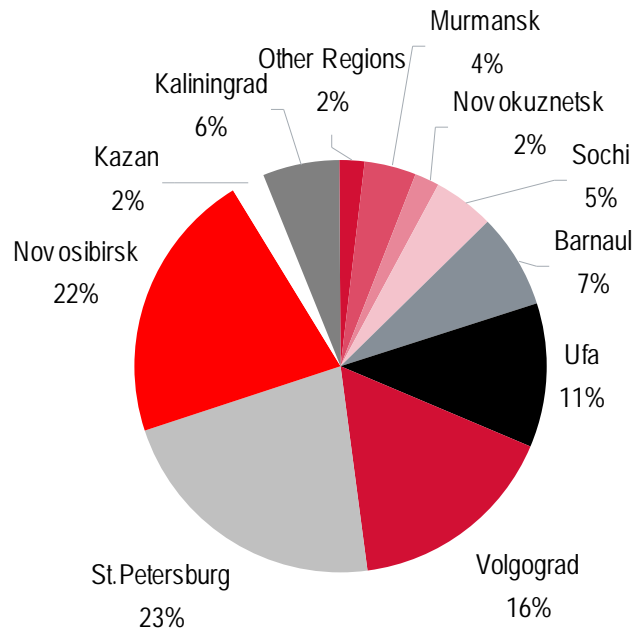


Since 2004, over \$2 bn was invested in regional commercial real estate

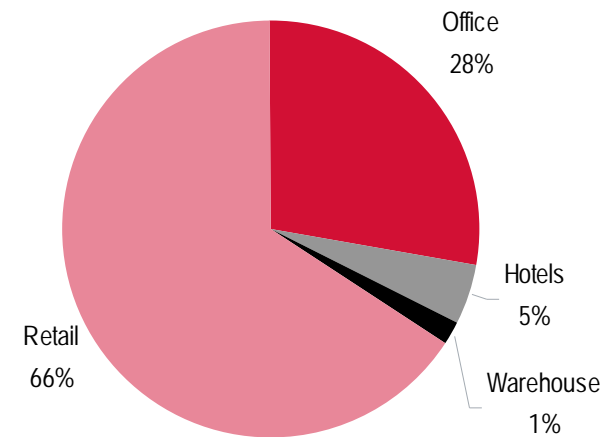
However, the regional market is characterized by a limited stock of modern properties, which restrains investment market growth

The retail segment is even more dominant in regional transactions

Regional Investment Volume Breakdown by City



Regional Investment Volume Breakdown by Segment



* Including St. Petersburg

Source: Jones Lang LaSalle Research



Current *Yields*



Real Estate Investment Yields, Q4 2007

Moscow

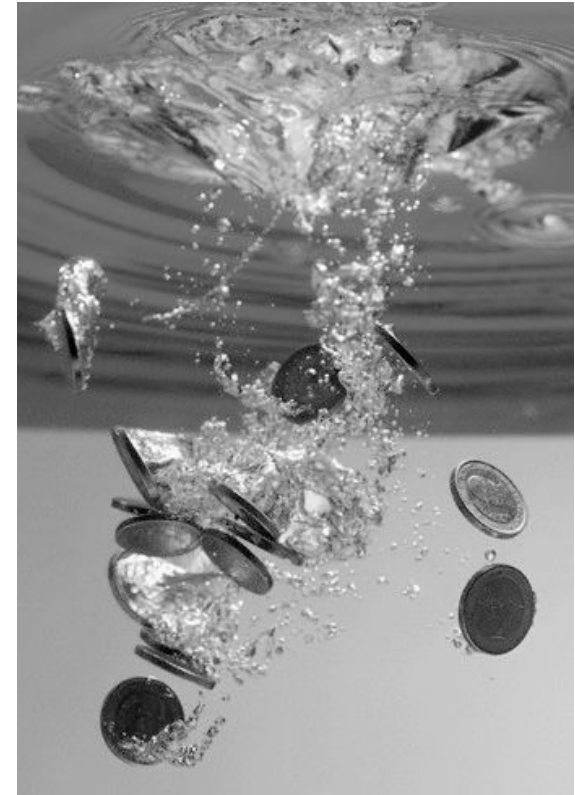
Office	8.0 - 8.5 %
Retail	8.5 - 9.0 %
Warehouse	9.75 - 10.25%

St. Petersburg

Office	8.5 - 9.0 %
Retail	9.0 - 9.5 %
Warehouse	10.25 - 10.75%

Millionniki

Office	10.0 - 11.0 %
Retail	10.0 - 11.0 %
Warehouse	12.0 - 12.5%

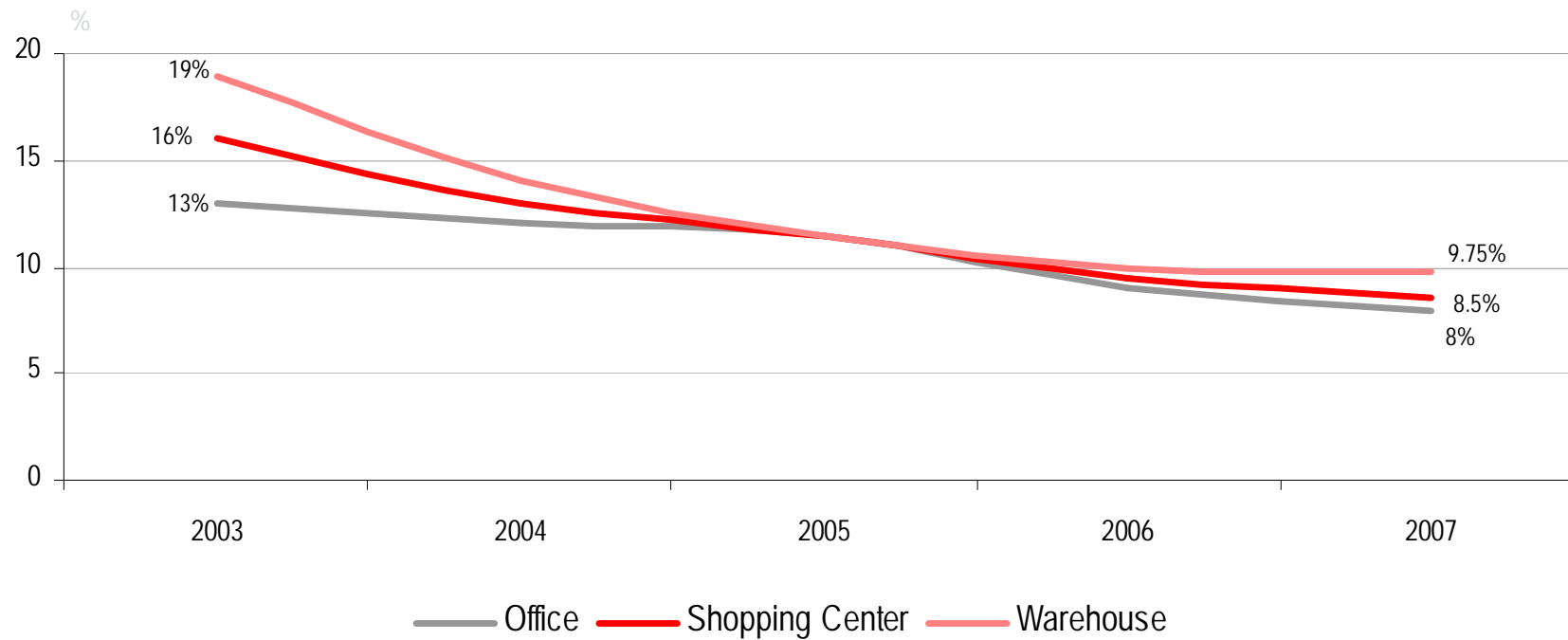


Russian cities continue to offer high yields

* Investment deals, excluding share acquisitions of less than 30% of assets for own occupation, land acquisitions, JVs

Source: Jones Lang LaSalle Research

Excess Liquidity & Prime Yield Compression in Moscow

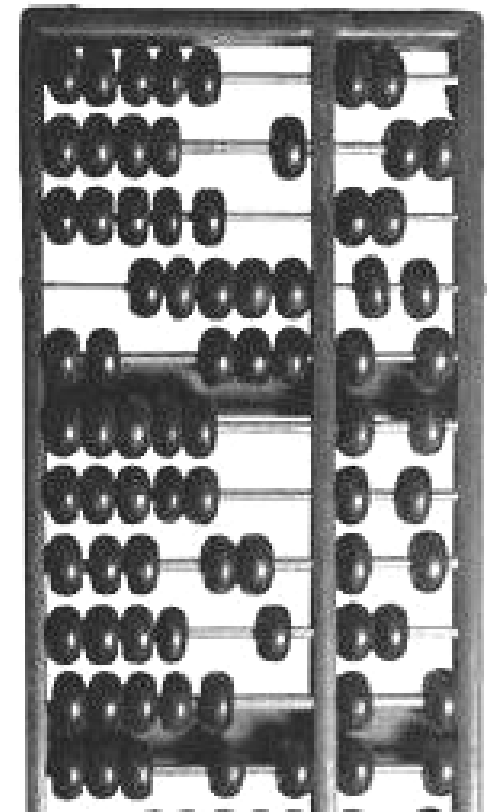


Ample liquidity continues to drive yield compression. The credit crunch has only slowed this trend

Source: Jones Lang LaSalle Research

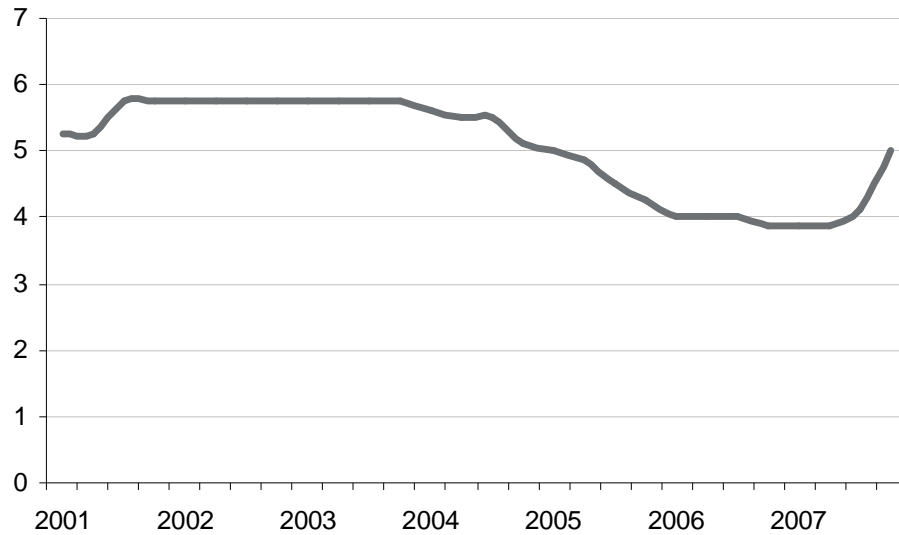


Impact of the Credit *Crunch*

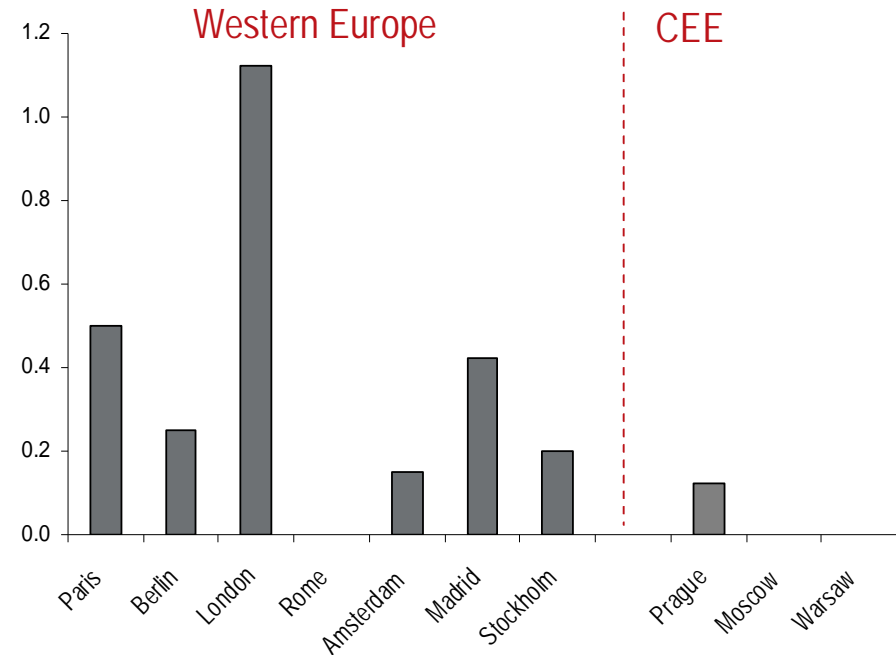


Impact of the Global Liquidity Crisis

Prime Office Yield Dynamics in London, (pps)



Prime Office Yield Change, Q2-Q4 2007 (pps)



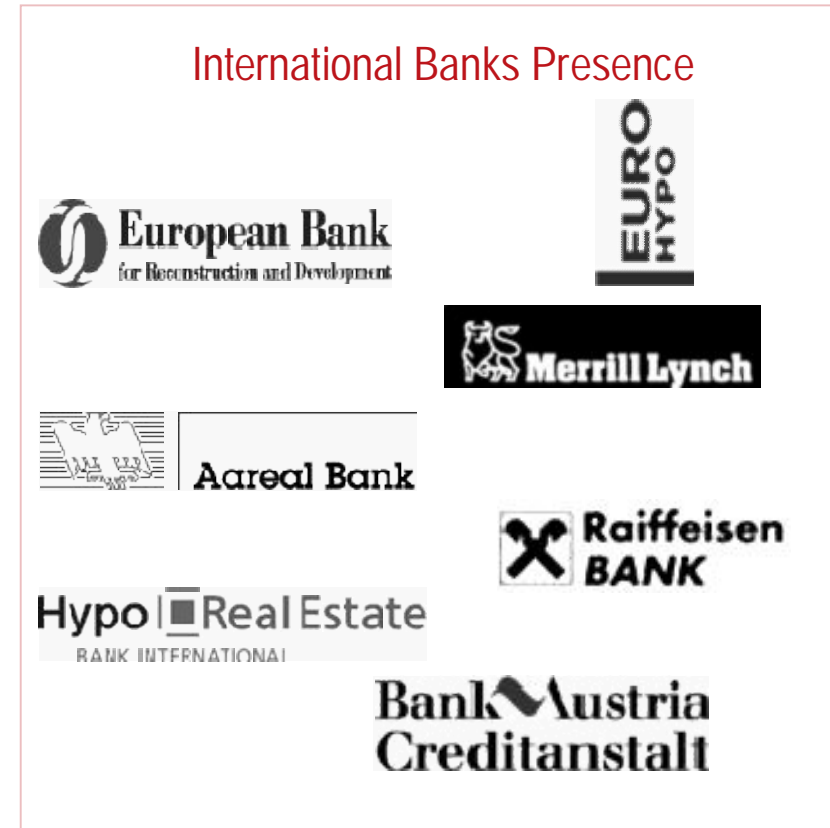
Liquidity crisis raised yields in Western Europe, especially in London (+112 bps in Q2-Q4 2007)

Yields in CEE and in Russia have largely not been affected

Source: Jones Lang LaSalle

Current Financing Terms

- Typical European mortgage banks lending terms for an investment loan:
 - LIBOR + 350-400 bps*
 - 65 - 70% Loan-To-Value (LTV)
 - 17 - 20 years amortization period
 - 5 - 10 year loan term

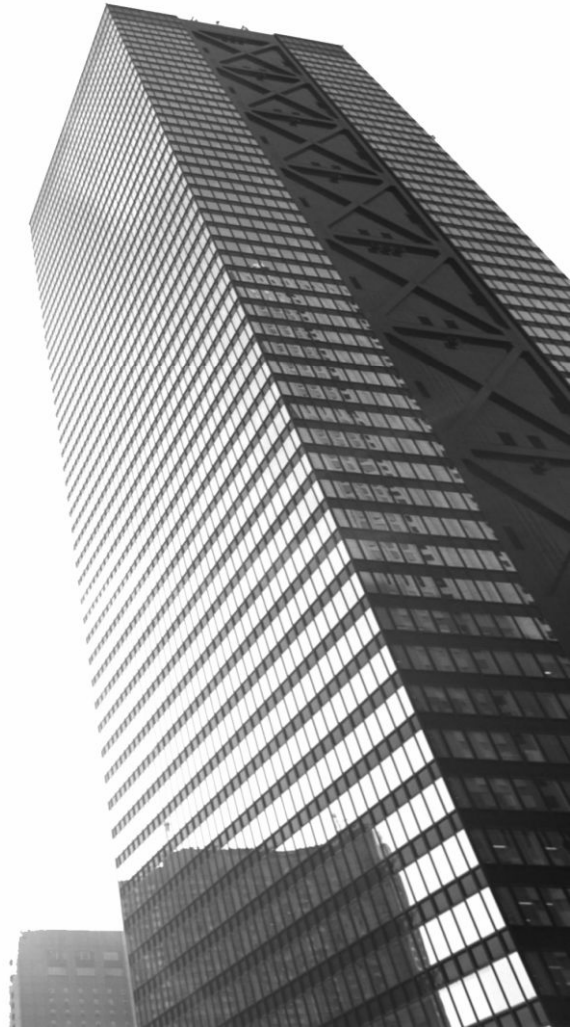


* The credit crunch has created significant difference in financing terms

Source: Jones Lang LaSalle Research



Real Estate *Investors*



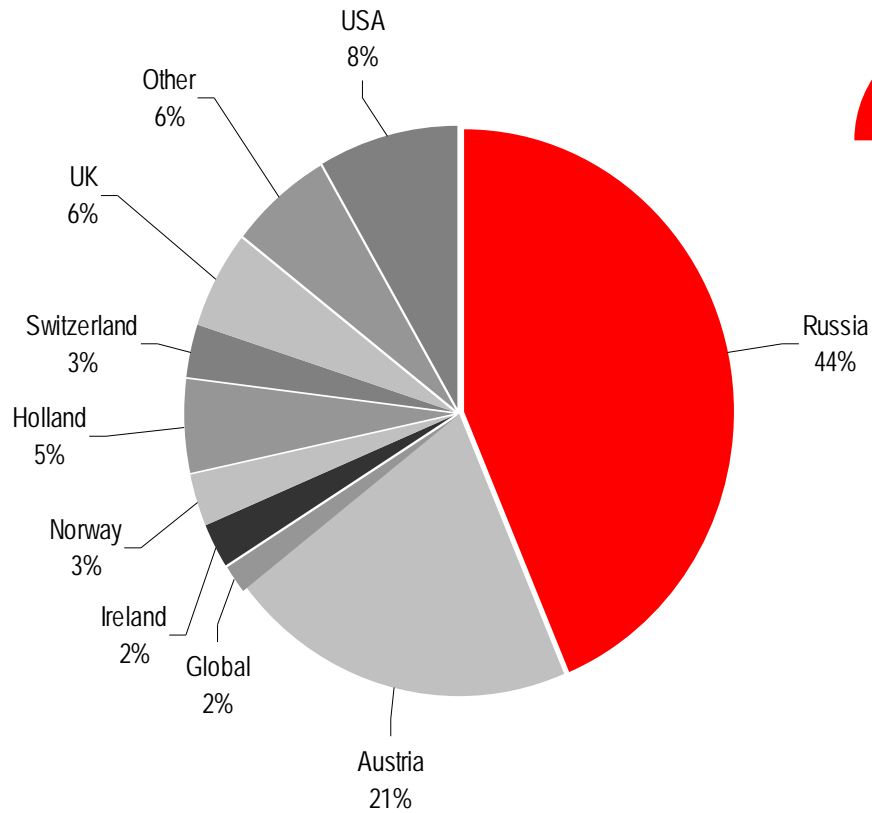
Largest Foreign Investors Into Russian Market



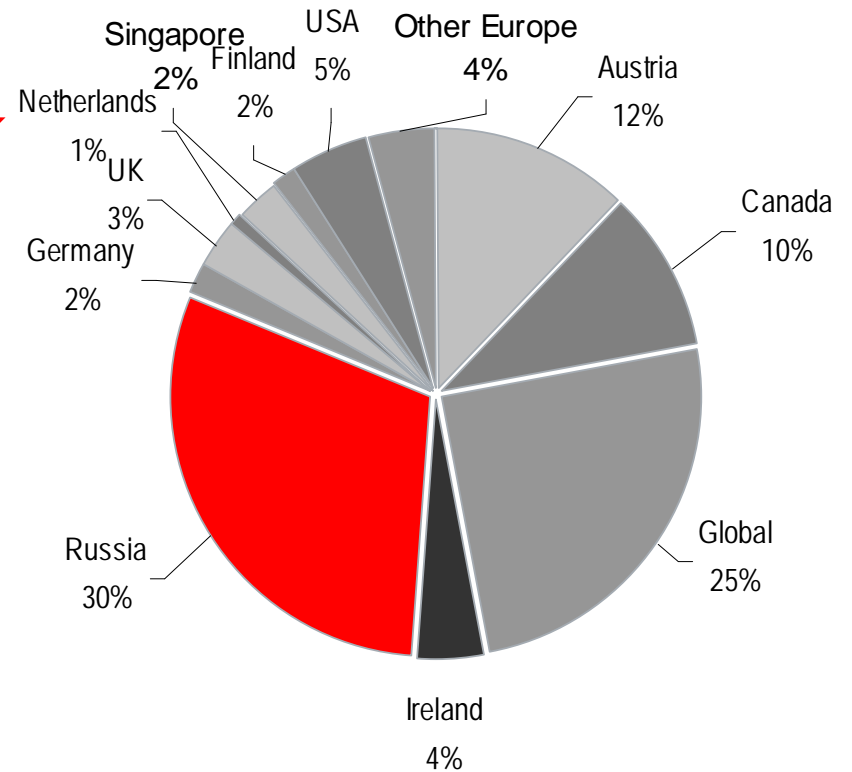
A broad variety of investors has been active on the market

Changing Face of Investment

Investor Origin By Volume, 2006



Investor Origin By Volume, 2007



International investors have been a dominant force, capitalizing on positive market development

Source: Jones Lang LaSalle Research



Debt vs. Equity *Financing*



Debt Financing & Refinancing in Russia



Selected Financing Deals, 2007

Bank	Financed Projects
HSN Nord Bank	International Airport Sheremetyevo
EBRD	St.Petersburg Technopark, IKEA development projects
Promsvayzbank	Victoria Multifunctional Project in Perm
Deutsche Bank	STT Group projects, DB Development projects, PIK projects, LSR Group projects in St. Petersburg
Merrill Lynch	RTM Development projects in Russia
EuroHypo	Leto shopping center in St. Petersburg

Selected Refinancing Deals with Foreign Capital

Property	Lender	Amount	Borrower
Sistema Hals projects	VTB	\$500 mn	Sistema Hals
SC Passazh	Deutsche Bank	\$120 mn	STT Group
Pushkino Logistic Park	Eurohypo	\$130 mn	Capital Partners and Lone Star Ventures
Capital Plaza	Eurohypo	\$130 mn	Capital Group
Ritz Carlton	Merrill Lynch and Aareal Bank	\$205 mn	Capital Partners

Debt deals have become more frequent and show increasing transaction size

Increased IPO Activity

Completed IPOs, 2007

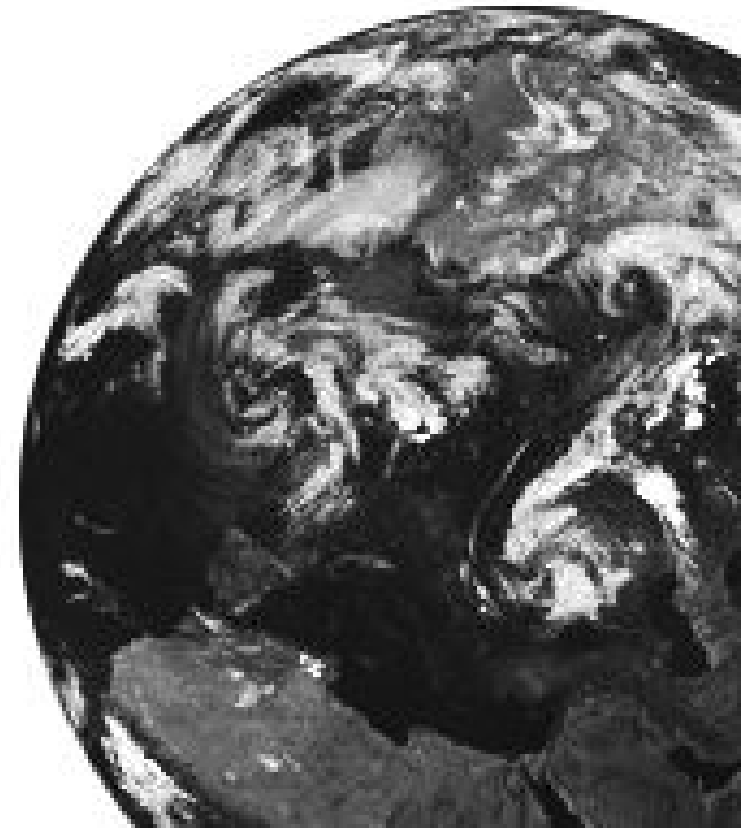
Issuer	Origin	Place of issue	Underwriters/ Lead Managers	% of issued shares	Raised funds	Capitalization after IPO
AFI Development	Israel	LSE	Morgan Stanley, Deutsche Bank, Goldman Sachs	19.1%	\$1.4 bn	\$ 7.3 bn
RTM Development	Russia	RTS	ING, KIT Finance	25.8%	\$80 mn	\$650 mn
PIK	Russia	LSE, RTS	Morgan Stanley, Deutsche Bank, Nomura	15.0%	\$1.8 bn	\$12.3 bn
LSR	Russia	LSE	Deutsche Bank, ABN Amro, Credit Suisse	12.5%	\$1-1.5 bn	\$6.8 bn

Several large IPOs have been complete last year

Source: Jones Lang LaSalle Research



Russian Market In the *Global* Perspective



Investing In Future Growth

European Real Estate Investment Volumes,
2006 (\$mn)

2 0 4 5

UK	105,401
Germany	64,961
France	31,667
Russia	4,235

Russia is on the path on European leadership

Source: Jones Lang LaSalle Research

The only real estate money management and services firm named to Forbes magazine's Platinum 400

More than 150 offices worldwide operating in over 450 cities covering 50 countries across the globe

\$40.6 billion of assets under investment management

Truly international real estate services firm operating for over a decade in Moscow with offices in St. Petersburg, Almaty and Kiev. Team of 280 real estate professionals in Russia & CIS



Best Property Advisor 2006
Netherlands



Best Global Advisor for
Research



Best Advisor in
Western Europe



Best Real Estate Agency
Poland



Agency of the Year
CEE (3 years running)



Consultant of the Year
Russia (2004, 2006, 2007)



Retail Agent of the Year
Birmingham, UK



Investment Agent of the Year
Birmingham, UK

Contact

Vladimir Pinaev
Managing Director

Vladimir.Pinaev@eu.jll.com

+7 495 737 8000

www.joneslanglasalle.ru
