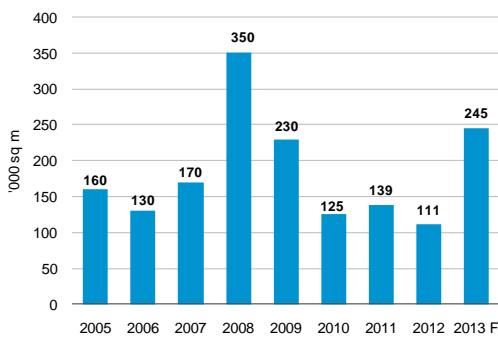


**KEY OFFICE MARKET INDICATORS
END OF Q3 2013**

Index	Value
Total stock	1.86 mln sq m
Net absorption, Q1-Q3 2013	109 thous. sq m
Vacancy	9.7%
A class rental rate	\$481/sq m/year*
B class rental rate	\$354/sq m/year*

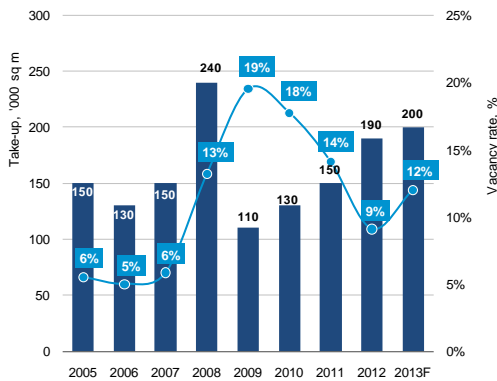
* Rental rates include OPEX and exclude VAT

COMPLETIONS DYNAMICS



Source: Colliers International

TAKE-UP AND VACANCIES



Source: Colliers International

Office Market

SUPPLY

- The total A & B class office stock at the beginning of Q4 2013 reached 1.86 mln sq m, with 594,500 sq m of A class office space, and 1,268,400 sq m of B class office space.
- Four office buildings were put into operation in Q3 2013 totaling 46,810 sq m of quality office space. A class stock increase amounted to 32,950 sq m, B class – 13,860 sq m. The largest completed project was 2nd phase of Technopolis Pulkovo office building with gross leased area of 18,750 sq m. Also, Renaissance Development completed office building Renaissance Premium adding 14,200 sq m to the market.
- Nine office buildings with total rentable area of around 150,000 sq m are expected to be put into operation until the year-end. Thus, the total quality office stock will grow by 13% or 245 thous. sq m throughout 2013.
- In total, there are around 40 office buildings currently under construction with total rentable area of 420,000 sq m. The majority of these projects belong to A class, which shows that developers are focusing on modern, high quality projects.

DEMAND

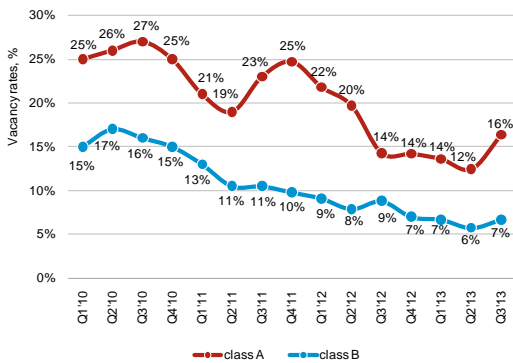
- In Q3 2013 the market demonstrated seasonal decline of demand for office space, which reflected in the amount of net absorption. Net absorption volume in the third quarter reached 28,600 sq m (absorption volume in H1 2013 reached 80,000 sq m).
- As previously, the major share of requests for office space ranges between 300 and 500 sq m, yet the number of large area deals (from 1,000 sq m) remains at a high level. According to our data around 20 major deals were closed in H1 2013 (from 1,000 sq m).
- The growing trend of pre-let deals in the under construction projects with completion date within six months has been observed in the third quarter. For instance, the company Technopolis put into operation the second phase of office building Technopolis Pulkovo with occupancy level at 36%. Likewise, the management company of business centers Senator leased 12,300 sq m in the almost finished building Senator located on the Professor Popova Str. Gazprom Export will become the key tenant of this building.

TABLE 1. Office buildings completed in Q1-Q3 2013

No	Name	Address	Class	Rentable area, sq m
1	Osen'	2A, Zhukova str.	A	6,700
2	Kontinent na Bukharestskoy	30, Bukharestskaya str.	B	4,000
3	Alpiyskiy	29A, Alpiyskiy per.	B	3,400
4	Moscow 4th ph.	2A, Alexanra Nevskogo sq.	B	3,000
5	Renaissance Pravda	12-14, Khersonskaya str.	A	19,260
6	Preobrazhenskiy	26, Liteiniy pr.	A	10,200
7	Krol (Magnitogorskaya 51)	10A, Energetikov Pr.	B	4,320
8	Technopolis 2 ph.	36-38, Pulkovskoe av.	A	18,750
9	Basel	23, Novgorodkaya str.	B	9,540
10	Renaissance Premium	14, Reshetnikova str.	A	14,200
TOTAL				93,370

Source: Colliers International

VACANCY RATE DYNAMICS



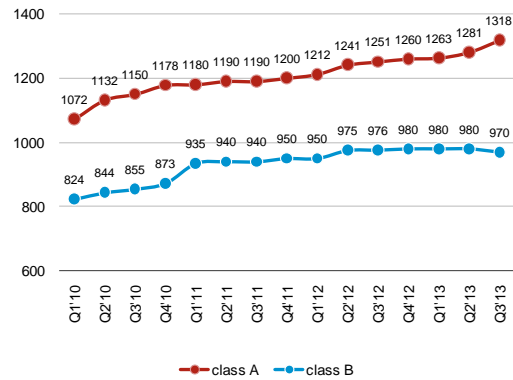
VACANCY RATE

- The volume of vacant office space has slightly increased from 7.8% to 9.7% in Q3 2013. At the end of September the total vacant space in office buildings of class A and B reached around 180,000 sq. m. The growth of vacancy rate is primarily due to low occupancy rate in recently completed offices.
- The opening of new office buildings at the end of 2013 will lead to further increase of vacancy rates. However, we expect the alignment of temporary imbalance over the next year.

RENTAL RATES

- In Q3 2013 the rouble-denominated rents in class A showed slight increase and reached RUB1,320/sq m/month (\$481/sq m/year), including operating expenses, net of VAT. The average rental rate in the previous quarter was RUB1,280/sq m/month.
- There has been a slight reduction of rental rates in class B offices from RUB980/sq m/month (\$372/sq m/year) to RUB970/sq m/month (\$354/sq m/year), including operating expenses, net of VAT.
- USD-denominated rents decline is mainly explained by the appreciation of the US dollar against the rouble (31.62 rubles per \$1 in Q2 2013 and 32.90 rubles per \$1 in Q3 2013).

RENTAL RATES, RUB/sq m/month

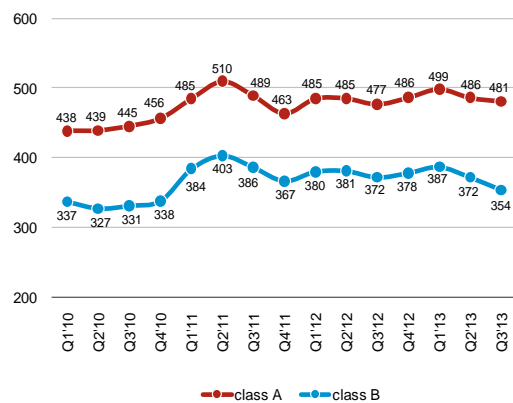


LEASE TERMS

- In most cases, rental rates are denominated in Russian rubles (with the exception of landlords with foreign currency-denominated project financing: US dollars or Euros).
- Rental rates indexation: 7–10% per year in rubles.
- Landlords increase rental rates when a property is occupied by more than 80%.

Rental rates include OPEX and exclude VAT

RENTAL RATES, \$/sq m/year

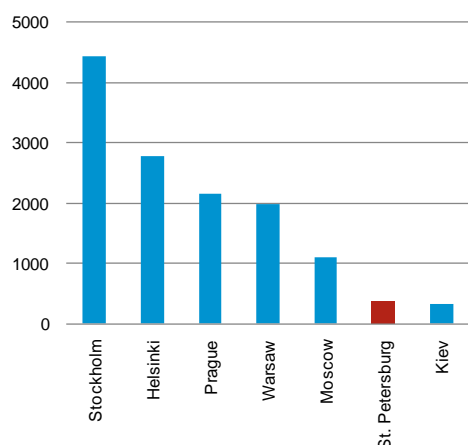


Rental rates include OPEX and exclude VAT

TABLE 2. Major lease deals in Q1-Q3 2013

No	Office center	Address	Class	Tenant	Rentable area, sq m
1	Senator	37, Professora Popova str.	A	Gazprom Export	12,300
2	Pesochnaya Naberezhnaya	42, Pesochnaya emb.	B	LOESK	3,920
3	Renaissance Pravda	12-14, Khersonskaya str.	A	Gazpromneft North-West	3,280
4	Moskovskiy 151	151/1, Moskovskiy pr.	A	Spetsobslyuzhivanie	2,590
5	Grenaderskiy	47, Viborgskaya emb.	B	Unknown	2,150
6	Renaissance Premium	14, Reshetnikova str.	B	Orkla Brands Russia	1,530
7	Alia Tempora	3b-A, Mayakovskogo str.	A	Unknown	1,520
8	Technopolis 2 ph.	36-38, Pulkovskoe av.	A	Mainteks	1,200
9	Aeroplaza	8A, Startovaya str.	A	SGS West	1,140
10	Senator	80, Bolshoy pr.	A	Gazpromneft Marin-Bunker	1,130
11	Vant	120, Obukhovskoy Oboroni pr.	B	Akros	1,400
12	Senator	37, Professora Popova str.	A	Pension Fund of RF	1,000
TOTAL					33,160

Source: Colliers International

**CLASS A and B OFFICE SPACE,
sq m / thousand residents**


Source: Colliers International

TRENDS, FORECAST

- Despite the seasonal decline in activity, the St. Petersburg office market remains steadily growing and developing.
- High demand for quality class A office space is being observed, which results in high absorption levels. Since the beginning of 2013, the volume of leased office space in A class is twice larger than the total amount leased in B class.
- In general, the most demanded properties are the ones which have quality and functional layouts, offering office space at RUB1,200–1,400/sq m/month, including operating expenses, net of VAT.
- In the next 18 months the market will add several new office buildings with quality characteristics superior to the existing business centers.
- An increasing number of developers started application procedures for obtaining 'green' certifications. Currently, several office buildings are going through certification according to LEED or BREEM environmental standards, including 2nd phase of Technopolis Pulkovo, Eightedges of Leorsa Group, Trinity Place. The city's first LEED-gold certificate has been received by Renaissance Pravda office building developed by Renaissance Development.

TABLE 3. Office buildings scheduled for completion in Q4 2013

№	Name	Address	Class	Rentable area, sq m
1	Leader Tower	7, Konstitutsii sq.	A	38,000
2	Nevskaya Ratusha 1 ph., bld. 2 and 3	Novgorodkaya str. / Moiseenko str. / Degtyarniy per.	A	34,540
3	Senator 3 ph., bld. 4	37, Professora Popova str.	A	18,090
4	Stachek 59	59B, Stachek pr.	B	15,750
5	Electro	156, Moskovskiy Pr.	A	15,700
6	Eightedges	45, Malookhtinskiy Pr.	A	13,370
7	Na Tsarskoselskikh Kholmakh	Peterburgskoe highway	B	6,130
8	Moskovskiy pr. 140	140, Moskovskiy Pr.	B	4,800
9	Drovyanaya 6-8	6-8, Drovyanaya str.	B	2,240
TOTAL				148,620

Source: Colliers International