



Creating waves of success...

**To rent, purchase or build to
suit a new office?**

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storm
properties

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About Storm Properties

- Storm Properties mission: To maximize investor profit by combining the best international practice with Russian market knowledge
- Real estate development company providing full range of predevelopment, development, investment and asset management services
- September 2007 – Controlling stock of the company was purchased by PIK Group, one of Russia's leading residential developers, listed on the London Stock Exchange, the RTS and MICEX exchanges in Russia
- First developer in Russia certified in accordance with the international quality management system ISO 9001:2000
- One of the most dynamic and fast growing companies on Russian market:
 - ✓ Project portfolio increased from 90,000 sqm to over 700,000 sqm within 2 years
 - ✓ Total staff – 80
- Experienced, cohesive management team:
 - ✓ Real estate industry experience – over 20 years
 - ✓ The core team worked together for an average of 6 years
- Combined budget of the team's prior projects – over \$3 billion
- Extensive international experience of the management team in development of unique projects across all property types and various regions:
 - ✓ Office, retail, high-end residential, multi-functional complexes
 - ✓ Primary focus on Moscow and Moscow region with experience in the Russian regions

Storm Properties Projects Map

1. Inspire
2. North-West Towers
3. K2 Business Park
4. Maryina Roscha Hotel Complex
5. Presnensky Val



Topic "The challenges Developers and End Users experience working in Russia when attempting to build their own corporate office building"



End Users Be
Aware!!!
Development
is a ghostly
business

Why End Users Don't Build?

- Development is not their business
- Extremely technical process
- Lawyers will kill all deals
- Entitlement risk
- Approvals risk / delay
- Corporate approvals
- Impossible to project growth
- Capital intensive expense

Refining the Goal

Reasons why companies want their own buildings

- High rent – cost vs. benefit
- Corporate image
- Space that meets their office needs
- Flexibility to expand and contract
- Reasonable landlord
- Want to control their destiny

Possible Options

- Anchor tenancy
- Forward purchase
- Purchase of completed buildings

Rating of Options

	Anchor Tenancy	Forward Purchase	Completed Building
Corporate Image	7	10	8
Space Fits Needs	7	9	6
Flexibility	8	9	7
Reasonable Landlord	5	10	10
Control of Destiny	7	8	10
Subtotal	34	46	41
Cost vs. Benefit	20	7	5
Brain Damage	16	6	8
Total	70	59	54

\$1,000 yr x Cap rate 8.5% = \$11,750 sqm

5,000 sqm = \$59 mln vs. \$5 mln

10,000 sqm = \$118 mln vs. 11 mln

Examples of Anchor Tenants

- Krylatsky Hills Business Park – Microsoft, Sun Interbrew, Johnson&Johnson
- White Square – Deloitte
- Naberezhnaya Towers – IBM
- Western Gate – TNK BP
- Nordstar Tower – IBS
- IKEA Business Park – Ford

Benefits to Anchor Tenants

- Reduced rent 15-25%
- Flexibility in expansion options
- Better parking ratios
- Signage rights
- Long term leases
- Special relationship with landlord
- Selection of Telecom providers
- Selection of service companies

K2 Business Park

Project Concept:	First international standard business park in Moscow region
Location:	Kaluzhskoye highway, 2 km from Moscow ring automobile road (MKAD)
Completion:	Q I 2011
Total Area:	Total area – 230,000 sqm Office area – 100,000 sqm 4,600 parking spaces (1 space per less than 25 sqm of leasable area – the best ratio in Moscow) Land plot – 12 ha
Lease Rates:	\$500-\$750 psm
Anchor Tenants:	5,000 – 17,000 sqm
Investor:	Marbleton Property Fund Storm Properties



Thank you for your attention!

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