Retail Real Estate

P3



Accelerating success.

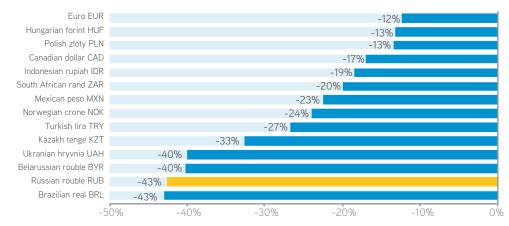
Prospects for economic growth Experts forecast one to two years of recession



Real GDP growth, % The basic forecast of Ministry of Economic Development of Russia assumes that Urals oil price 8.5 stabilises at USD 65 per barrel in 2016-2017, while the exchange rate stabilises at 55 RUB/USD. 5.2 4.5 4.3 0.6 2006 2007 2008 2009 2011 2012 2014 2015F 2016F 2017F GDP growth. % Ministry of Economic Development, basic forecast Ministry of Economic Development, moderately positive forecast ••••• IMF •• ••• Sberbank CIB •• •• Morgan Stanley

The rouble was not the only currency that came under pressure





CPI growth, year-on-year, and Ministry of Economic Development forecast, %

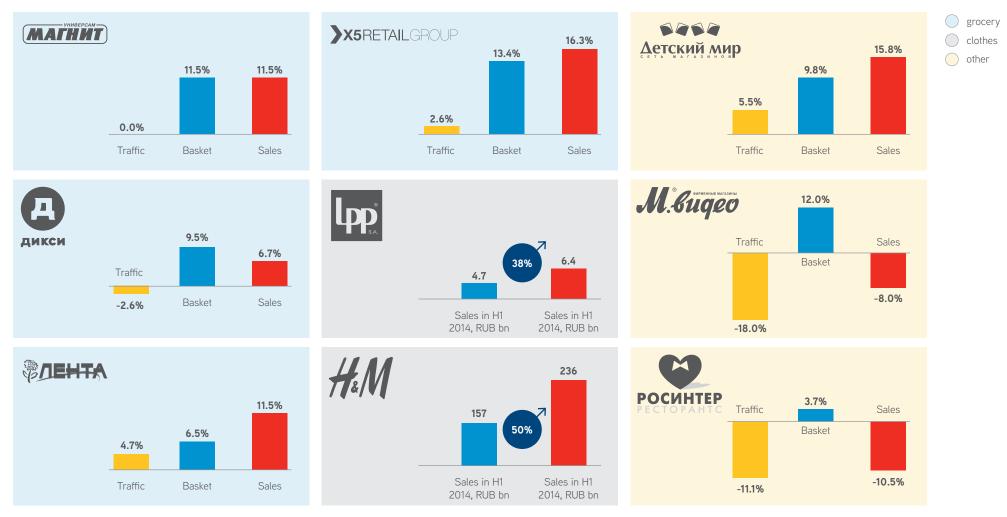


Source: Colliers International, Ministry of Economic Development of Russia, IMF, Bloomberg, Rosstat, Sberbank CIB, Morgan Stanley

Retailers: who works well in Russia



H1 2015 versus H1 2014 results



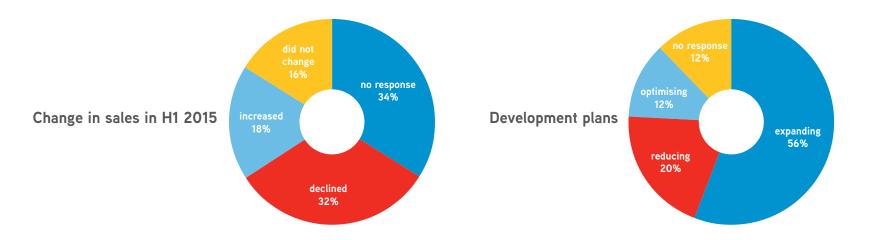
*LFL figures are given for all Russian companies. Sales figures for LPP Group and H&M represent only their activity in Russia.

Sources: companies' websites

Retailer demand

Results of a Colliers International survey of 50 key retail operators





The most interesting Russian cities for development, number of retailers*

		30	26	26	25	24	24	22	21	20	19	24	22	20	19	19	18	18	-17	-17		-16	-16	-16	16	16	15	15	14	14	13
Novosibirsk Yekaterinburg	Kazan	Krasnoyarsk	Rostov-on-Don	Perm	Nizhniy Novgorod	Chelyabinsk	Voronezh	Volgograd	Samara	Omsk	Ufa	Krasnodar	Tyumen	Naberezhnye Chelny	Barnaul	Saratov	Izhevsk	Irkutsk	Astrakhan	Kemerovo	Yaroslavl	Vladivostok	Lipetsk	Penza	Ryazan	Tomsk	Novokuznetsk	Orenburg	Togliatti	Ulyanovsk	Khabarovsk

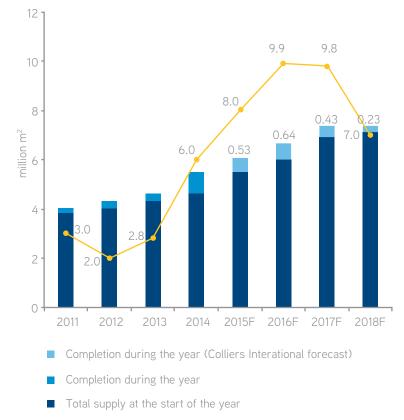
Moscow retail market

New construction is limited by lack of financing

Colliers International

- > There has been no new shopping centers construction recently.
- > The average size for shopping centers currently under construction in Moscow is 40,000 m² GLA. Active developers are mostly Russian companies.
- > Properties under construction are mostly funded by equity or banking finance secured before the current turmoil began.
- > Completion dates for shopping centers under construction are often postponed.
- > If stabilisation persists, the emergence of bank funding with acceptable rates is expected.
- > Properties that are currently under construction will be in demand in the next one-and-a-half to two years due to a fewer completions in 2017-2018.

Moscow retail market balance



Vacancy rate

Source: Colliers International



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