

The future of residential real estate in Moscow

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MAYFAIR Properties

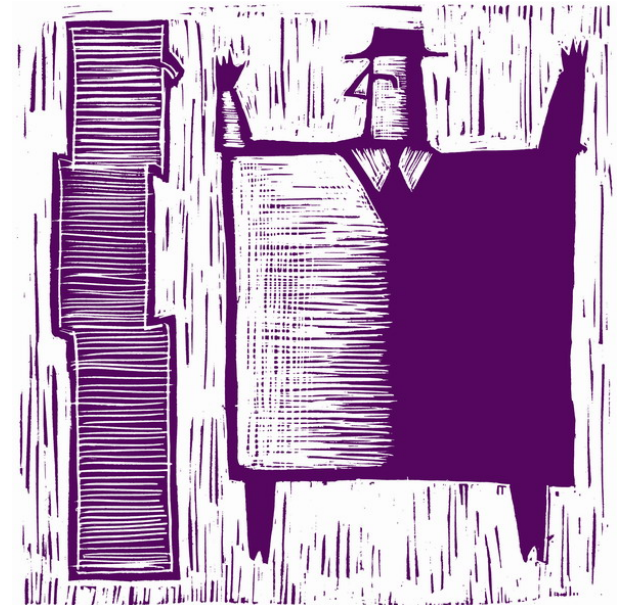
Short summary

- Main market trends
- Market trends in urban real estate
- Market trends in rural real estate
- Investor advice and examples



Main market trends

- Larger scale projects
- Decentralization
- New real estate formats



Urban real estate

- Larger scale projects:
 - Residential districts, industrial property redevelopment
- Decentralization
 - Projects located outside the Third Transport Ring
- New formats:
 - Multi-functional real estate
 - Residential districts
 - Serviced apartments
 - Lofts



Urban real estate example

Shuvalovskiy



Location	Michurinskiy and Lomonosovskiy prospekt
Developer	ZAO Inteko
Total area	275 000 sq. m.
Number of apartments	986
Apartment size	42 – 162 sq. m.
Total residential area	94 200 sq. m.
Infrastructure	Parking (491 space), two kindergartens, a school, hospital, sports complex, offices, cafes and restaurants
Price per sq. m., new	\$ 7 840 to \$ 12 560
Price per sq. m., resale	\$ 8 412 to \$ 11 143
Total cost	From \$ 329 280 (excl. VAT)

Rural real estate

- Larger scale development projects
 - Cottage settlements with own infrastructure
- Decentralization
 - Projects located 50 km from MKAD and further
- New formats:
 - Mega-projects
 - Mixed format
 - Townhouse
 - Lane house
 - Duplex
 - Quadrohouse
 - Dalnaya Dacha
 - Vilette



Mega-projects. Rural real estate

Settlement	Highway	Distance from Moscow, km	Scale	Construction commencement date
Pleshcheevo	Rublevo-Uspenskoe	20	594 hectares	In planning
Rublevo-Archangelskoe	Rublevo-Uspenskoe	3	430 hectares	2006
Rublevka Golf Club	Novorizhskoe	13	333 hectares	In planning
Agalarov Estate	Novorizhskoe	25	300 hectares	2005
Russkaya Shveitsaria	Novorizhskoe	90	15 000 hectares	Unknown
Drugie Berega	Novorizhskoe	83	1 200 hectares	2007
Grand Prix	Putinkovskoe	1	313 hectares	In planning
Dolina Kozino	Pyatnitskoe	5	524 hectares	In planning

Rural real estate example

Lesnoy Gorodok



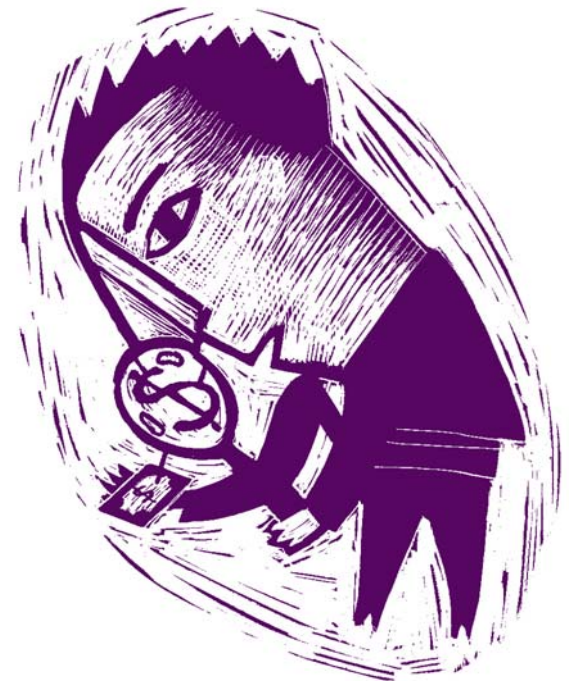
Location	12 km from MKAD, Minskoe shosse
Developer	Development Solutions
Total area	10.06 hectares
Number of townhouses	180
Townhouse area	180 - 230 sq. m.
Total residential area	94 200 sq. m.
Infrastructure	Recreation grounds, walking areas, mini-market, café, kindergarten, hospital, pharmacy, service centre, fitness club
Price per sq. m.	\$ 2 230 to \$ 2 760
Total cost	From \$ 401 400 (excl. VAT)

Table of positive and down sides

Tendencies	Positive sides	Down sides
Growing scale of development projects	<p><u>Buyers:</u> Better servicing; Lower utility bills; Well developed infrastructure; Green areas; Uniformity of architectural style.</p> <p><u>Investors:</u> Opportunity to design effective sales strategy: lowering construction costs; opportunity to build in stages; longer sales period (possibility to change prices to reach higher profitability); easier process of acquiring legal permission for construction.</p>	<p>Higher number of residents in one area;</p> <p>Longer development period;</p> <p>Longer decoration period;</p> <p>Busier transport.</p>
Decentralization	<p>More building sites;</p> <p>Lower construction costs.</p>	<p>Longer distance from the city centre</p>
New real estate formats	<p>Opportunity to distinguish a project on the market;</p> <p>More variety and quality;</p> <p>Optimal use of building site;</p> <p>Lower construction costs.</p>	<p>X</p>

Cost reduction advice for developers

- Building materials production
- Mutual collaboration
- Out of Moscow development



Effective investment example. Urban real estate

Project description			
Location	South-West, between Third Transport Ring and MKAD.		
Total land plot	0.19 hectares		
Structure of supply	amount	area	price from, USD
Apartments	300	80 sq. m	7 200
Underground parking	250	-	70 000
Investment description			
Investment total	112 mln. USD		
Discounted profitability index	1,35		
Internal rate of return (IRR)	29%		
Discounted payback period (DPP)	3 years 8 months		
Credit	70%		
Taxes	75 mln. USD		
Project period	4 years		

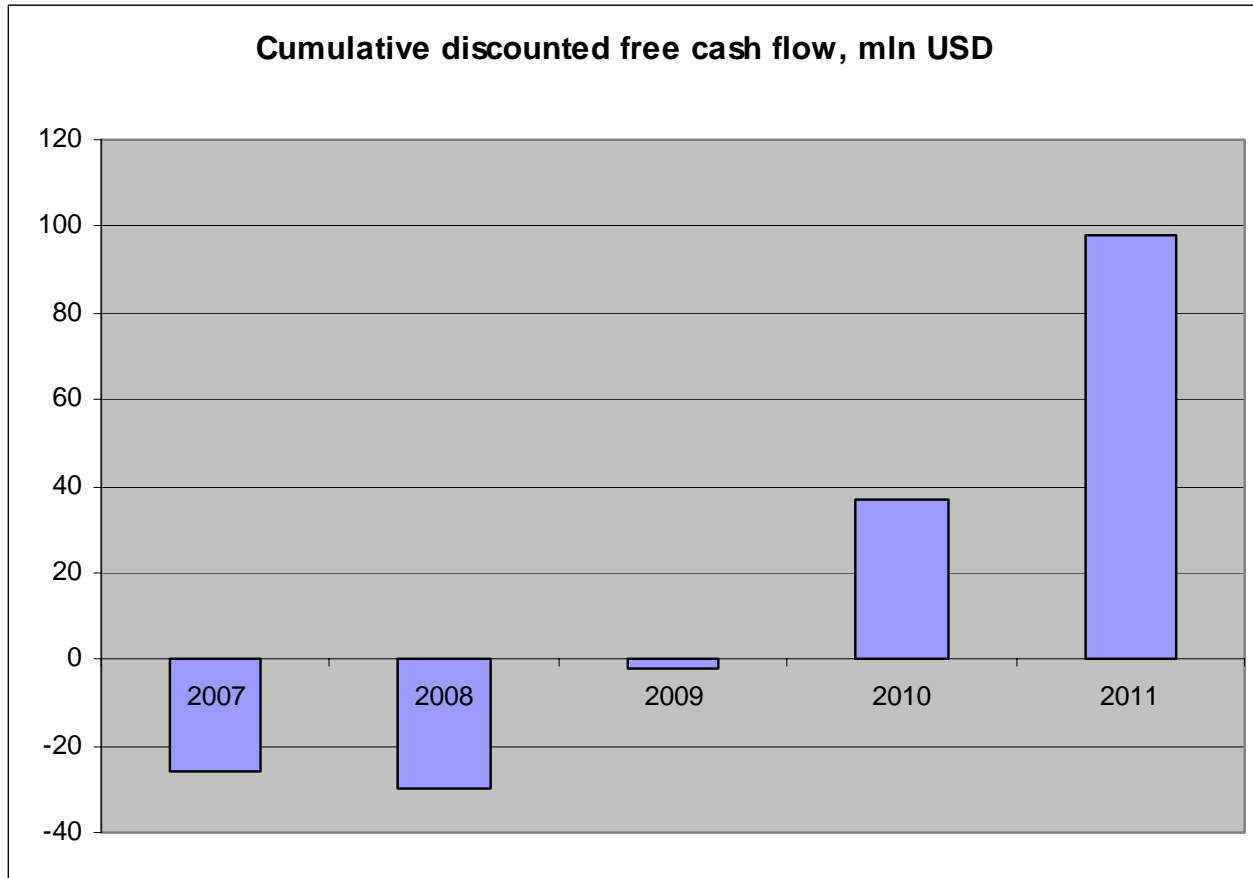
Effective investment example. Urban real estate



Effective investment example. Rural real estate

Project description				
Location	38 km, Novaya Riga			
Land plot size	145 hectares			
Structure of supply	amount	size	price from, USD	
Economy class houses	294	200	653 248	
Business class houses	317	400	1 382 016	
Townhouses	122	180	461 758	
Investment description				
Investment total	260 mln. USD			
Discounted profitability index	2,26			
Internal rate of return (IRR)	133%			
Discounted payback period (DPP)	3 years 2 months			
Credit	70%			
Taxes	346 mln. USD			
Project period	4 years 6 months			

Effective investment example. Rural real estate



Thank you for your
attention

