

INDUSTRY REPORT

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# Ukrainian Real Estate

## Size Matters?



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# INVESTMENT THESIS

## Investment summary

Company	Bloomberg
TKS Management	37W1 GR
TMM Real Estate Dev.	TR61 GR
XXI Century Investments	XXIC LN

	Price USD	12M TP USD	Upside	Rec.
37W1 GR	22.4	27.3	22%	BUY
TR61 GR	22.5	29.6	31%	BUY
XXIC LN	30.4	37.2	23%	BUY

	# of sh. mln	MCap USD mln	Free float %	Free float USD mln
37W1 GR	4.5	202.0	22.2%	44.4
TR61 GR	51.8	1 166.5	13.1%	153.1
XXIC LN	37.3	1134.8	35.7%	405.1

**Solid real estate industry fundamentals have created a favorable environment for domestic developers who are increasingly tapping the international equity market. With the arrival of several new placements, the issue of increased guidance in the sector is coming to the forefront and with this in mind our report is focused on a quantitative comparison of the developers' project portfolios.**

### Portfolio risk and feasibility gauged

Ukrainian real estate investors tend to focus their attention on the size of project portfolios. With new stocks flooding into the sector, this approach is becoming less effective in stock selection. In this report, we introduce a set of metrics that will help investors make a more informed choice. The metrics take into account portfolio quality and consider its risk characteristics related to construction schedule feasibility, cash flow timing, concentration and sensitivity to underlying assumptions. We compare the project portfolios of Ukraine's public developers using the same uniform approach.

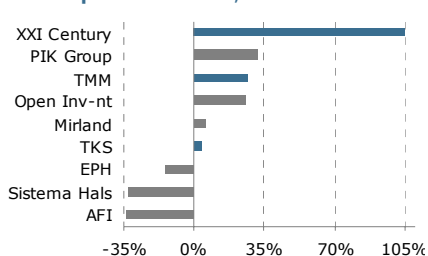
### Core findings on stocks covered

Our analysis shows that the portfolio of XXI Century, although the largest, is the most prone to the risk of construction delays and the most sensitive to underlying assumptions of rentals, prices, discount rates and yields. On the other hand, TMM has a rather conservative construction schedule and large portfolio, but faces somewhat higher concentration risk. TKS appears to have a feasible construction schedule, but 2008 planned outlays seem somewhat large relative to size of the company's portfolio.

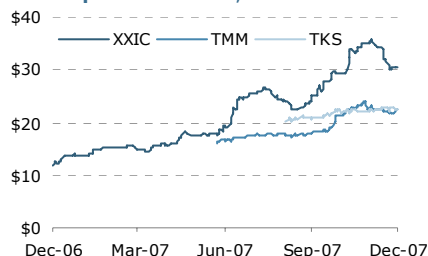
### What investors want: Value appreciation vs. cash generation

The sector's two bellwethers, XXI Century and TMM, use considerably different approaches in constructing their portfolios. The former focuses on portfolio appreciation, while the latter concentrates on cash generation. Knowledgeable investors have an opportunity to modify their risk-return profiles by varying exposure to the two stocks. TKS, which operates in its regional niche and has a portfolio balanced between cash generation and value appreciation, is a valuable diversification opportunity. Based on our DCF analysis and portfolio risk estimates, we issue BUY recommendations for all the three stocks.

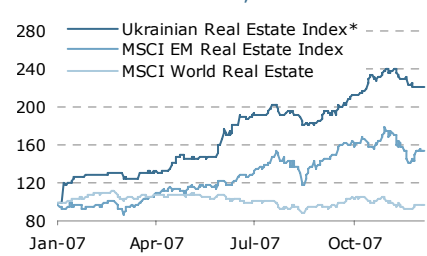
### Stock performance, YTD



### Stock performance, USD



### Real estate indices, YTD



Source: Bloomberg

Note: TMM and AFI Development were listed in May 2007, PIK Group was listed in June 2007, TKS was listed in August 2007.

## Sector summary

**Industry on the upswing.** Domestic real estate industry has been riding a forceful upswing for the past five years. Ukraine's rapidly growing economy (real GDP CAGR of 7.3% in 2000-2006) and infrastructural shifts towards an increase of service-oriented industries has caused growing demand for quality property in all real estate segments. Coupled with low real estate stock per capita figures, this was a prerequisite for the market of lessors and sellers we observe now.

**Market fragmentation high, competition low.** We estimate that there are more than one hundred developers in Ukraine dispersed geographically and operating mainly in their regional niche. The largest ones are based predominantly in Kyiv and are starting to expand into regions with strong economic potential. Foreign players are exploring the market, but new entrants have been slow in rolling out operations due their lack of local expertise. Competition remains limited.

**Stock universe expanding.** 2007 saw a wave of shareholder capital raising in real estate, with seven placements bringing in over USD 0.7 bln in new equity. Sector free float surpassed the USD 1 bln threshold and amounted up to 14% of total free float in Ukrainian equities. Liquidity remains confined to the three listed stocks with a free float larger than USD 100 mln each: XXI Century, TMM and DUPD. Fueled by the boom in Ukraine's real estate industry and dearth of avenues for exposure, we expect the appetite for domestic stocks to remain high despite a global correction in late 2007.

## MARKET OVERVIEW

# Macro background

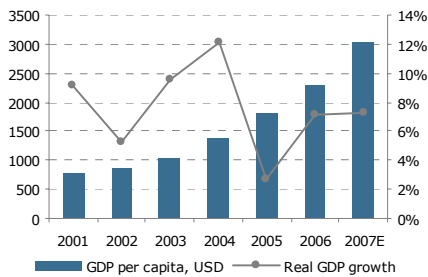
**Ukraine's economy: Seven years of solid growth.** Ukraine's sound economic development over the past seven years supported by strong export commodity markets and growing domestic consumption resulted in a 7% GDP CAGR.

Real disposable income nearly tripled for the period, with growth accelerating in the last three years at a CAGR of 20%. Domestic consumption bolstered by rising incomes posted a 16% CAGR in 2004-06.

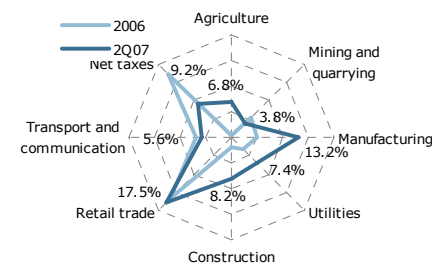
We expect GDP growth in 2007E-2010F to continue to promote further increases in disposable income and provide a supportive background for demand for real estate.

**Steady foreign direct investment inflow signals investor confidence.** The inflow of FDI to Ukraine reached USD 6.8 bln in 9M07, resulting in cumulative FDI stock of USD 28.0 bln according to the State Statistics Committee. We expect to see USD ~9.0 bln by the end of 2007.

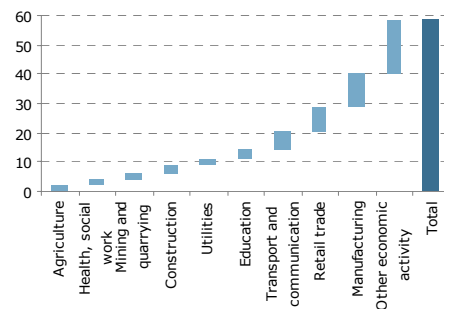
GDP per capita & real GDP growth



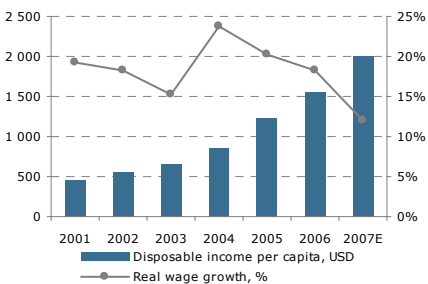
Gross value added by sector, y-o-y



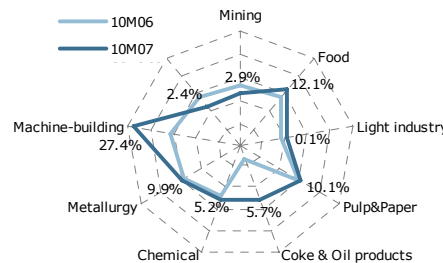
GDP structure by sector in 1H07, USD bln



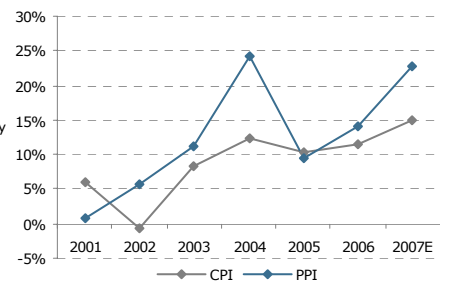
Disposable income per capita & real wage



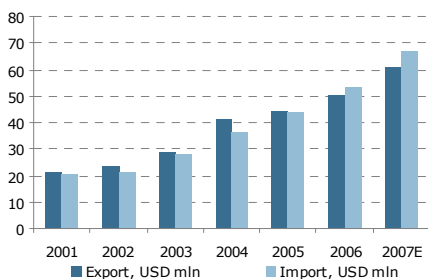
Real industrial growth by sector, y-o-y



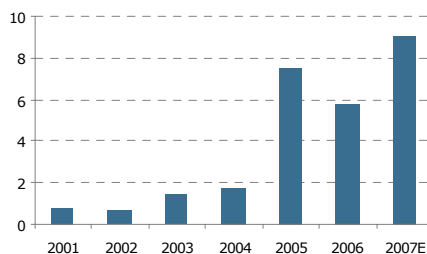
CPI and PPI, eop



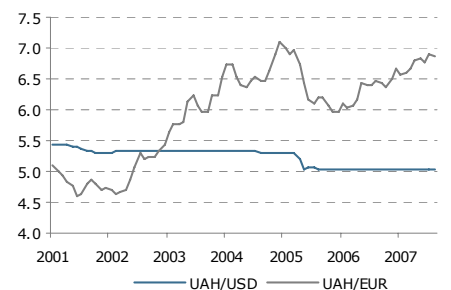
Export and import, USD bln



Net FDI, USD bln



Avg. exchange rate

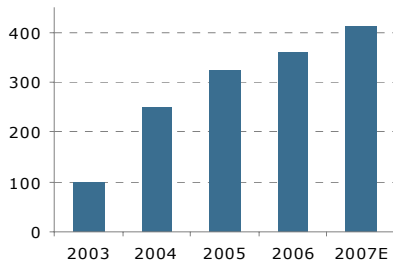


Source: NBU, State Statistical Committee, Concorde estimates

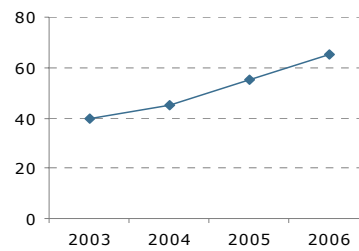
# Kyiv real estate market

## Retail market

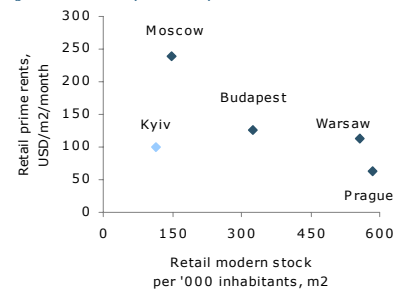
Supply of retail premises, ths m<sup>2</sup>



Retail average rents, USD/m<sup>2</sup>/month

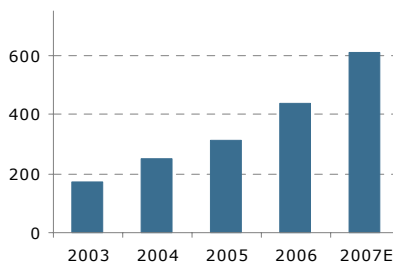


Retail modern stock and prime rental rates in Kyiv and European capitals

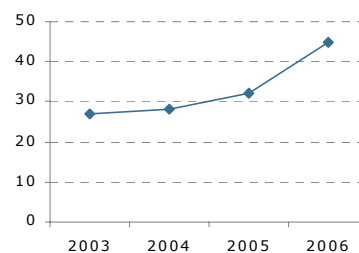


## Office market

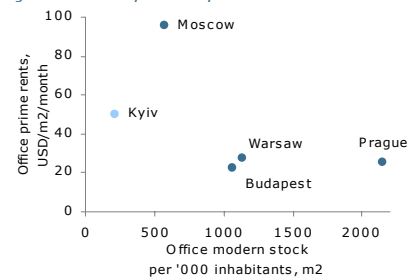
Supply of office premises, ths m<sup>2</sup>



Office average rents, USD/m<sup>2</sup>/month

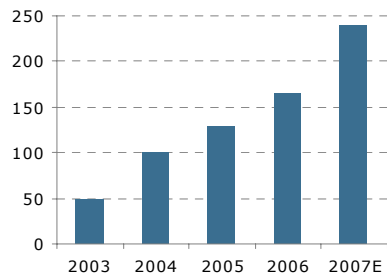


Office modern stock and prime rental rates in Kyiv and European capitals

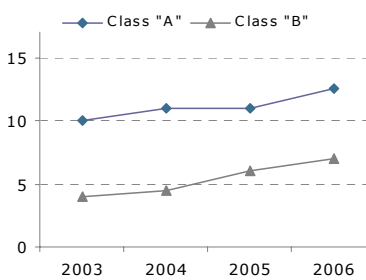


## Warehousing market

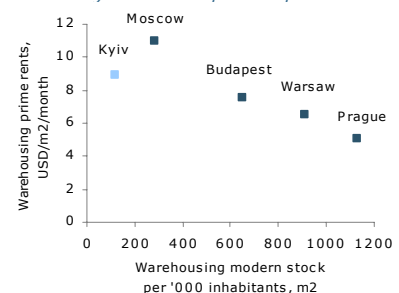
Supply of warehousing premises, ths m<sup>2</sup>



Warehousing average rent, USD/m<sup>2</sup>/month

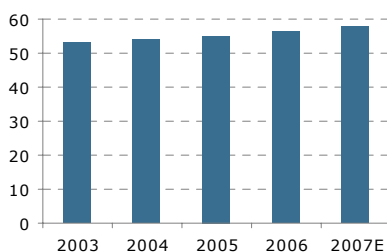


Warehousing modern stock and prime rental rates in Kyiv and European capitals

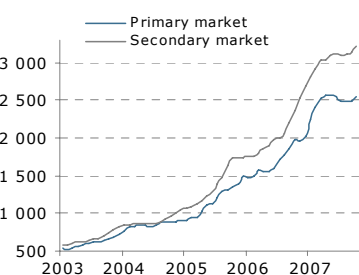


## Residential market

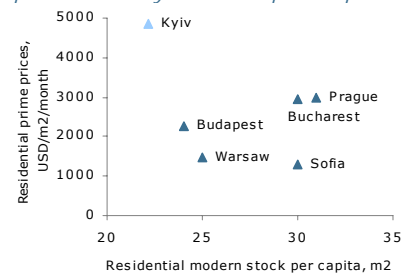
Residential stock, mln m<sup>2</sup>



Average prices for residential premises, USD m<sup>2</sup>

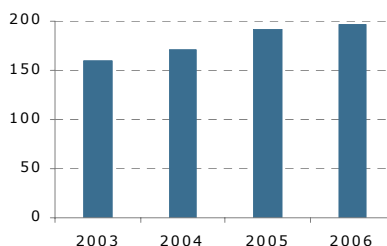


Residential modern stock and prices for elite apartments in Kyiv and European capitals

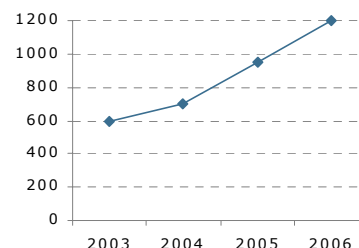


## Hotel market

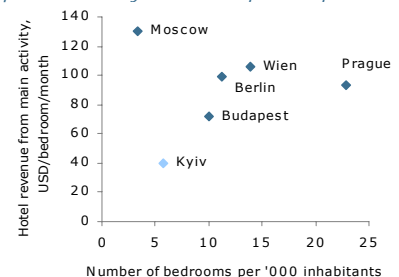
Supply of hotel premises, ths m<sup>2</sup>



Average revenue from main activity, USD/bedroom/month



Hotel modern stock and prices for hotel premises in Kyiv and European capitals

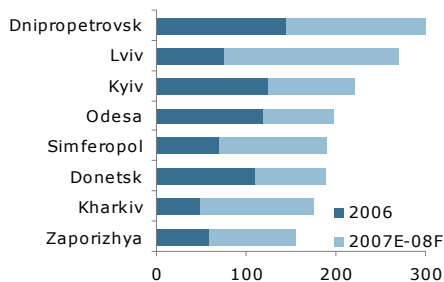




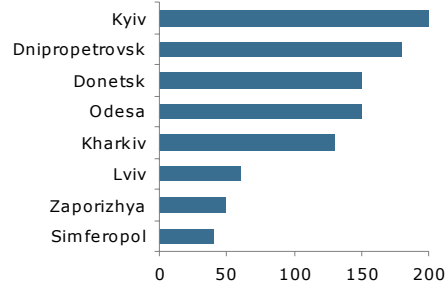
# Regional real estate market

## Retail market

Supply of modern retail premises, m<sup>2</sup> per capita

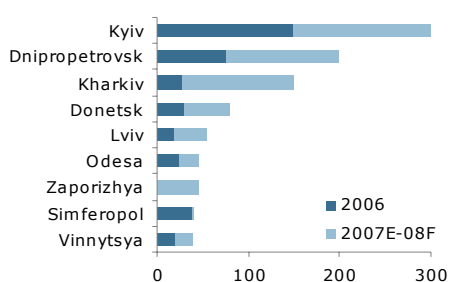


Retail prime rents, USD/ m<sup>2</sup>/month

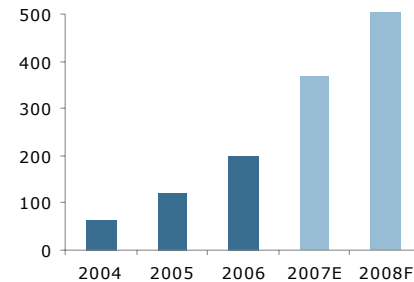


## Office market

Supply of modern office premises, m<sup>2</sup> per capita

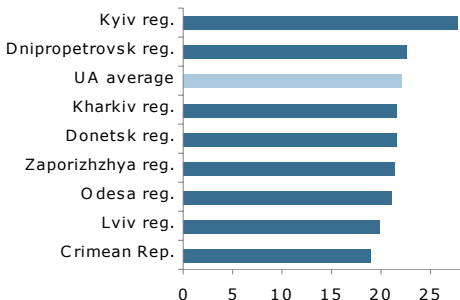


Modern office stock in regions, ths m<sup>2</sup>

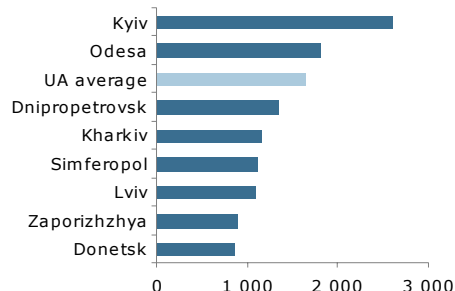


## Residential market

Residential stock, m<sup>2</sup> per capita



Avg. residential price, USD/m<sup>2</sup>



Source: Concorde Capital estimates, State Statistics Committee, UTG

## Key domestic players

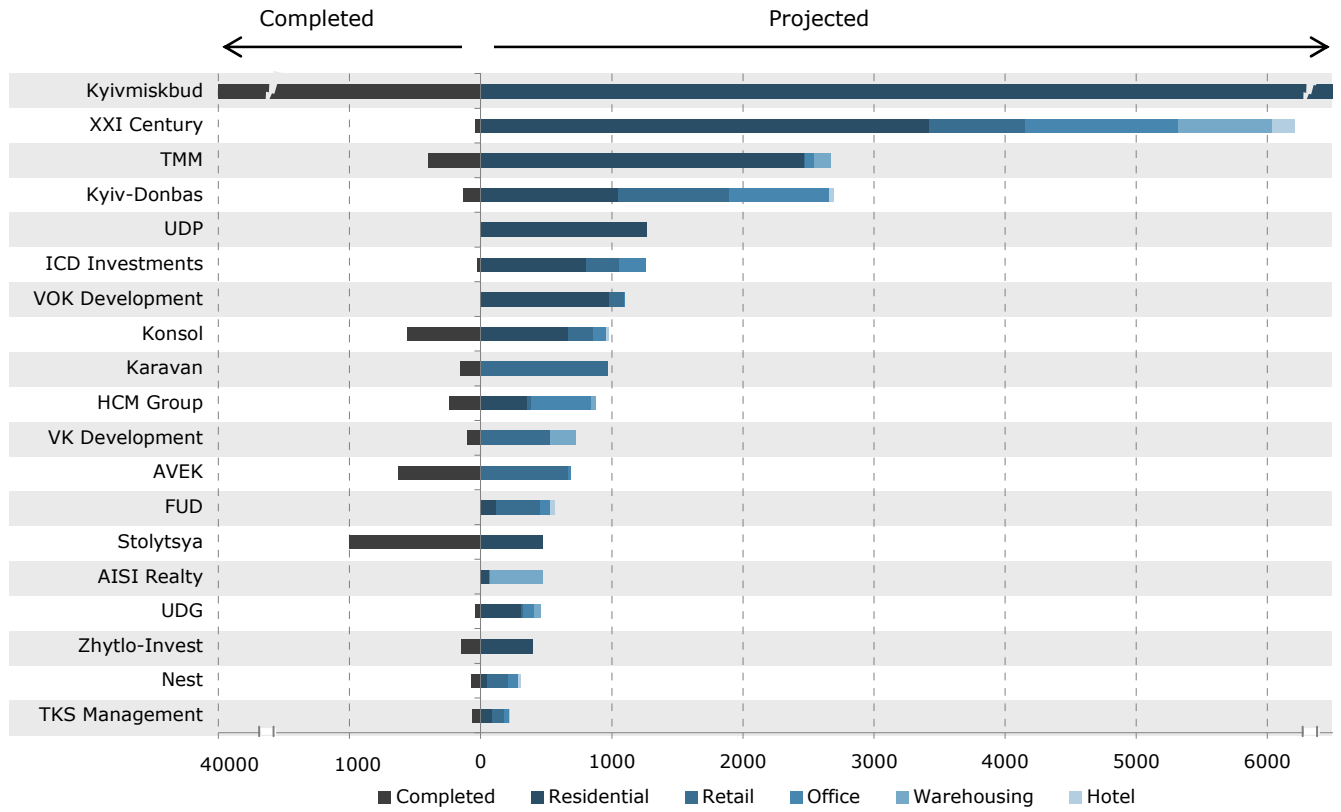
Ukraine's real estate market remains highly fragmented with the estimated number of developers well in excess of one hundred. As a rule, developers are based either in Kyiv or in regional capitals and carry out their regional expansion from their strongholds. The top ten developers are almost all Kyiv-based with only a few exceptions, such as Crimea's Konsol or Kharkiv-based AVEK. Despite significant portfolio size, many large operators have quite a short track record in terms of space constructed to date and years in business. Among the publicly traded companies, TMM tops the list with some 400 ths m<sup>2</sup> in operation.

Developer	Residential	Retail	Office	Logistics	Hotel	Regions	Years in operation		
							Completed	Portfolio	th m <sup>2</sup>
<b>Non-public Companies</b>									
Kyivmiskbud	•					Kyiv, Crimea, Dnipropetrovsk, Kharkiv, other	53	40000	n/a
Kyiv-Donbas	•	•	•		•	Kyiv, Lviv	13	132	2692
UDP	•					Kyiv	2	0	1269
VOK Development	•	•	•			Kyiv	n/a	0	1099
Konsol	•	•	•		•	Kyiv, Crimea, Kharkiv, Dnipropetrovsk, Lviv, other	15	566	979
HCM Group	•	•	•	•		Kyiv	10	239	880
AVEK	•	•	•			Kharkiv	21	628	684
FUD	•	•	•		•	Kyiv, Crimea, Odesa	n/a	0	561
Stolytsya	•					Kyiv, Crimea, other	5	1000	479
UDG	•	•	•	•		Kyiv, Crimea, Lutsk		40	462
Zhytlo-Invest	•					Kyiv	4	150	400
Nest	•	•	•		•	Kyiv	11	75	304
<b>Public Companies</b>									
XXI Century	•	•	•	•	•	Kyiv, Crimea, Donetsk, Kharkiv, Lviv, other	9	45	6234
TMM	•	•	•	•		Kyiv, Kharkiv, Zhytomyr, Crimea	14	400	2667
Karavan		•				Kyiv, Dnipropetrovsk, Donetsk, Kharkiv, Mykolayiv, Odessa, Zaporizhya	n/a	155	970
VK Development		•		•		Kyiv, Crimea, Donetsk, other	2	106	724
AISI Realty	•		•	•		Kyiv, Odesa, Donetsk, Lviv	3	0	470
TKS Management	•	•	•		•	Western Ukraine	6	68	231
Clubhouse Group					•	Kyiv, Crimea, Lviv, Truskavets	1	13	100

Source: Company data, news agencies, Concorde Capital estimates

There are a few more relatively large Kyiv developers, such as Mandarin Plaza and Kyiv Investment Group, which could be in the top ten but did not make it to the list above due to lack of publicly available information on their portfolio and track record.

Completed and projected development in Ukrainian real estate market by leading domestic players, ths m<sup>2</sup>



Source: Company data, news agencies, Concorde Capital estimates

## Foreign entrants mounting

Attracted by high returns, foreign operators are eying the Ukrainian real estate market avidly. Among the new comers are Russia's Mirax and INTEKO, Israeli Seven Hills, AFI Development, IDB Holding and Electra Ltd, Czech Europolis, German ECE Projektmanagement. Logistics operators Giffels (Canada), FM Logistics (France), GLD (Austria) are already actively developing projects in Ukraine, King Cross (Italy) is building a retail center in Lviv, Klappan Gruppe (Germany) has created a JV with a local developer in Dnipropetrovsk.

Apart from developers, another growing category of players in the market is investment companies with a focus on real estate. Asset managers who have already invested or are going to invest in Ukrainian property in the near future include: Absolute Capital Management Fund, Cube Capital, Invesco Real Estate (all three from the UK), Heitman International, Olympus Capital, Hines (all three from USA), ECM Real Estate Investments (Czech Republic), Vicus Ltd (Finland), Catalyst Capital LLP, PPF Investments etc. UK-based property investors Global & Regional Properties, Apollo Real Estate Advisors and 1849 PLC and property manager Quinn Property Management have been among the most active in large-scale acquisitions in Kyiv.

The largest European developer and operator of retail centers, ECE Projektmanagement (Germany) plans to enter Ukrainian and Russian real estate markets. ECE Projektmanagement intends to invest EUR 300 mln on a commercial real estate projects in Kyiv and other Ukrainian cities with total population of more than 1 mln.

By 2016 Austrian development company Meinl European Land Ltd. plans to invest about EUR 1.2 bln in the construction of retail centers in Ukraine: two centers in each city with a total population of above 1 mln. and possibly others in cities with a total population of above 300 ths.

JER Partners (the international investment subdivision of J.E.Robert Companies) and Alfa Capital Partners (part of Alfa-Group) formed Marbleton Property Fund of USD 321 mln. The fund's investment will focus on existing real estate objects, as well as construction and development of new properties in Russia and Ukraine.

The biggest international hotel chain InterContinental plans to open its first hotel project in downtown Kyiv on Mykhailivska Sq. The owner of the hotel is Yaroslaviv Val, which belongs to the main shareholder of Bank Forum, Leonid Yurushev.

Seven Hills (Kyiv), which is subdivision of multinational real estate development company Scorpio Real Estate Group (Tel Aviv), has announced that it will finance three property projects in Kyiv that are estimated to cost over USD 1 bln.

Sparkassen Immobilien AG (Vienna, Austria), which is a member of Erste Bank Group, in March 2007 created a subsidiary in Ukraine. Sparkassen Immobilien AG plans to invest up to EUR 500 mln in Ukrainian property development by 2010.

Africa Israel Group (Israel) purchased 11.5 acres (around 4.7 ha) of land in Zaporizhzhya, where it intends to build office premises, luxury apartments and a large-scale retail center with total area of around 150 ths sq m.

Israel companies Property and Building Corp. and Electra Ltd. signed memorandum of understanding on the purchase of 16.6% of a 202.4 ha land plot in Ukraine for the construction of buildings with a total area of about 5 mln. sq m.

Cube Capital UK together with PPF Investment and Vicus Limited are going to build new class A logistic complex West Gate Logistics Park with a total area of around 70 ths sq m in Kyiv oblast.

American company Olimpus Capital has announced plans to invest USD 100 mln in commercial real estate projects in Ukraine.

VS Energy International N.V. (Netherlands) plans, before Euro-2012, to build four hotel complexes in Ukraine.

FM logistic (France) intends to build a logistic complex with a total area of 120 ths sq m in Boryspil region in Kyiv oblast.

## **STOCK MARKET: WHAT'S ON THE MENU?**

## New names emerging

Ukraine's real estate market is ripe for tapping international capital markets. A lot of developers who built up extensive land banks are starting to seek external funds to realize their projects. The domestic capital market in most cases is unable to feed their growing appetite.

Until recently, there were very few real estate opportunities in the Ukrainian stock universe. XXI Century (XXIC LN) was the first to enter the market with an IPO in late 2005 followed by few private equity deals in 2006. TMM's Frankfurt placement in May 2007 provided additional liquidity to the market and was followed by a series of other placements.

### Placement statistics

Company	Date of placement	Stake offered	Equity raised, USD mln	Stock exchange
XXI Century Investments	Dec 05	36%	139	LSE AIM
VK Development	Nov 06	23%	37	PFTS
TMM Real Estate Development	May 07	13%	105	DB FV
DUPD*	Jun, Nov 07	100%	308	LSE AIM
Karavan Real Estate	May, Nov 07	20%	155	Not listed
TKS Management	Jul 07	22%	40	DB FV
AISI Realty	Aug 07	30%	33	LSE AIM
Clubhouse Group	Nov 07	16%	33	DB FV

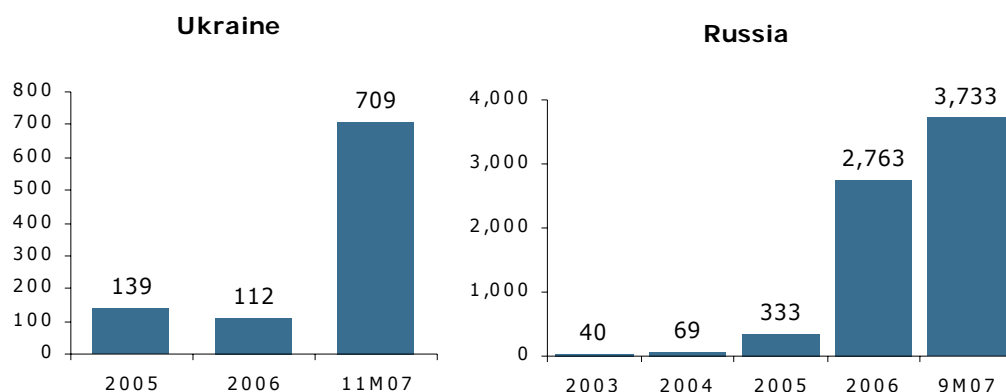
### Total

\* unlike other companies listed, DUPD is a real estate fund rather than a developer  
 Source: Bloomberg, Concorde Capital estimates

Compared to 2005 when only one Ukrainian developer floated its shares, in 11M07 six domestic real estate companies placed their equity with institutional investors. In 11M07 alone, Ukrainian real estate players raised nearly three times as much money in the international capital markets as they did in 2005 and 2006 combined. More placements are expected by yearend.

Currently the free float of Ukrainian real estate stocks exceeds USD 1 bln and accounts for 14% of the total free float in Ukrainian equities (including stocks listed outside Ukraine). We view this as a sufficient evidence of the emergence of a new market segment.

### Funds raised through equity placements\*, USD mln



\* Ukrainian companies included the afore-mentioned names and a number of smaller private equity plays  
 For Russia, only public placements were accounted for (EPH, OpIn, Raven Russia, Sistema Hals, RGI International, Mirland Development, International Trade Center, AFI Development, RTM, Ruric, PIK Group)  
 Source: Company data; Concorde capital; Bloomberg

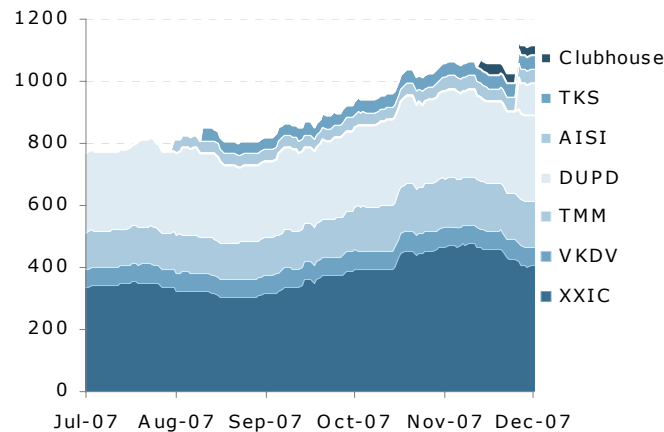
Ukrainian developers heading to capital markets follows the path of Russia, the major difference being Russia's earlier start by nearly two years. The charts above reveal that aggregate proceeds from the placements of Ukrainian developers correlate with those of their Russian peers in a preceding year: in 2006 and 11M07 they were three-four times smaller than proceeds for Russian developers in 2005 and 2006, respectively.

We explain the gap in the amount of the proceeds by disparity in demand for real estate in the two countries (Russia's population is three times larger than Ukraine's and property market saturation is comparable). This line of reasoning brings about an estimation for real estate equity placements in Ukraine of over USD 1 bln in aggregate in the next 1-1.5 years.

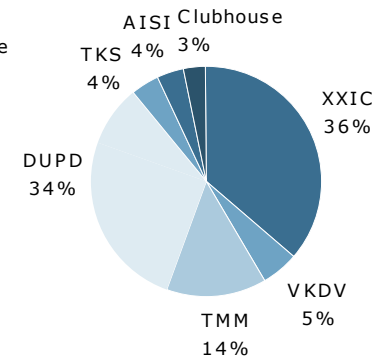
## Growth in the pipeline

Returns on real estate in Ukraine remain among the most attractive in the EMEA, as the domestic market in general is far from its saturation point. By our estimates, Ukraine's strong fundamentals coupled with sector-specific drivers should support investors' interest in the real estate segment over the next three years.

Free float of Ukrainian real estate stocks, USD mln



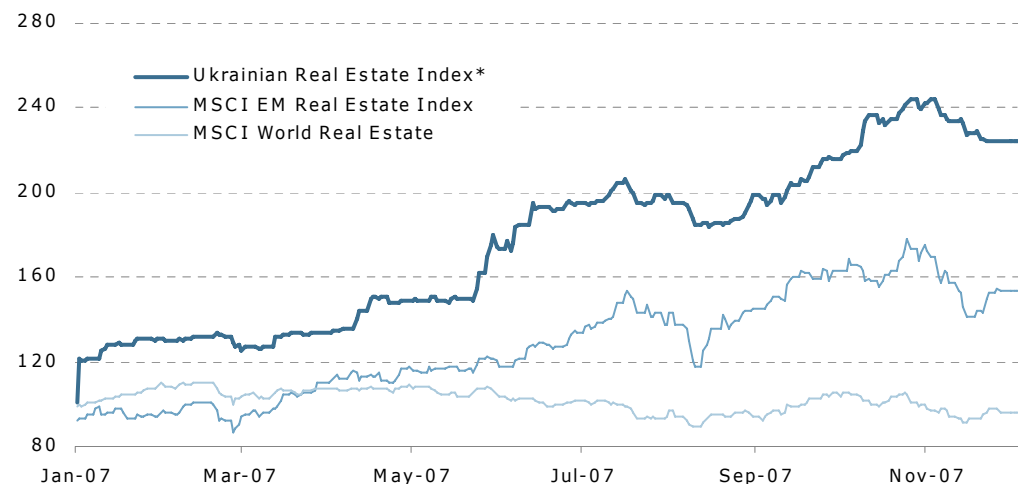
Free float breakdown, Dec 07



Source: Bloomberg, Concorde Capital estimates

Our MCap-weighted free-float adjusted real estate index yielded 125% YTD and outperformed both the MSCI World Real Estate and the MSCI EM Real Estate indices. Although the correction that started in November affected real estate stocks, we believe the sector has a positive outlook and is poised for an outstanding performance in the coming year, spurred by expected portfolio growth and project completion news.

### Ukrainian real estate vs. benchmarks



\* MCap weighted, includes six trading stocks: TMM, XXIC, TKS, VKDV, DUPD, and AISI  
Source: Bloomberg, Concorde Capital

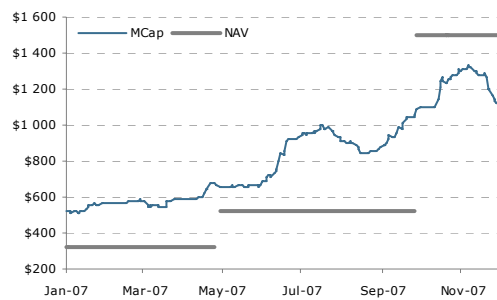


**Case Study: Expanding Portfolios**

Investors value developers mainly on their underlying portfolios. The domestic real estate sector is in a fast growth stage and public developers, who typically reappraise their portfolios semiannually, tend to surprise the market with significant portfolio appreciation on a regular basis. Property stock prices start growing in the apprehension of portfolio revaluation and often continue to grow in the aftermath of it. For example, if investors, who buy shares at a premium to a developer's portfolio NAV, find their investment trading at a discount to new NAV after reappraisal, this usually lifts demand for such stocks and pushes up prices.

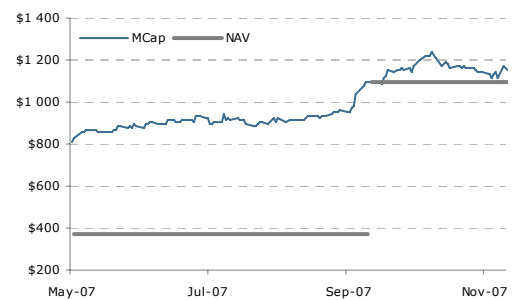
The latest surge in stock prices was in September-October 2007, when Ukraine's largest listed developers, TMM and XXI Century, released updated appraisals that revealed multifold growth in value. Comparison reveals that following the release of new NAV figures prepared by independent appraisers, XXI Century's market price stabilized at a discount to TMM by P/NAV multiple: 0.75x vs ~1x. We deem this justified and indicative of the market's perception of XXI's portfolio as relatively riskier. We elaborate on this topic in the Portfolio Analysis section below.

**XXI Century MCap and NAV**

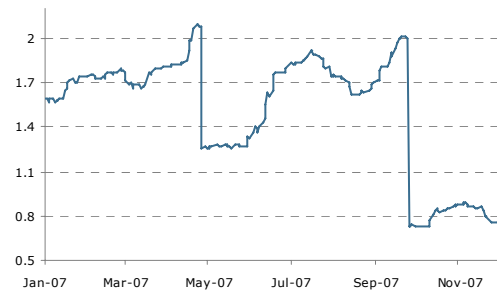


Source: Bloomberg, Concorde Capital estimates

**TMM MCap and NAV**

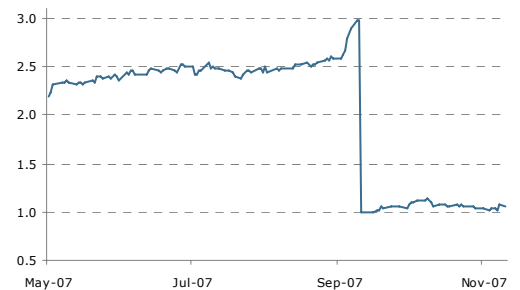


**P/NAV for XXI Century**



Source: Bloomberg, Concorde Capital estimates

**P/NAV for TMM**



## Selection an issue

Given the relatively short trading history for domestic real estate stocks, lack of public information on their businesses and limited coverage by analysts, investors in the sector apparently have a hard time making decisions. This issue is going to intensify with more companies coming to the market.

### Ukrainian real estate stock market

Company	MCap, USD mln	Free float		Appreciation since inception
		%	USD mln	
XXI Century Investments	1134.8	36%	405.1	106%
VK Development	266.5	23%	61.3	32%
TMM Real Estate Development	1166.5	13%	153.0	31%
DUPD	374.0	100%	374.0	27%
TKS Management	202.0	22%	44.4	3%
AISI Realty	130.0	30%	39.0	32%
Clubhouse Group	205.5	16%	33.7	0%
<b>Total</b>				

Source: Bloomberg, Concorde Capital estimates

We singled out two popular strategies for investing in the sector. The first one is investing in bellwether stocks like XXI Century or TMM, receiving arguably the best exposure to the sector and higher liquidity with higher volatility. The second strategy is to diversify away from the big names and invest into niche players. Such an investment has a much longer horizon, lower volatility and restricted liquidity, but targets much higher return. While plausible on the surface, the strategies lack a clear justification in terms of underlying fundamentals. In the sections that follow we address this issue by proposing tools to compare the portfolios of different developers and their feasibility.

# PORTFOLIO ANALYSIS

## Portfolio feasibility and risk

In enhancing the conventional P/NAV view on Ukrainian developers, we take into account risk characteristics of their portfolios related to construction schedule feasibility, cash flow timing, sensitivity to underlying assumptions and concentration.

We limit the scope of our analysis to the developers' existing portfolios and do not account for their future pipeline. The addition of new projects to portfolios may result in delivery schedule delays for already existing projects and raise additional budgeting issues.

### Findings

**Overambitious CapEx plans undermine portfolio's feasibility.** Among the project portfolios we did a detailed analysis of, the portfolio of XXI Century, although the largest, is the most prone to the risk of delays connected to its overly aggressive budgeted construction schedule and external financing needs incommensurate with the company's MCap and portfolio NAV. A similar concern to a lesser extent applies to TKS, who, although appears to have a more feasible construction schedule, requires a sizable amount of external funding in 2008 relative to the company's portfolio size.

**Concentration risk may arise from focusing on large projects.** Despite rather conservative construction schedule and large enough size, TMM's portfolio bears higher concentration risk than XXI Century's and TKS's portfolios due to presence of overly large projects.

**Sensitivity reflects both segment exposure and portfolio maturity.** TMM's portfolio, as most exposed to the residential segment, proved more sensitive to selling price factor. Value of TKS's portfolio has more exposure to rental rate and exit yield assumptions, as TKS is focused on commercial projects. Portfolio of XXI Century is equally sensitive to all income-related assumptions due to its more balanced segment breakdown. At the same time, XXI Century's portfolio valuation is the most sensitive to construction cost assumptions, as most of the company's projects are on early stages of development; portfolio duration is the highest.

## Project management metrics

In valuing real estate project portfolios, analysts customarily make their own assumptions on prices, rental rates and costs but with regard to construction and sales schedules they usually have to rely on the data provided by companies. At the same time, the feasibility of the schedules can have dramatic implications for estimated portfolio values.

Here we introduce several simple metrics that enable quantitative comparison of portfolios declared by public developers and allow us to evaluate their feasibility. These are:

- average construction period;
- average time to completion;
- intensity.

Developer	Residential	Retail	Office	Logistics	Hotel	Portfolio size, ths m <sup>2</sup>	# of projects	Average project size, ths m <sup>2</sup>	Average construction period, years	Time to completion, years	Intensity, mln m <sup>2</sup> /year
XXI Century	•	•	•	•	•	6234	41	152.2	1.94	3.13	1.99
TMM	•	•	•	•	•	2667	28	103.0	3.26	4.58	0.58
Karavan		•				970	15	60.0	1.52	1.04	0.93
VK Development		•		•		724	18	64.5	1.40	1.17	0.62
AISI Realty	•		•	•		470	5	46.0	1.20	0.84	0.56
TKS Management	•	•	•		•	231	16	13.6	1.26	1.38	0.11
Clubhouse Group					•	100	9	14.3	1.60	1.46	0.07

Source: Companies data, Concorde Capital estimates

**The average construction period** indicator is computed as the average time it takes to construct a project. It reflects both the average size of projects to be constructed (the larger the average project, the higher the indicator) and the feasibility of budgeted time for construction. By this measure, TMM and XXI Century surpass their peers, which is due to the larger scope of their projects. In addition, TMM's projects have on average a longer construction period due to the company's focus on residential real estate. Still, given the average size of XXI Century's projects, their budgeted average construction period appears underestimated by the management.

Another indicator, **average time to completion** for a portfolio, is calculated as the average of time intervals from valuation date to date of project completion weighted by project floor plates. It also shows that TMM and XXI Century stand out of their peer group. This metric reflects not only time needed for individual project construction but also the spread of the budgeted portfolio schedule.

We define a metric called **intensity** as a ratio of portfolio size to time to completion. In terms of intensity, the portfolio of XXI Century ranks by far the highest, twice as high as the second highest ranking portfolio, Karavan and 3.5 times higher than TMM's portfolio. Although, *ceteris paribus*, intensity should be lower for portfolios with smaller average project size (as is the case with TKS and Clubhouse), its extremely high value for XXI Century's portfolio compared to the company's past track record suggests that XXI Century must be budgeting an overly aggressive construction schedule and may face serious constraints related to financing, construction and project management capacities.

## Valuation risk metrics

For the three public developers who provided sufficient information on their projects, we developed several valuation-related gauges that allow us to compare the robustness of their portfolio valuation estimates.

**NPV** is our DCF-based estimate of project portfolio value as at January 1, 2008.

**Portfolio concentration** measure is merely a portion of portfolio's value attributable to the largest project.

**Completeness** is a percentage of incurred development costs in total development costs. This measure gives an indication of how many mature projects in the portfolio there are.

Drawing upon conventional bond analysis techniques, we introduce **duration** for the real estate project portfolios as an analogue to Macaulay duration for a bond portfolio:

$$Duration = \frac{\sum_{i=1}^T DCF_i \times Y_i}{Portfolio\ NPV},$$

where  $Y_i$  is year index and  $DCF_i$  is an aggregate cash flow in respective year discounted to date.

All three developers expressed their intent to indefinitely hold commercial property they construct. To estimate terminal cash flows for the purposes of duration computation, we assume that the companies sell their commercial projects in 2014, at the end of our forecast horizon.

		XXI	TMM	TKS
NPV	USD mln	1478	1497	228
Concentration	%	19%	27%	24%
Completeness	%	4%	10%	20%
Duration	years	11.7	6.1	7.0

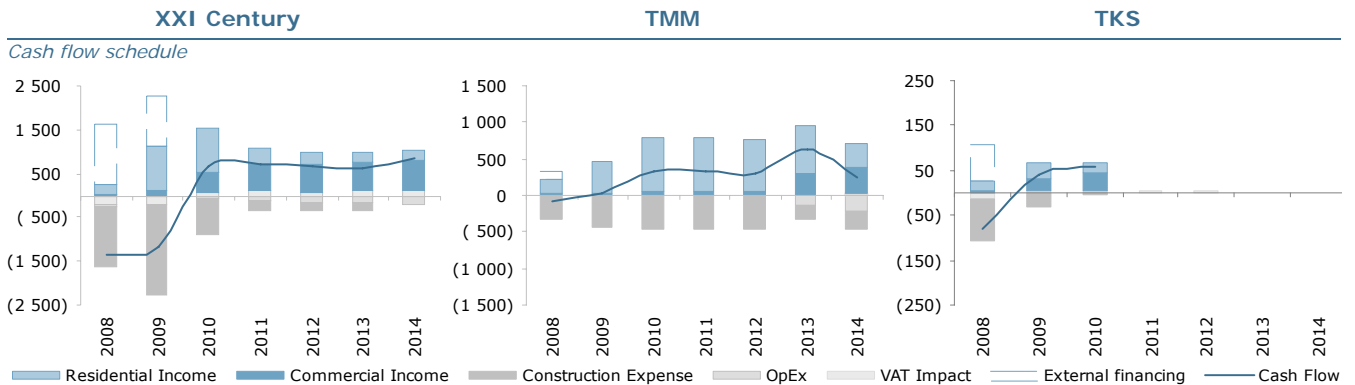
Source: Concorde Capital estimates

Our analysis shows that all three companies bear certain concentration risk, with TMM's portfolio appearing more risky by this metric. At the same time, comparison of durations indicates that by this measure the portfolio of XXI Century is the riskiest.

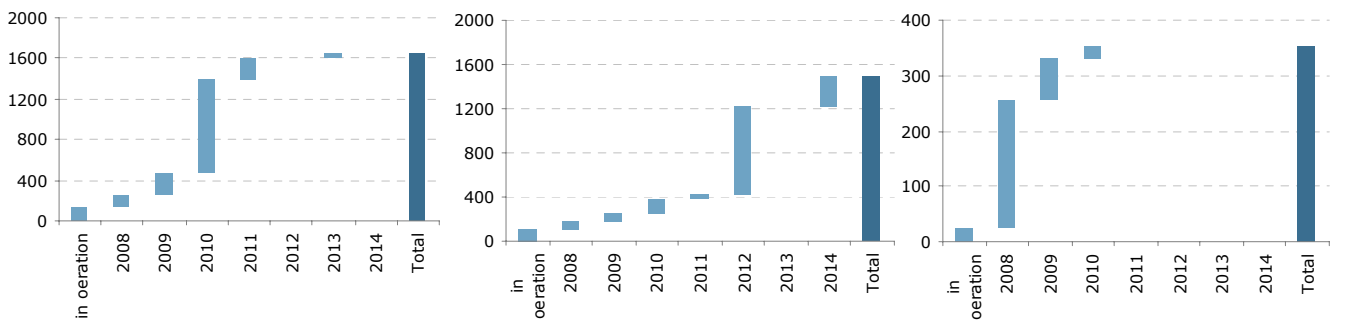
The high duration value of 11.7 (two times that of TMM) underscores the fact that XXI Century's portfolio is the most back-end loaded. The company is focused on large-scale projects, which are currently in the early stages of development and require substantial CapEx for realization. As a result, the construction schedule budgeted by XXI Century envisages the largest cash outlays in the next two years while cash inflows are shifted into the future. High duration also indicates high sensitivity of XXI Century's portfolio valuation to discount rate and exit yield assumptions making it the least robust.

## Cash flow and sensitivity analysis

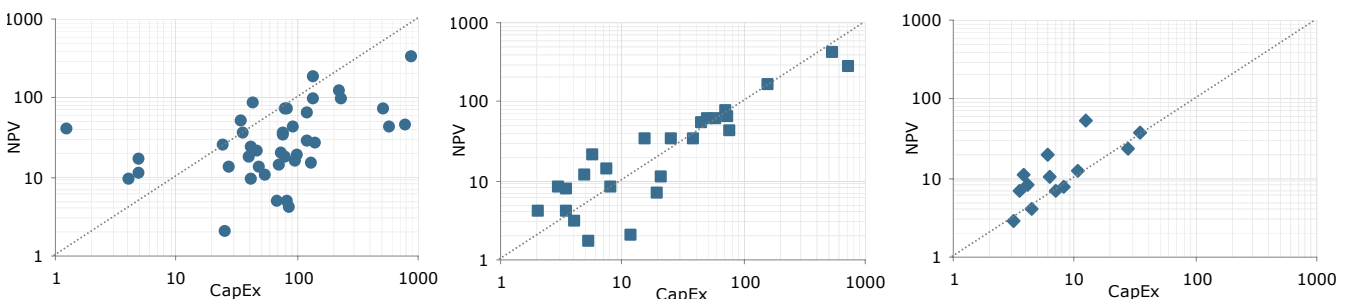
Our projected cash flow schedules derived from construction schedules planned by the companies indicate that XXI Century's portfolio requires USD 2.5 bln of external funds in 2008-2009, a massive amount compared to the company's expected cash inflows and current MCap of below USD 1.5 bln. However, should the company manage to cover its financing needs as planned, its portfolio would see a significant boost in value. TKS needs to raise over USD 80 mln in 2008 to fund its capital outlays, a significant amount for a company of its size (MCap c. USD 200 mln). Although, this is partially compensated by TKS's short cash conversion cycle (existing projects are planned for completion by 2010). TMM's existing portfolio is budgeted as practically self-financing.



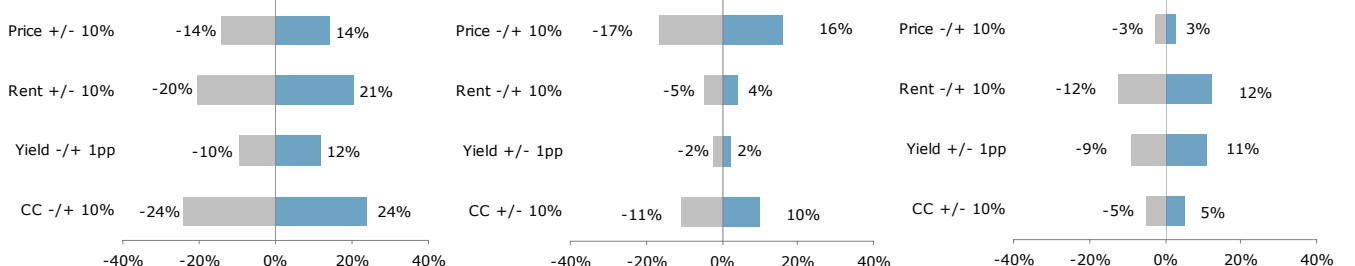
### NPV breakdown by completion year



### NPV vs. CapEx



### NPV sensitivity analysis\*



\* CC stands for construction cost

**Sensitivity to rental rate and price assumptions reflects sector exposure.**

The value of TMM's portfolio, primarily comprised of residential properties for sale, is most sensitive to selling price factor. Quite the opposite, the values of TKS's portfolio being composed of commercial projects, has more exposure toward change of rental rates and exit yield assumptions. XXI Century, having portfolio value being evenly distributed among residential and commercial projects, is equally sensitive to all income-related assumptions.

**Sensitivity to construction cost assumptions reflects portfolio maturity.**

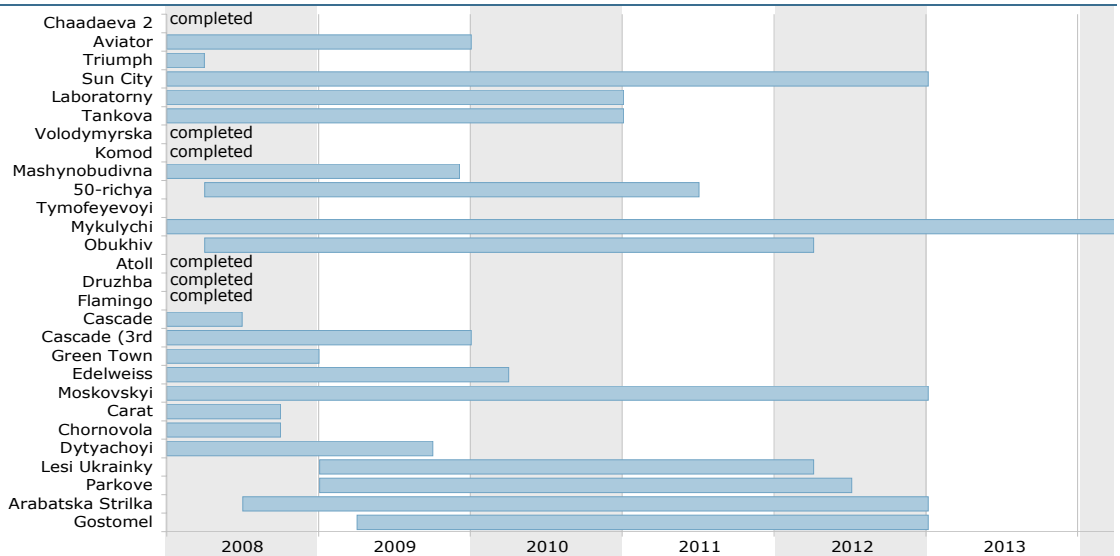
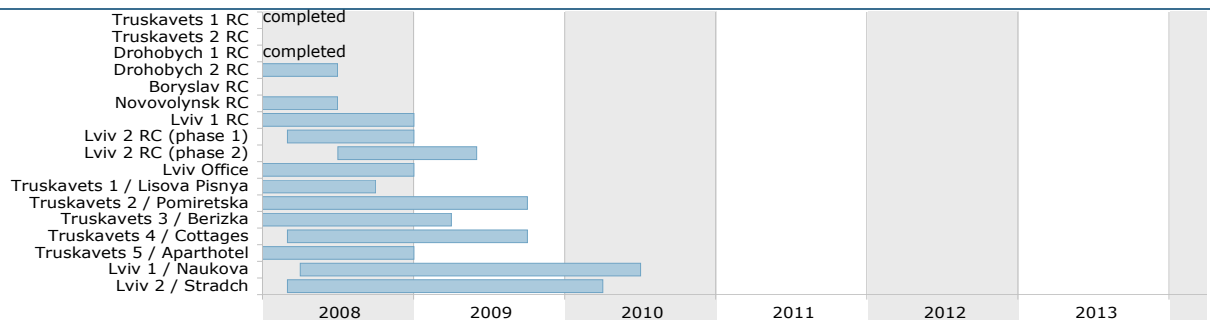
Portfolio value of XXI Century has higher, as compared to its counterparts, sensitivity toward construction costs assumption since total future expenses are high relative to the estimated portfolio value. High CapEx to NPV ratio for XXI Century is mainly attributable to the fact that projects remain on very early stages of development. Currently, XXI Century has only 1/4 of all projects in portfolio being under construction or completed and has spent so far only 4% out of total portfolio costs whereas TMM and TKS started construction for half of their projects.

**Construction schedules differ in terms of feasibility.**

Compared to TMM and TKS, XXI Century prepared an aggressive construction schedule for 2008-10. The company plans to start construction works for 3/4 projects in 2008 and promises to have completed 90% of current portfolio projects by the end of 2010 (also reflected in the NPV breakdown by year of project completion).



**Construction schedule comparison**
**XXI Century**

**TMM**

**TKS**


Source: Companies data

## VALUATION

## Valuation summary

We set our target prices for the real estate stocks we cover in this report based on the sum-of-the-parts valuation (SOTP). Our SOTP valuation model is largely based on a DCF analysis of the existing project portfolios adjusted for the companies' debt and cash positions and payable corporate tax. We favor DCF over relative valuation thanks to the uniformity of DCF's assumptions and its ability to take into account all future cash flows.

### Target price derivation\*, USD mln

	XXI Century base scenario	manag-nt scenario	TMM	TKS
Project portfolio valued by DCF	2 262	3 313	1 850	354
Cumulative discounted corporate profit taxes	(179)	(261)	(133)	(29)
Net cash / (debt)	(222)	(1 041)	(185)	(79)
<b>Implied equity value</b>	<b>1 862</b>	<b>2 010</b>	<b>1 532</b>	<b>246</b>
# of shares, mln	50.0	50.0	51.8	4.5
DR ratio	1:1	1:1	1:1	2:1
<b>Target price per DR, USD</b>	<b>37.24</b>	<b>40.21</b>	<b>29.58</b>	<b>27.33</b>

\*as of December 31, 2008;

Source: Concorde Capital estimates

#### Note on XXI Century's valuation

Implied equity value and price per share for XXI Century are estimated under the assumption of share issue in 2008. The company's management has announced plans to hold an SPO on the Warsaw Stock Exchange. Currently, XXI Century has 37.34 mln shares outstanding. On December 6, 2007 the company increased its authorized capital by 10.00 mln shares to 50.00 mln and is planning to issue the new shares next year during the course of its SPO.

Theoretically, XXI Century can issue any number of shares up to 12.66 mln, or ~25% in new equity. We believe that given its needs in external financing, the company will have an incentive to offer the entire 25% stake to investors. While setting target price for XXI Century's stock, we use the company's authorized number of shares rather than already issued.

Preliminarily, the company's management indicated the possibility of selling the new issue below the market. Setting the subscription price significantly below the market threatens to dampen market prices and would compel investors to subscribe to avoid dilution. Those who will subscribe for the new shares will not suffer.

## DCF mechanics

Our model is based solely on the existing portfolio and does not incorporate any projects that will be added to its pipeline in the future. Assumptions applied in DCF modeling are based on our understanding of current trends and market outlook.

### Major assumptions

	2008F	2009F	2010F	2011F	2012F	2013F	2014F
Construction cost inflation	13%	13%	13%	13%	13%	13%	13%
Residential price growth							
Kyiv	13%	13%	8%	8%	4%	4%	4%
Big cities (~1M residents)	13%	8%	8%	4%	4%	4%	4%
Other regions	13%	8%	4%	4%	4%	4%	4%
Rental rate growth							
Kyiv	13%	13%	8%	8%	4%	4%	4%
Big cities (~1M residents)	13%	8%	8%	4%	4%	4%	4%
Other regions	13%	8%	4%	4%	4%	4%	4%
OpEx inflation	13%	13%	13%	13%	13%	13%	13%
Occupancy rate	95%	95%	95%	95%	95%	95%	95%
VAT rate	20%	20%	20%	20%	20%	20%	20%

Source: Concorde Capital estimates

Growth rates for selling prices and rental rates are considered to be conditional on the size of the respective city. Since smaller cities are less capacious, they must face faster saturation with real estate than larger cities and we assume price growth in smaller cities will slow down quicker.

We assume exit yields for commercial property in 2014 to be equal to 8%-10% for Kyiv and 11%-13% for regions depending on the type of property. Our assumptions about exit yields reflect the following:

- 1) yields have been converging in CEE capitals to 6-8%,
- 2) Kyiv appears to be following this path, with yields approaching CEE levels,
- 3) yields in Ukrainian regions are 2-3 percentage points higher than in Kyiv, and
- 4) yields for retail property are 1-2 percentage points higher than for offices.

#### WACC assumptions

	2008F	2009F	2010F	2011F	2012F	2013F	2014F
XXI Century	13%	12%	11%	10%	10%	10%	10%
TMM	13%	12%	11%	10%	10%	10%	10%
TKS	14%	13%	12%	11%	11%	11%	11%

Source: Concorde Capital estimates

Different discount rates were used for various categories of projects depending on their location, type of property and development stage. We employed a premium build-up approach to estimate the company's WACC and used these discount rates to value property in operation, while discount rates applied to projects classified as under construction, under development and held for development were calculated with premiums to WACC of 2%, 4% and 6%, respectively.

## XXI Century: Impact of financing availability on value

### Financing requirements and sources of funds

XXI Century has arguably the most ambitious plans for portfolio development. During the next two years, the company will spend USD 3.9 bln in construction expenses according to its announced schedule. We estimate that only one-third of this amount might be covered by income mainly from residential property presales. This means that XXI Century will require some USD 2.5 bln in external funds over the next two years to fill the gap.

The company has the following options:

- equity financing
- international debt
- project financing with local banks

### Raising equity

Given the company's announced SPO plans for 2008, in our valuation of XXI Century's equity we explicitly assumed that the company will raise USD 400 mln in shareholder capital next year.

In addition to the SPO, XXI Century plans to set up real estate funds which, in our opinion, would be another way of financing existing projects.

### Attracting debt

We estimate that XXI Century will need to attract approximately USD 0.9 bln in debt in 2008 alone and another USD 1.2 bln in 2009 (unless it decides to do another SPO in 2009).

### Sensitivity to the amount of funds raised

We consider the amount of USD 2.5 bln of external financing needed to be barely feasible for the developer, whose current MCap is USD 1.1 bln, even though the company was able to issue USD 175 mln in Eurobonds in May 2007.

In order to determine the sensitivity of the company's implied fair equity value to financing availability, we applied a scenario analysis. XXI Century's estimated equity and portfolio values in 12 months from now were examined conditioned on the amount of external financing attracted in 2008 and in 2009.

For all cases, we made the following assumptions:

- 1) the company will raise USD 400 mln in equity in 2008;
- 2) projects with a short cash conversion cycle (predominantly residential) will be prioritized.

**XXI Century 12M targets sensitivity to funds attracted, USD mln**

		attracted in 2009F				
		NPV	1200	900	500	
		MCap				
attracted in 2008F	1300		3 313	3 251	2 974	<input type="checkbox"/> management scenario
			2 010	1 953	1 698	<input checked="" type="checkbox"/> our expectation – base scenario
	900		2 839	2 825	2 734	
			1 991	1 979	1 895	
	500		2 370	2 293	2 262	
			1 961	1 890	1 862	

Source: Concorde Capital estimates

We believe that the amount of additional external financing the company will be able to attract over the next two years will not exceed USD 1 bln and consider it our base scenario. Postponement of project development stemming from under-financing would result in a slower pace of growth in the company's portfolio value. The base scenario implies 40% portfolio value growth in 2008 vs. 214% under the management scenario.

At the same time, the difference in XXI Century's implied equity value is less dramatic under different scenarios. Smaller external financing under the base scenario will result in smaller net debt, thus damping the impact of the reduction in the portfolio's value.

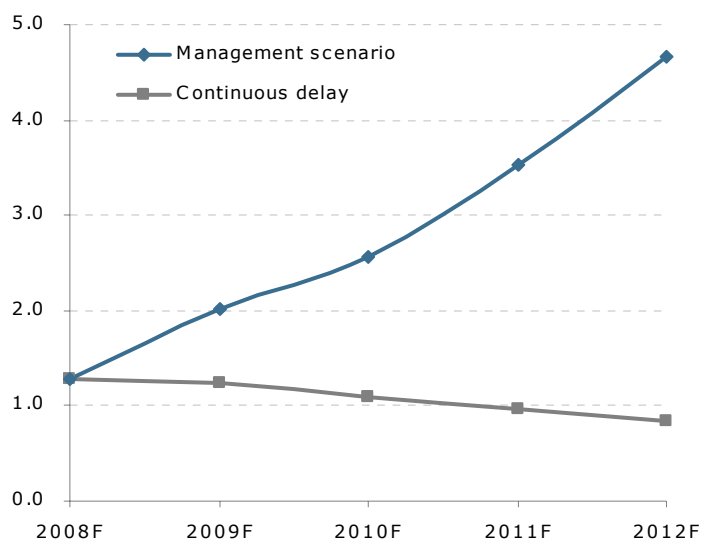
**What happens when projects are delayed?**

As risk of project delay for XXI Century appears high to us, we simulated a hypothetical situation when realization of the company's entire portfolio is shifted forward by one year, two years, three years, etc. to see the effect of the deferral on the portfolio's value.

We find that postponement will result in portfolio value depreciation due to:

- 1) opportunity cost effect
- 2) projected market conditions worsening (cost inflation ahead of income growth)

The estimated size of the reduction in portfolio value due to shifting the construction schedule by one year is ~20%.

**Portfolio value evolution, USD bln**


Source: Concorde Capital estimates

## READING FINANCIAL STATEMENTS

## Accounting differences

Not many Ukrainian developers have audited accounts but those who do, in most cases apply accounting principles different from the ones commonly adopted by real estate companies in developed markets. In particular, it is not common among Ukrainian developers to recognize revenues by the percentage of completion method, as it is hard to estimate the full cost of a development project. Instead, they typically use a completed contract method, which results in spikes and troughs in historical revenues and profits, especially for the companies involved in residential construction. At the same time, actual cash flows may have a completely different pattern from the reported profits by virtue of pre-sales.

Comparison of balance sheet accounts reveals an even higher disparity among domestic and foreign developers, as well as among domestic developers themselves. Ukrainian developers who adhere to IFRS have considerable leeway in preparing their financial statements and certain important accounts, such as shareholder equity ('historical NAV') are in effect completely incomparable. For comparison purposes, we introduced a unified methodology for projection of financial statements of XXI Century, TMM and TKS following the more conservative prescriptions of IFRS.

### Companies' financials, USD mln

	XXI			TMM			TKS	
	2006*	2007E	2008F	2006	2007E	2008F	2007E	2008F
Net Revenues	13	9	127	96	82	183	2	11
EBITDA	1	(19)	15	18	20	93	2	7
Net Income	15	(25)	(17)	23	18	64	1	44
Inventory	61	129	478	78	130	312	4	21
Investment Property	162	322	1 325	77	92	156	31	145
Total Assets	297	626	2 095	276	508	663	70	205
Shareholders' Equity	256	250	644	107	225	274	53	97
Net Debt/(Cash)	3	95	1 041	33	23	185	(10)	79

\* restated

Source: Companies data, Concorde Capital estimates

Some companies, such as XXI Century Investments, reflect on their balance sheet the full appraisal value of their portfolios ('appraiser's NAV') including existing properties, properties under development and properties held for development. This is recognized in the Investment Property account on the asset side and in the Revaluation Reserve on the equity & liabilities side of the company's balance sheet. On the other hand, TMM Real Estate Development employs a more conservative approach treating as Investment Property only the premises in operation, a practice commonly adopted by both Russian and western developers.

To compare apples with apples, we did a restatement of such historical balance sheet accounts as Investment Property and Shareholder Equity and made appropriate amendments to the income statement of XXI Century Investments. While forecasting financials for TKS, which will be preparing its first audited accounts starting from 2007, we used the same principles as for XXI Century and TMM.

### XXI Century financials restatement, USD mln

	2005		2006		1H07	
	original	restated	original	restated	original	restated
Net Income	103	26	197	15	1 018	(6)
Inventory	7	8	21	61	28	109
Investment Property	152	36	476	162	1 696	287
Shareholders' Equity	247	162	520	256	1 596	268

Source: Company data, Concorde Capital estimates

**The key principles we employed in our projections are as follows:**

- revenue from sales of premises and the corresponding cost of sales are recognized at the time when the title is transferred to the buyer of the premises. The schedule of project completion can be thought of as an approximate guide in such revenue recognition;
- pre-sale of apartments is reflected on the balance sheet either in Residential Bonds Issued or Advances from Customers item;
- investments into residential property construction are capitalized as Inventory. Investments are accumulated on Construction Work in Progress account during construction period. Upon the project completion, they are transferred to the Finished Goods account;
- investments into commercial property are capitalized as Investment Property. Until project completion they are accumulated on Investment Property in the Course of Construction account. Upon completion, projects are revalued and transferred into Investment Property account;
- re-valuation gain applicable to commercial property is derived from our DCF calculations of terminal value and discount rates;
- tax liability occurring due to re-valuation gain is accumulated as Deferred Tax liability;

The companies' equity grows mainly due to two components – retained earnings and re-valuation reserve.



## COMPANY PROFILES

# TKS Management (37W1 GR)

Real Estate

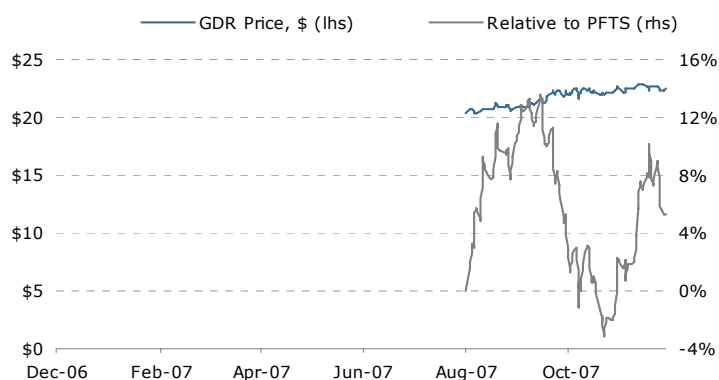
<http://www.tks.ua>

12M target (USD)	27.33
Upside*	21.8%

## Investment case

- First mover into untapped real estate markets in Western Ukraine that border the EU
- Lviv, TKS' stronghold, is one of the Ukrainian host cities for Euro-2012 Football Championship
- Balanced portfolio of 16 projects with focus on retail market, which domestically grew at a robust 26% CAGR over 2002-2006
- Lease agreements with Furshet, Ukraine's 3rd largest retailer, Russian retail operator Vester and French Auchan
- Portfolio valuation revised 53% upward due to the addition of two new projects in October 2007, BUY confirmed

## Share price performance\*



Listed on FSE since 10.08.2007

## Business overview

Real estate development and construction leader in Western Ukraine. Emerged from a diversified service holding that catered to the resort industry. In 2001, purchased construction capacities and initial land plots. In 2003, TKS redefined its strategy, spinning off its other divisions to better focus on development and construction.

From 2003 to date, TKS has completed the construction of 68,100 m<sup>2</sup> in property, including 24,800 m<sup>2</sup> in residential, 28,300 m<sup>2</sup> in hotel and 15,000 m<sup>2</sup> in retail segments. An additional 230,962 m<sup>2</sup> should be constructed by 2011 from its current portfolio of 16 projects.

In July 2007, the company raised USD 39.6 mln through private placement of a 22% equity stake. Since August 2007, TKS' GDRs are listed on DB FV.

## Market information

<b>Market Price*</b> , USD	22.44
Price impact**	n/a
52 Wk H/L USD	22.93/20.34
Chg 3m/6m/52w	8%/10%/n/a
Chg vs PFTS 3m/6m/52w	-7%/5%/n/a
Chg YTD	10%
Avg M Tr Vol 6M, USD ths	19.4

<b>MCap</b> , USD mln	202.0
Free float	22%
FF Mcap, USD mln	44.4

<b>No of shares</b> , mln	4.5
Par Value, USD	0.01

<b>XETRA</b>	37W1
DR Ratio	2:1

## Stock ownership

Mr. Torsky and Mr. Hovirko	78.0%
Portfolio investors	22.0%

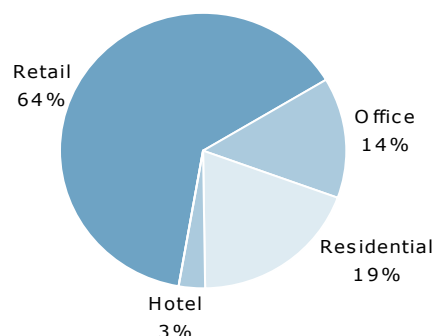
## Corporate governance

Concorde Rating***	n/a
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## Key financials, USD mln

	2006	2007E	2008E
Revenue	n/a	2	11
EBITDA	n/a	2	7
Net Income	n/a	1	44
Book Value	n/a	53	97
Net Debt/Equity	n/a	-0.18	0.81

## Portfolio NPV breakdown by segment



\*Market information as of Nov 29, 2007, based on FSE Mid prices

\*\* Price "impact" is the opinion of Concorde's trading desk on stocks to help investors estimate the reliability of quoted prices:

1: Market price reaction remains within 10% in execution of a market order of about USD 10 mln in size  
 2: Market price reaction remains within 10% in execution of a market order of about USD 1 mln in size  
 3: All other stocks (quoted)

\*\*\* The rating is based on Concorde Capital's corporate governance survey. Q denotes quality corporate governance standards, AA - above average standards, A - average, BA - below average and P - poor.

\*\*\*\* NAV is defined as the value of a portfolio derived by independent appraiser, as of 30.06.2007

**TKS portfolio**

Project Name	Type	Due in	Total Area m <sup>2</sup>	Total Project Cost USD mln	Res. Selling Price USD/m <sup>2</sup>	Com. Rental Rate USD/m <sup>2</sup> / month	Yield to cost %	Benef. NPV USD mln
<b>Commercial developments</b>								
Truskavets 1 RC	Truskavets	2006	6 675			21		10.6
Truskavets 2 RC	Truskavets	2007	1 500	0.4		15	67%	2.8
Truskavets 3 / Berizka	Truskavets	2009	12 400	6.2		15		10.2
Drohobych 1 RC	Drohobych	2007	3 528			9		4.4
Drohobych 2 RC	Drohobych	2008	13 248	6.0		18	42%	19.4
Boryslav RC	Boryslav	2007	2 900	0.9		15	60%	5.7
Novovolynsk RC	Novovolynsk	2008	8 600	3.9		16	38%	10.8
Lviv 1 RC	Lviv	2008	22 500	12.4		34	57%	54.2
Lviv 2 RC (phase 1)	Lviv	2008	37 000	34.4		19	22%	37.1
Lviv 2 RC (phase 2)	Lviv	2009	30 000	27.6		18	20%	23.7
Lviv Office	Lviv	2008	7 500	4.1		18	33%	8.3
Truskavets 5 / Aparthotel	Truskavets	2008	5 000	3.5	1 000	15	26%	6.8
<b>Residential developments</b>								
Truskavets 1 / Lisova Pisnya	Truskavets	2008	9 411	3.1	917			3.0
Truskavets 2 / Pomiretska	Truskavets	2009	18 800	7.1	833	10		6.9
Truskavets 4 / Cottages	Truskavets	2009	10 600	4.4	1 000			4.1
Lviv 1 / Naukova	Lviv	2010	23 300	10.7	1 300			12.5
Lviv 2 / Stradch	Lviv	2010	18 000	8.3	1 000			7.6
<b>Total/Average</b>			<b>230 962</b>	<b>133</b>	<b>1 008</b>	<b>17</b>		<b>228.0</b>

Source: Companies data, Concorde Capital estimates

**Consolidated DCF\***

	2008F	2009F	2010F
Residential Income	21.5	36.7	22.1
Commercial Income	4.2	29.8	36.9
Total Income	25.7	66.5	59.0
OpEx	(0.1)	(0.7)	(0.9)
NOI	25.6	65.8	58.2
Construction Expense	(93.0)	(29.2)	(4.2)
Pre-tax Cash Flow	(67.3)	36.7	54.0
VAT Impact	(13.9)	2.7	14.1
Cash Flow	(81.2)	39.3	68.0
Cash Flow Discounted	(72.6)	29.7	44.3
Terminal Value Discounted			226.6
<b>Portfolio NPV</b>	<b>228.0</b>	<b>353.9</b>	<b>372.4</b>

\* NPV as of January 1 of corresponding year

Source: Concorde Capital estimates

**TKS Income statement summary, USD mln**

	2007E	2008F	2009F	2010F
<b>Net Revenues</b>	<b>2</b>	<b>11</b>	<b>53</b>	<b>93</b>
Cost Of Sales	-	(4)	(14)	(26)
Gross Profit	2	7	39	67
Other Operating Income/Costs, net	-	-	-	-
SG&A	(0)	(0)	(1)	(1)
<b>EBITDA</b>	<b>2</b>	<b>7</b>	<b>38</b>	<b>66</b>
<i>EBITDA margin, %</i>	<i>99.2%</i>	<i>67.1%</i>	<i>71.9%</i>	<i>71.0%</i>
D&A	(0)	(1)	(1)	(1)
<b>EBIT</b>	<b>1</b>	<b>7</b>	<b>37</b>	<b>66</b>
<i>EBIT margin, %</i>	<i>88.6%</i>	<i>62.2%</i>	<i>70.8%</i>	<i>70.4%</i>
Interest Expense	(1)	(5)	(8)	(3)
Financial Income	0	-	-	-
Other Income/(expense)	1	47	190	13
<b>PBT</b>	<b>1</b>	<b>48</b>	<b>219</b>	<b>75</b>
Tax	(0)	(5)	(22)	(8)
<b>Net Income</b>	<b>1</b>	<b>44</b>	<b>197</b>	<b>68</b>
<i>Net Margin, %</i>	<i>37.9%</i>	<i>395.7%</i>	<i>372.3%</i>	<i>72.6%</i>

**TKS Balance sheet summary, USD mln**

	2007E	2008F	2009F	2010F
<b>Current Assets</b>	<b>32</b>	<b>45</b>	<b>48</b>	<b>20</b>
Cash & Equivalents	20	3	3	1
Trade Receivables	2	2	5	4
Inventories	4	21	24	4
Other Current Assets	6	19	17	11
<b>Fixed Assets</b>	<b>38</b>	<b>160</b>	<b>363</b>	<b>376</b>
PP&E, net	7	16	16	15
Investment Property & Other Fixed Assets	31	145	347	360
<b>Total Assets</b>	<b>70</b>	<b>205</b>	<b>411</b>	<b>396</b>
<b>Shareholders' Equity</b>	<b>53</b>	<b>97</b>	<b>295</b>	<b>361</b>
Share Capital	39	39	39	39
Reserves and Other	14	58	255	321
<b>Current Liabilities</b>	<b>8</b>	<b>26</b>	<b>35</b>	<b>1</b>
ST Interest Bearing Debt	2	4	3	0
Trade Payables	2	4	1	0
Advances from Customers & Other	4	17	30	0
<b>LT Liabilities</b>	<b>9</b>	<b>83</b>	<b>82</b>	<b>34</b>
LT Interest Bearing Debt	8	77	58	8
Other LT	1	5	24	26
<b>Total Liabilities &amp; Equity</b>	<b>70</b>	<b>205</b>	<b>411</b>	<b>396</b>

**TKS Cash flow statement summary, USD mln**

	2007E	2008F	2009F	2010F
Net Income	1	43	197	66
D&A	0	1	1	1
Non-operating and Non-cash Items	4	(52)	(172)	(9)
Changes in Working Capital	(6)	(14)	7	(5)
<b>Operating Cash Flow</b>	<b>(2)</b>	<b>(22)</b>	<b>33</b>	<b>53</b>
Capital Expenditures, net	(19)	(66)	(13)	(2)
Other Investments, net	-	-	-	-
<b>Investing Cash Flow</b>	<b>(19)</b>	<b>(66)</b>	<b>(13)</b>	<b>(2)</b>
Net Borrowings/(Repayments)	2	71	(21)	(52)
Equity Financing & Other	39	-	-	-
<b>Financing Cash Flow</b>	<b>40</b>	<b>71</b>	<b>(21)</b>	<b>(52)</b>
Beginning Cash Balance	0	20	3	3
Ending Cash Balance	20	3	3	1
<b>Net Cash Inflows/Outflows</b>	<b>20</b>	<b>(17)</b>	<b>(0)</b>	<b>(2)</b>

**UAH/USD Exchange rates**

	2007E	2008F	2009F	2010F
Average exchange rate	5.05	5.03	5.00	5.00
Year-end exchange rate	5.05	5.00	5.00	5.00

Source: Company data, Concorde Capital estimates

# TMM Real Estate Development (TR61 GR)

Real Estate

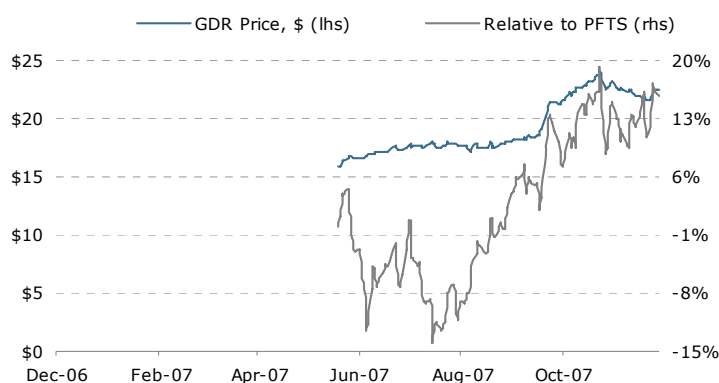
<http://tmm.ua>

12M target (USD)	29.58
Upside*	31.3%

## Investment case

- Top-five player in Kyiv's booming business/premium residential market in terms of number of projects.
- Best track record of completed projects among Ukraine's public developers (~400 ths m<sup>2</sup>)
- Portfolio nearly tripled in value to USD 1.1 bln following equity placement in May 2007, according to Colliers
- Projects in mature stage (64% under construction or completed)
- Project pipeline in 2007-2014: 2.2 ths m<sup>2</sup> in salable residential and commercial space
- Cost and timing control thanks to possessing construction capacities
- Actively expanding into untapped regional markets
- Overly exposed to residential segment
- 12 month target implies upside of 31.3%. BUY

## Share price performance\*



Listed on FSE since 29.05.2007

## Business overview

Ukraine's leading real estate development and construction company. Develops a number of projects in Kyiv, the country's largest market, and actively expanding into the regions. Operates in the business and premium segments, provides turnkey solutions for comfortable living. Delivers constructed apartments with fine finish. Buildings have necessary infrastructure, including non-residential premises for convenience stores, pharmacies, etc. Controls its project costs, self-sufficient in raw materials (concrete and metal hardware), which are produced in-house.

## Market information

<b>Market Price*</b> , USD	22.52
Price impact**	n/a
52 Wk H/L USD	24.09/15.83
Chg 3m/6m/52w	24%/36%/n/a
Chg vs PFTS 3m/6m/52w	10%/18%/n/a
Chg YTD	42%
Avg M Tr Vol 6M, USD ths	157.8
<b>MCap</b> , USD mln	1166.5
Free float	13.12%
FF Mcap, USD mln	153.1
<b>No of shares</b> , mln	51.8
Par Value, USD	0.01
<b>XETRA</b>	TR61
DR Ratio	1:1

## Stock ownership

Mr. Tolmachov	70.4%
Management	16.5%
Portfolio investors	13.1%

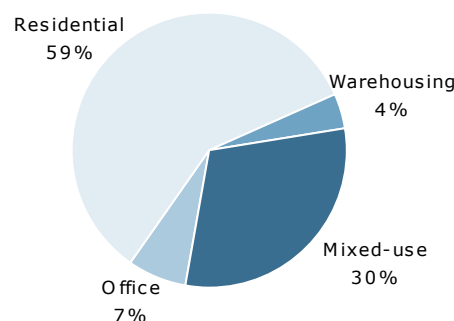
## Corporate governance

Concorde Rating***	n/a
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## Key financials, USD mln

	2006	2007E	2008E
Revenue	96	82	183
EBITDA	18	20	93
Net Income	23	18	64
Book Value	107	225	274
Net Debt/Equity	0.31	0.10	0.68

## Portfolio NPV breakdown by segment



\*Market information as of Nov 29, 2007, based on FSE Last prices

\*\* Price"impact" is the opinion of Concorde's trading desk on stocks to help investors estimate the reliability of quoted prices:

1: Market price reaction remains within 10% in execution of a market order of about USD 10 mln in size  
 2: Market price reaction remains within 10% in execution of a market order of about USD 1 mln in size  
 3: All other stocks (quoted)

\*\*\* The rating is based on Concorde Capital's corporate governance survey. Q denotes quality corporate governance standards, AA - above average standards, A - average, BA - below average and P - poor.

\*\*\*\* NAV is defined as the value of a portfolio derived by independent appraiser, as of 30.06.2007

**TMM portfolio**

Project Name	Type	Due in	Total Area m <sup>2</sup>	Total Project Cost USD mln	Res. Selling Price USD/m <sup>2</sup>	Com. Rental Rate USD/m <sup>2</sup> / month	Yield to cost %	Benef. NPV USD mln
<b>Commercial developments</b>								
Volodymyrska	Kyiv	2005	4 128	0.0		65		48.3
Komod	Kyiv	2006	8 428	0.0		39		24.4
Mashynobudivna	Kyiv	2009	7 897	5.7		32	49%	20.8
Tymofeyevoyi	Kyiv	2001	1 280	0.0		40		9.2
Gostomel	Kyiv obl.	2012	125 000	50.0		15	15%	60.6
<b>Mixed use developments</b>								
50-richya Zhovtnya	Kyiv	2011	70 116	77.1		36	26%	43.4
Arabatska Strilka	Crimea	2012	500 000	550.0	4 400	178	82%	410.7
<b>Residential developments</b>								
Chaadaeva 2	Kyiv	2007	14 650	11.8	2 800			2.0
Aviator	Kyiv	2009	21 084	15.8	2 800			34.0
Triumph	Kyiv	2008	45 559	59.2	7 300	37		59.8
Sun City	Kyiv	2012	178 767	159.1	2 800	19		158.3
Laboratorny	Kyiv	2010	44 509	71.2	4 600	32		74.9
Tankova	Kyiv	2010	33 569	25.2	2 800			33.8
Mykulychi	Kyiv obl.	2014	913 755	749.3	2 200	30		282.7
Obukhiv	Kyiv obl.	2012	70 622	38.8	1 600			33.4
Atoll	Kharkiv	2007	34 183	21.2	1 400			11.0
Druzhba	Kharkiv	2007	11 108	5.4	1 000			1.7
Flamingo	Kharkiv	2007	4 065	2.1	2 900			4.1
Cascade	Kharkiv	2008	6 815	3.5	2 300			7.6
Cascade (3rd stage)	Kharkiv	2009	4 943	4.1	1 700			3.0
Green Town	Kharkiv	2008	25 441	19.3	1 300			6.9
Edelweiss	Kharkiv	2010	15 964	8.1	1 500			8.5
Moskovskiyi	Kharkiv	2012	106 370	74.5	2 200			64.6
Carat	Kharkiv	2008	5 961	3.0	2 500			8.3
Chornovola	Zhytomyr	2008	6 461	3.6	1 600			4.0
Dytyachoyi Komuny	Zhytomyr	2009	14 995	7.5	1 800			13.6
Lesi Ukrainky	Yalta	2012	5 610	5.0	4 480			12.0
Parkove	Crimea	2012	40 933	45.0	4 400			55.0
<b>Total/Average</b>			<b>2 322 212</b>	<b>2 015.6</b>	<b>2 745</b>	<b>84</b>		<b>1 496.6</b>

Source: Companies data, Concorde Capital estimates

**Consolidated DCF\***

	2008F	2009F	2010F	2011F	2012F	2013F	2014F	2015F	2016F
Residential Income	205.8	418.7	748.2	746.1	710.5	670.5	313.5	315.6	245.1
Commercial Income	23.6	38.4	47.1	49.5	58.9	283.4	374.3	6.6	5.1
Total Income	229.3	457.1	795.2	795.6	769.4	954.0	687.8	322.3	250.3
OpEx	(0.1)	(0.2)	(0.2)	(0.5)	(0.8)	(134.7)	(226.2)		
NOI	229.2	457.0	795.0	795.1	768.6	819.3	461.6	322.3	250.3
Construction Expense	(317.6)	(430.3)	(466.8)	(458.6)	(473.7)	(202.2)	(227.6)		
Pre-tax Cash Flow	(88.4)	26.7	328.2	336.4	294.9	617.1	234.1	322.3	250.3
VAT Impact	(4.3)	(8.2)	(8.6)	(4.3)	0.1	8.4	16.8		
Cash Flow	(92.6)	18.5	319.6	332.1	295.0	625.4	250.9	322.3	250.3
Cash Flow Discounted	(78.7)	12.7	214.9	193.6	146.0	269.0	92.7	99.8	68.1
Terminal Value Discounted							478.4		
<b>Portfolio NPV</b>	<b>1496.6</b>	<b>1850.5</b>	2146.0	2149.3	2130.6	2145.2	1811.6	494.5	232.5

\* NPV as of January 1 of corresponding year

Source: Concorde Capital estimates

**TMM Income Statement Summary, USD mln**

	2006	2007E	2008F	2009F	2010F	2011F	2012F
<b>Net Revenues</b>	<b>96</b>	<b>82</b>	<b>183</b>	<b>207</b>	<b>404</b>	<b>579</b>	<b>613</b>
Cost of Sales	(67)	(56)	(82)	(85)	(134)	(216)	(205)
Gross Profit	29	26	102	122	270	363	408
Other Operating Income/Costs, net	-	-	-	-	-	-	-
SG&A	(9)	(7)	(9)	(8)	(8)	(12)	(12)
<b>EBITDA</b>	<b>18</b>	<b>20</b>	<b>93</b>	<b>113</b>	<b>262</b>	<b>352</b>	<b>396</b>
<i>EBITDA margin, %</i>	<i>19.1%</i>	<i>24.0%</i>	<i>50.6%</i>	<i>54.8%</i>	<i>64.8%</i>	<i>60.7%</i>	<i>64.5%</i>
Depreciation	(1)	(3)	(5)	(6)	(6)	(6)	(6)
<b>EBIT</b>	<b>17</b>	<b>17</b>	<b>87</b>	<b>108</b>	<b>256</b>	<b>346</b>	<b>390</b>
<i>EBIT margin, %</i>	<i>17.7%</i>	<i>20.1%</i>	<i>47.7%</i>	<i>52.1%</i>	<i>63.4%</i>	<i>59.7%</i>	<i>63.6%</i>
Interest Expense	(1)	(13)	(23)	(25)	(14)	(4)	(3)
Financial Income	-	-	-	-	-	-	-
Other Income/(Expense)	14	20	5	4	33	131	13
<b>PBT</b>	<b>30</b>	<b>24</b>	<b>69</b>	<b>86</b>	<b>275</b>	<b>473</b>	<b>400</b>
Tax	(7)	(6)	(5)	(6)	(19)	(33)	(28)
<b>Net Income</b>	<b>23</b>	<b>18</b>	<b>64</b>	<b>80</b>	<b>256</b>	<b>440</b>	<b>372</b>
<i>Net Margin, %</i>	<i>23.7%</i>	<i>21.8%</i>	<i>35.1%</i>	<i>38.8%</i>	<i>63.4%</i>	<i>76.0%</i>	<i>60.7%</i>

**TMM Balance Sheet Summary, USD mln**

	2006	2007E	2008F	2009F	2010F	2011F	2012F
<b>Current Assets</b>	<b>123</b>	<b>310</b>	<b>395</b>	<b>644</b>	<b>879</b>	<b>1 014</b>	<b>1 178</b>
Cash & Equivalents	1	113	2	2	6	5	5
Trade Receivables	27	53	55	52	57	58	61
Inventories	78	130	312	541	741	852	991
Other Current Assets	18	14	26	50	76	100	121
<b>Fixed Assets</b>	<b>153</b>	<b>198</b>	<b>267</b>	<b>387</b>	<b>550</b>	<b>810</b>	<b>950</b>
PP&E, net	77	106	111	109	106	104	101
Investment Property & Other Fixed Assets	77	92	156	278	444	706	849
<b>Total Assets</b>	<b>276</b>	<b>508</b>	<b>663</b>	<b>1 031</b>	<b>1 429</b>	<b>1 824</b>	<b>2 128</b>
<b>Shareholders' Equity</b>	<b>107</b>	<b>225</b>	<b>274</b>	<b>354</b>	<b>451</b>	<b>552</b>	<b>631</b>
Share Capital	67	167	169	169	169	169	169
Reserves and Other	40	58	105	185	283	384	462
<b>Current Liabilities</b>	<b>124</b>	<b>166</b>	<b>214</b>	<b>499</b>	<b>956</b>	<b>1 240</b>	<b>1 464</b>
ST Interest Bearing Debt	9	24	18	21	20	14	15
Trade Payables	47	22	28	31	32	41	43
Advances from Customers & Other	68	120	168	447	904	1 185	1 406
<b>LT Liabilities</b>	<b>45</b>	<b>118</b>	<b>175</b>	<b>178</b>	<b>22</b>	<b>32</b>	<b>34</b>
LT Interest Bearing Debt	26	112	169	172	13	14	15
Other LT	19	6	6	6	9	18	19
<b>Total Liabilities &amp; Equity</b>	<b>276</b>	<b>508</b>	<b>663</b>	<b>1 031</b>	<b>1 429</b>	<b>1 824</b>	<b>2 128</b>

**TMM Cash Flow Statement Summary, USD mln**

	2006	2007E	2008F	2009F	2010F	2011F	2012F
Net Income	23	18	64	80	256	440	372
D&A	1	3	5	6	6	6	6
Non-operating and Non-cash Items	(6)	(60)	(32)	(6)	(34)	(125)	(16)
Changes in Working Capital	6	(49)	(140)	34	227	153	59
<b>Operating Cash Flow</b>	<b>24</b>	<b>(41)</b>	<b>(103)</b>	<b>113</b>	<b>454</b>	<b>474</b>	<b>421</b>
Capital Expenditures, net	(40)	(2)	(58)	(119)	(133)	(132)	(129)
Other Investments, net	(3)	-	-	-	-	-	-
<b>Investing Cash Flow</b>	<b>(43)</b>	<b>(2)</b>	<b>(58)</b>	<b>(119)</b>	<b>(133)</b>	<b>(132)</b>	<b>(129)</b>
Net Borrowings/(Repayments)	10	101	50	6	(159)	(5)	2
Dividends Paid	-	-	-	-	(159)	(339)	(294)
Equity Financing & Other	(1)	100	-	-	-	-	-
<b>Financing Cash Flow</b>	<b>10</b>	<b>201</b>	<b>50</b>	<b>6</b>	<b>(318)</b>	<b>(344)</b>	<b>(292)</b>
Beginning Cash Balance	10	1	113	2	2	6	5
Ending Cash Balance	1	113	2	2	6	5	5
<b>Net Cash Inflows/Outflows</b>	<b>(9)</b>	<b>111</b>	<b>(111)</b>	<b>0</b>	<b>4</b>	<b>(1)</b>	<b>(0)</b>

**UAH/USD Exchange Rates**

	2006	2007E	2008F	2009F	2010F	2011F	2012F
Average	5.12	5.05	5.05	5.03	5.00	5.00	5.00
Year-end	5.05	5.05	5.05	5.00	5.00	5.00	5.00

Source: Company data, KPMG, Concorde Capital estimates

# XXI Century Investments (XXIC LN)

Real Estate

<http://21.com.ua>

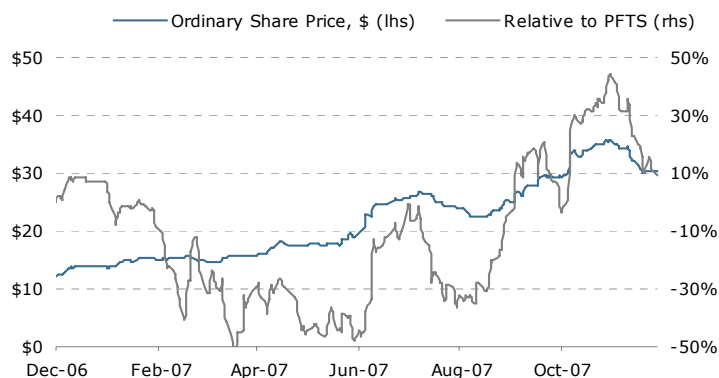
 12M target (USD)  
Upside\*

 37.24  
22.5%

## Investment case

- Reported portfolio NAV growth of 188% to USD 1.5 bln during 1H07 (Jones Lang LaSalle, 34 projects valued)
- SPO (Warsaw, LSE) planned in 2008
- Financing needs of USD 4 bln in 2008-2011 expose the company to risk of delays in project completion
- High percentage of projects in early stages (79% of projects are in a concept design phase)
- Track record of project completion (45 ths m<sup>2</sup> to date) incommensurate with the size of the project portfolio
- Immense size of project portfolio outweighs the risk of financing availability, which calls for BUY recommendation.

## Share price performance\*



## Business overview

Major Ukrainian real-estate investment and development company run by western-minded management. Diversified project portfolio includes commercial, office, hotel, entertainment and residential property. Present in Kyiv and nine Ukrainian regions; further expanding into regional markets.

In Dec. 2005, XXI Century placed 35.7% of its shares on LSE AIM and raised USD 139 mln. In June 2007, issued USD 175 mln worth of Eurobonds.

Among the institutional shareholders are leading investment funds: JP Morgan, Merrill Lynch, Fidelity Investments, Union Investment, Franklin Templeton.

## Market information

<b>Market Price*</b> , USD	30.39
Price impact**	n/a
52 Wk H/L USD	35.80/12.14
Chg 3m/6m/52w	21%/56%/150%
Chg vs PFTS 3m/6m/52w	7%/38%/9%
Chg YTD	119%
Avg M Tr Vol 6M, USD ths	20400.0

<b>MCap</b> , USD mln	1134.8
Free float	35.7%
FF Mcap, USD mln	405.1

<b>No of shares</b> , mln	37.3
Par Value, USD	0.01

<b>LSE AIM</b>	XXIC
DR Ratio	1:1

## Stock ownership

Mr. Partskhaladze	55.3%
Management	9.0%
Portfolio investors	35.7%

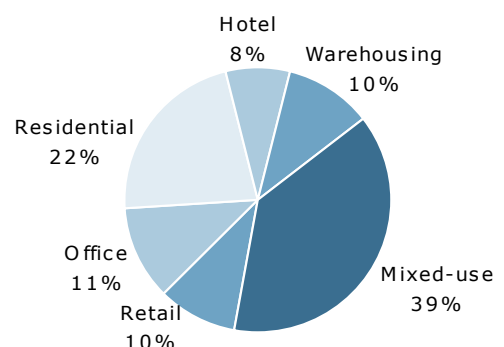
## Corporate governance

Concorde Rating***	Q
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## Key financials, USD mln

	2006	2007E	2008E
Revenue	13	9	127
EBITDA	1.1	(19)	15
Net Income	137	(25)	(17)
Book Value	256	250	644
Net Debt/Equity	0.01	0.38	1.67

## Portfolio NPV breakdown by segment



\*Market information as of Nov 29, 2007, based on LSE (AIM) Last prices

\*\* Price"impact" is the opinion of Concorde's trading desk on stocks to help investors estimate the reliability of quoted prices:

1: Market price reaction remains within 10% in execution of a market order of about USD 10 mln in size  
2: Market price reaction remains within 10% in execution of a market order of about USD 1 mln in size  
3: All other stocks (quoted)

\*\*\* The rating is based on Concorde Capital's corporate governance survey. Q denotes quality corporate governance standards, AA - above average standards, A - average, BA - below average and P - poor.

\*\*\*\* NAV is defined as the value of a portfolio derived by independent appraiser, as of 30.06.2007



**XXI Century portfolio**

Project Name	Type	Due in	Total Area m <sup>2</sup>	Total Project Cost USD mln	Res. Selling Price USD/m <sup>2</sup>	Com. Rental Rate USD/m <sup>2</sup> / month	Yield to cost %	Benef. NPV USD mln
<b>Retail projects</b>								
Kvadrat-Lukyanivka	Kyiv	2003	9 200	1.3		56	325%	41.1
Kvadrat-Perova	Kyiv	2007	40 728	44.1		39	20%	86.0
Kvadrat-Balzaka	Kyiv	2008	4 473	4.2		37	37%	9.5
Kvadrat-Myloslavska	Kyiv	2009	54 000	48.6		27	23%	13.0
Kvadrat-Simferopol	Simferopol	2010	62 246	56.0		24	27%	10.2
Aquapark Kyiv	Kyiv	2010	18 800	25.2		54	30%	1.0
<b>Office projects</b>								
Melnykova business center	Kyiv	2009	25 000	27.5		39	23%	12.8
Petrivka business center	Kyiv	2009	68 421	82.1		42	27%	70.1
Verkhnia	Kyiv	2010	38 550	40.5		35		18.0
Brovarskiy business center	Kyiv	2010	131 319	137.9		43	25%	72.9
Kharkiv Econom+	Kharkiv	2007	8 890	5.0		17	24%	5.5
Kharkiv Kobzar	Kharkiv	2007	10 260	5.0		18	36%	8.2
<b>Warehousing projects</b>								
Vasylkiv logistics complex	Kyiv region	2008	154 335	123.4		15	22%	62.6
Zhytomyr highway logistics complex	Kyiv region	2009	116 084	92.9		15	21%	42.6
Vyshhorod logistics complex	Kyiv region	2009	51 850	41.5		17	20%	9.4
Kharkiv logistics complex	Kharkiv	2010	115 760	101.9		15	19%	9.3
Dnipro logistics complex	Dnipropetrovsk	2009	184 515	143.9		15	17%	26.5
Odesa logistics complex	Odesa	2009	94 844	75.9		13	19%	20.4
<b>Hotel projects</b>								
Luteranska	Kyiv	2010	31 700	76.1		216	74%	18.3
Posolsky dvir	Kyiv	2010	21 300	36.2		300	116%	35.8
Kyianivsky	Kyiv	2010	53 000	79.5		116	57%	73.5
<b>Mixed-use developments</b>								
Lisova mixed-use	Kyiv	2010	109 600	98.6		33	21%	15.2
Sevastopol mixed-use	Sevastopol	2009	91 417	68.6	1 700	24	13%	4.7
Virlytsia mixed-use	Kyiv	2010	992 824	893.5	2 400	39	17%	331.3
Berezhneva mixed-use	Kyiv	2010	238 800	234.0	2 200	26	9%	95.5
Boryspil mixed-use	Boryspil	2009	70 000	84.0		34	27%	3.9
Lviv mixed-use	Lviv	2009	88 440	70.8		32	27%	14.3
Poltava mixed-use	Poltava	2010	715 000	529.1	1 500	28	2%	57.0
Sumy mixed-use	Sumy	2010	177 000	134.5	1 600	27	6%	14.9
Donetsk mixed-use	Donetsk	2011	94 000	79.0		30	33%	33.2
Alupka mixed-use	Alupka	2010	220 000	224.4	3 000	56	7%	61.0
Kharkiv-Solta	Kharkiv	2010	83 300	87.5		57	40%	1.5
<b>Residential projects</b>								
Capitoliy	Kyiv	2008	17 750	24.9	5 400			25.4
Parus	Kyiv	2008	43 227	41.7	1 800			23.1
Yaroslaviv Val	Kyiv	2010	28 480	34.2	5 900			51.3
Voznesenskiy Yar	Kyiv	2010	95 984	124.8	3 800			28.4
Nemyrovicha-Danchenko	Kyiv	2010	79 524	79.5	3 200			8.6
Lisnyky	Kyiv region	2011	112 850	135.4	3 600			178.6
Sevastopol serv. apartments	Sevastopol	2010	70 314	46.4	2 000			11.0
Kharkiv-Peski	Kharkiv	2013	920 000	782.0	1 600			19.9
Kharkiv-Korka	Kharkiv	2013	695 000	590.8	1 600	30		21.3
<b>Total/Average</b>			<b>6 238 785</b>	<b>5 612.1</b>	<b>2 753</b>	<b>48</b>		<b>1646.9</b>

Source: Companies data, Concorde Capital estimates

We use project execution schedule proposed by the company as a starting point for our valuation. DCF analysis and pro forma projections given below are based on the management scenario. However, as we explained in the Valuation section, we believe that XXI Century will not be able to draw sufficient financing to fulfill its projects as planned. Our target price for the stock is based on the adjusted project execution schedule.

**Consolidated DCF\***

	2008F	2009F	2010F	2011F	2012F	2013F	2014F
Residential Income	269.3	976.1	1046.0	390.6	282.3	214.8	200.4
Commercial Income	28.9	119.1	446.2	596.1	632.4	663.0	705.0
Total Income	298.2	1095.2	1492.2	986.7	914.7	877.8	905.4
OpEx	(3.1)	(11.6)	(81.7)	(137.3)	(152.7)	(168.7)	(188.9)
NOI	295.1	1083.5	1410.6	849.4	762.1	709.1	716.5
Construction Expense	(1388.5)	(2072.7)	(799.8)	(227.1)	(200.8)	(167.0)	
Pre-tax Cash Flow	(1093.5)	(989.2)	610.8	622.3	561.2	542.1	716.5
VAT Impact	(223.2)	(204.6)	59.9	93.6	87.6	96.5	119.7
Cash Flow	(1316.7)	(1193.8)	670.6	715.9	648.8	638.6	836.2
Cash Flow Discounted	(1171.7)	(926.9)	436.0	413.3	329.1	278.1	314.8
Terminal Value Discounted							1974.1
<b>Portfolio NPV</b>	<b>1646.9</b>	<b>3312.9</b>	<b>5142.7</b>	<b>5268.9</b>	<b>5286.4</b>	<b>5363.4</b>	<b>5469.7</b>

\* NPV as of January 1 of corresponding year

Source: Concorde Capital estimates

**XXI Century Income Statement Summary\*, USD mln**

	2006	2007E	2008F	2009F	2010F	2011F	2012F
<b>Net Revenues</b>	<b>13</b>	<b>9</b>	<b>127</b>	<b>616</b>	<b>2 259</b>	<b>1 203</b>	<b>1 047</b>
Cost of Sales	(1)	(0.5)	(94)	(383)	(743)	217	308
Gross Profit	12	8	34	232	1 516	1 420	1 355
SG&A	(10)	(16)	(18)	(27)	(97)	(153)	(168)
<b>EBITDA</b>	<b>1</b>	<b>(19)</b>	<b>15</b>	<b>205</b>	<b>1 420</b>	<b>1 267</b>	<b>1 187</b>
EBITDA margin, %	8%	-218.6%	12.0%	33.4%	62.8%	105.4%	113.4%
Depreciation	(0)	(0)	(0)	(0)	(0)	(0)	(0)
<b>EBIT</b>	<b>1</b>	<b>(19)</b>	<b>15</b>	<b>205</b>	<b>1 419</b>	<b>1 267</b>	<b>1 187</b>
EBIT margin, %	7%	-219.5%	11.9%	33.4%	62.8%	105.4%	113.4%
Interest Expense	(2)	(21)	(88)	(216)	(229)	(118)	(31)
Financial Income	10	1	-	-	-	-	-
Other Income/(Expense)	7	16	56	391	1 737	212	107
<b>PBT</b>	<b>16</b>	<b>(24)</b>	<b>(17)</b>	<b>380</b>	<b>2 927</b>	<b>1 361</b>	<b>1 263</b>
Tax	(1)	(1)	-	(38)	(293)	(136)	(126)
<b>Net Income</b>	<b>15</b>	<b>(25)</b>	<b>(17)</b>	<b>342</b>	<b>2 635</b>	<b>1 224</b>	<b>1 137</b>
Net Margin, %	123%	-277.9%	-13.5%	55.6%	116.6%	101.8%	108.6%

**XXI Century Balance Sheet Summary\*, USD mln**

	2006	2007E	2008F	2009F	2010F	2011F	2012F
<b>Current Assets</b>	<b>105</b>	<b>303</b>	<b>770</b>	<b>1 622</b>	<b>1 273</b>	<b>1 611</b>	<b>2 250</b>
Cash & Equivalents	16	115	4	3	2	2	235
Trade Receivables	3	1	4	14	2	8	1
Inventories	61	129	478	1 108	794	1 218	1 727
Other Current Assets	25	59	284	497	474	382	286
<b>Fixed Assets</b>	<b>192</b>	<b>322</b>	<b>1 325</b>	<b>2 870</b>	<b>4 923</b>	<b>5 145</b>	<b>5 252</b>
PP&E, net	1	1	1	1	1	1	1
Investment Property & Other Fixed Assets	191	322	1 325	2 869	4 922	5 144	5 251
<b>Total Assets</b>	<b>297</b>	<b>626</b>	<b>2 095</b>	<b>4 492</b>	<b>6 196</b>	<b>6 756</b>	<b>7 502</b>
<b>Shareholders' Equity</b>	<b>256</b>	<b>250</b>	<b>644</b>	<b>998</b>	<b>3 645</b>	<b>4 882</b>	<b>5 568</b>
Share Capital	130	130	533	533	533	533	533
Reserves and Other	127	120	111	465	3 113	4 349	5 035
<b>Current Liabilities</b>	<b>20</b>	<b>119</b>	<b>190</b>	<b>231</b>	<b>155</b>	<b>120</b>	<b>118</b>
ST Interest Bearing Debt	2	3	14	21	8	2	2
Trade Payables	1	11	69	104	41	12	10
Advances from Customers & Other	17	105	106	106	106	106	106
<b>LT Liabilities</b>	<b>20</b>	<b>257</b>	<b>1 262</b>	<b>3 262</b>	<b>2 396</b>	<b>1 753</b>	<b>1 815</b>
LT Interest Bearing Debt	16	207	1 031	2 307	1 572	509	20
Residential Bonds Issued	2	38	215	911	659	1 064	1 608
Deferred Taxes & Other LT	2	12	16	44	165	180	188
<b>Total Liabilities &amp; Equity</b>	<b>297</b>	<b>626</b>	<b>2 095</b>	<b>4 492</b>	<b>6 196</b>	<b>6 756</b>	<b>7 502</b>

**XXI Century Cash Flow Statement Summary\*, USD mln**

	2006	2007E	2008F	2009F	2010F	2011F	2012F
Net Income	(25)	(25)	(10)	354	2 647	1 237	1 143
D&A	0	0	0	0	0	0	0
Non-operating and Non-cash Items	27	35	123	333	(1 868)	208	445
Changes in Working Capital	(32)	(30)	(514)	(818)	284	(366)	(408)
<b>Operating Cash Flow</b>	<b>(30)</b>	<b>(20)</b>	<b>(401)</b>	<b>(131)</b>	<b>1 063</b>	<b>1 079</b>	<b>1 180</b>
Capital Expenditures, net	(41)	(41)	(939)	(1 153)	(316)	(10)	-
Other Investments, net	(41)	(41)	-	-	-	-	-
<b>Investing Cash Flow</b>	<b>(82)</b>	<b>(82)</b>	<b>(939)</b>	<b>(1 153)</b>	<b>(316)</b>	<b>(10)</b>	<b>-</b>
Net Borrowings/(repayments)	211	201	829	1 283	(748)	(1 068)	(490)
Equity Financing & Other	-	-	400	-	-	-	-
<b>Financing Cash Flow</b>	<b>211</b>	<b>201</b>	<b>1 229</b>	<b>1 283</b>	<b>(748)</b>	<b>(1 068)</b>	<b>(947)</b>
Beginning Cash Balance	16	16	115	4	3	2	2
Ending Cash Balance	115	115	4	3	2	2	235
<b>Net Cash Inflows/Outflows</b>	<b>99</b>	<b>99</b>	<b>(112)</b>	<b>(1)</b>	<b>(1)</b>	<b>0</b>	<b>233</b>

**UAH/USD Exchange Rates**

	2006	2007E	2008F	2009F	2010F	2011F	2012F
Average	5.12	5.05	5.05	5.03	5.00	5.00	5.00
Year-end	5.05	5.05	5.05	5.00	5.00	5.00	5.00

\* historical financials are restated (see page 31); projected financials are based on management scenario (see page 28)

Source: Company data, Baker Tilly Proios, Concorde Capital estimates

## LEGAL ENVIRONMENT

## Ownership

**Real estate ownership.** Ukraine recognizes the private ownership of real estate by Ukrainian residents, foreign individuals, foreign legal entities and others. Ukraine's Constitution, together with its Civil Code, Land Code and other applicable laws, uphold and protect the right to own private property.

Land is categorized by its approved use – residential, industrial and agricultural. Currently the majority of land in Ukraine is not privately owned, but is held by the government. Entities with foreign ownership (wholly or in part) are prohibited from owning some land privately: (1) land plots outside settlements that do not have any structures and (2) agricultural land.

**State registration of immovable property.** Ownership rights to real estate property are completed following the registration of the sale and purchase agreement with the appropriate local authority; the land purchase agreement must be registered with the local Department for Land Resources.

**Ownership liability.** Owners of land plots and buildings must comply with various environmental, public health, fire, residential, urban planning and other requirements. The owner of a building is generally liable for any issues connected to the building.

## Mortgage financing

Real-estate mortgages apply to land and other real estate, as well as to unfinished construction. Mortgages for privately-owned land have been permitted since January 2002.

## Leasing

**Land leases.** All Ukrainian and foreign individuals, entities and states can lease land in Ukraine. Subleasing arrangements are permitted, subject to the lessor's consent. There are two types of land leases: short-term (up to five years) and long-term (up to 50 years, the maximum lease term permitted under Ukrainian law).

Land lease agreements must be in writing and must contain provisions on: subject matter of the lease; term of the agreement; amount of the rent, and the terms and means of its payment; purposes of the lease; terms of maintenance of the leased land plot; terms of transfer of the leased land plot by the lessor to the lessee; terms for returning the leased land plot by the lessee to the lessor; a description of all existing restrictions and encumbrances; provisions allocating the risk of damage or loss; and liability.

Every land lease agreement must be registered with the appropriate state authorities and notarized. Leases can be extended an infinite number of times. The lessee has a pre-emptive right to extend the lease, provided it fulfilled its obligations under the original lease.

The lessee has a first-refusal right in the event that the lessor seeks to sell the leased property. However, a lessee has no right to extend the lease if the lessor decides to no longer lease the property. If a lessee wants to change the formal designated use of a leased land plot, they must apply to the government or local authority that granted the original lease.

**Leasing buildings and structures.** The lease of a building (or other structure) or part thereof must be concluded in writing, and must be notarized and registered with the government if entered into for a period of more than three years.

## Construction activities

**Obtaining land plots for construction.** Construction activities are regulated by the Cabinet of Ministers, parliament and municipal authorities. Construction on allocated land plots can only be carried out by the owner or lessee after obtaining a construction permit. The permit is issued for the expected term of construction, but it can be extended.

A lessee must transfer certain amount of the developed space upon completion to the city council, which the city may either retain for its use or sell to fund infrastructure improvements. The stake that has to be transferred is stipulated in municipal budgets. For 2007, Kyiv City Council set the stake from housing transferred by construction companies into the property of the city at the level of 15%-20% of the housing's area for land plots allocated after January 1, 2007.

After construction is completed, the owner is entitled to operate the building after its formal commissioning. The owners must register with local authorities to receive a title for the real estate.

**Licensing of construction activities.** Construction activities are subject to mandatory licensing. Construction licenses are issued for a term of five years. The term of the license can be extended.

## Taxation

Owners of land and those with permanent rights to use land must pay a land tax of 1 percent per annum of the formal valuation of the land. This tax rate is higher for certain (limited) land plots.

The formal valuation of a land is performed by authorized licensing organizations in accordance with methodology that takes into account the location of the land and the purpose for which the land is to be used.

Real-estate activities are subject to the following taxes:

- corporate profit tax (25%) on worldwide income (for Ukrainian companies) and on income earned in Ukraine (for foreign companies)
- value added tax (20%), which is applied the contracted value of services
- withholding tax (15%) on the proceeds of real estate sales of a foreign company or on the income from real estate sales of a foreign company's representative office in Ukraine; the tax rate varies for foreign companies that are based in countries that have signed a double taxation treaty with Ukraine (the appropriate tax rate is specified in the treaty)

## APPENDICES

## Appendix A: TKS project DCF analysis, USD mln

Note: NPV as of January 1 of corresponding year

Truskavets 1 RC	2008F	2009F	2010F
Total Income	1.0	1.1	1.2
OpEx	(0.0)	(0.0)	(0.0)
NOI	1.0	1.1	1.2
Construction Expense	-	-	-
VAT Impact	-	-	0.0
Cash Flow	1.0	1.1	1.2
Annual discount rate	14%	13%	12%
Cash Flow Discounted	0.9	0.9	0.9
Discounted TV	7.9	TV	11.3
<b>NPV</b>	<b>10.6</b>	<b>11.0</b>	

Source: Concorde Capital estimates

Truskavets 2 RC	2008E	2009F	2010F
Total Income	0.3	0.3	0.3
OpEx	(0.0)	(0.0)	(0.0)
NOI	0.3	0.3	0.3
Construction Expense	-	-	-
VAT Impact	0.0	-	-
Cash Flow	0.3	0.3	0.3
Annual discount rate	16%	15%	14%
Cash Flow Discounted	0.3	0.2	0.2
Discounted TV	2.0	TV	3.1
<b>NPV</b>	<b>2.8</b>	<b>2.9</b>	

Source: Concorde Capital estimates

Drohobych 1 RC	2008E	2009F	2010F
Total Income	0.4	0.5	0.5
OpEx	(0.0)	(0.0)	(0.0)
NOI	0.4	0.4	0.5
Construction Expense	-	-	-
VAT Impact	-	-	-
Cash Flow	0.4	0.4	0.5
Annual discount rate	14%	13%	12%
Cash Flow Discounted	0.4	0.4	0.4
Discounted TV	3.3	TV	4.7
<b>NPV</b>	<b>4.4</b>	<b>4.6</b>	

Source: Concorde Capital estimates

Drohobych 2 RC	2008E	2009F	2010F
Total Income	1.3	2.8	3.1
OpEx	(0.0)	(0.1)	(0.1)
NOI	1.2	2.7	3.0
Construction Expense	(4.8)	-	-
VAT Impact	(0.7)	0.5	0.3
Cash Flow	(4.3)	3.2	3.3
Annual discount rate	16%	15%	14%
Cash Flow Discounted	(4.2)	2.6	2.3
Discounted TV	18.8	TV	28.3
<b>NPV</b>	<b>19.4</b>	<b>27.4</b>	

Source: Concorde Capital estimates

Boryslav RC	2008E	2009F	2010F
Total Income	0.5	0.6	0.7
OpEx	(0.0)	(0.0)	(0.0)
NOI	0.5	0.6	0.7
Construction Expense	-	-	-
VAT Impact	0.1	0.0	-
Cash Flow	0.6	0.6	0.7
Annual discount rate	16%	15%	14%
Cash Flow Discounted	0.6	0.5	0.5
Discounted TV	4.2	TV	6.3
<b>NPV</b>	<b>5.7</b>	<b>6.0</b>	

Source: Concorde Capital estimates

**Novovolynsk RC**

	2008E	2009F	2010F
Total Income	0.8	1.7	1.9
OpEx	(0.0)	(0.0)	(0.0)
NOI	0.7	1.6	1.8
Construction Expense	(3.7)	-	-
VAT Impact	(0.6)	0.3	0.3
Cash Flow	(3.6)	1.9	2.1
Annual discount rate	16%	15%	14%
Cash Flow Discounted	(3.5)	1.5	1.5
Discounted TV	11.2	TV	17.0
<b>NPV</b>	<b>10.8</b>	<b>16.5</b>	

Source: Concorde Capital estimates

**Lviv 1 RC**

	2008E	2009F	2010F
Total Income	-	7.3	8.2
OpEx	-	(0.1)	(0.2)
NOI	-	7.2	8.1
Construction Expense	(12.9)	-	-
VAT Impact	(2.6)	1.4	1.7
Cash Flow	(15.5)	8.6	9.7
Annual discount rate	16%	15%	14%
Cash Flow Discounted	(14.2)	6.8	6.8
Discounted TV	54.8	TV	82.7
<b>NPV</b>	<b>54.2</b>	<b>79.2</b>	

Source: Concorde Capital estimates

**Lviv 2 RC (phase 1)**

	2008E	2009F	2010F
Total Income	-	8.0	9.0
OpEx	-	(0.2)	(0.2)
NOI	-	7.9	8.9
Construction Expense	(31.6)	-	-
VAT Impact	(6.3)	1.6	5.6
Cash Flow	(37.9)	9.5	14.5
Annual discount rate	20%	19%	18%
Cash Flow Discounted	(33.4)	7.1	9.1
Discounted TV	54.3	TV	90.8
<b>NPV</b>	<b>37.1</b>	<b>84.4</b>	

Source: Concorde Capital estimates

**Lviv 2 RC (phase 2)**

	2008E	2009F	2010F
Total Income	-	3.4	6.4
OpEx	-	(0.1)	(0.1)
NOI	-	3.3	6.3
Construction Expense	(13.3)	(11.8)	-
VAT Impact	(2.7)	(1.7)	5.1
Cash Flow	(16.0)	(10.1)	11.3
Annual discount rate	20%	19%	18%
Cash Flow Discounted	(13.7)	(8.2)	7.1
Discounted TV	38.5	TV	64.4
<b>NPV</b>	<b>23.7</b>	<b>44.8</b>	

Source: Concorde Capital estimates

**Lviv Office**

	2008E	2009F	2010F
Total Income	-	1.4	1.6
OpEx	-	(0.0)	(0.0)
NOI	-	1.4	1.6
Construction Expense	(4.3)	-	-
VAT Impact	(0.9)	0.3	0.6
Cash Flow	(5.2)	1.7	2.2
Annual discount rate	18%	17%	16%
Cash Flow Discounted	(4.7)	1.3	1.5
Discounted TV	10.2	TV	16.3
<b>NPV</b>	<b>8.3</b>	<b>15.3</b>	

Source: Concorde Capital estimates

**Truskavets 1 / Lisova Pisnya**

	2008E	2009F
Total Income	4.8	0.3
OpEx	-	-
NOI	4.8	0.3
Construction Expense	(1.8)	-
VAT Impact	-	-
Cash Flow	3.0	0.3
Annual discount rate	16%	15%
Cash Flow Discounted	2.7	0.2
<b>NPV</b>	<b>3.0</b>	<b>0.3</b>

Source: Concorde Capital estimates



**Truskavets 2 / Pomiretska**

	2008E	2009F	2010F
Residential Income	6.3	7.0	0.6
Commercial Income	-	0.1	0.3
Total Income	6.3	7.1	0.9
OpEx	-	(0.0)	(0.0)
NOI	6.3	7.1	0.9
Construction Expense	(4.2)	(3.5)	-
VAT Impact	-	-	-
Cash Flow	2.0	3.6	0.9
Annual discount rate	16%	15%	14%
Cash Flow Discounted	1.9	2.8	0.6
Discounted TV	1.6	TV	2.4
<b>NPV</b>	<b>6.9</b>	<b>5.8</b>	

Source: Concorde Capital estimates

**Truskavets 3 / Berizka**

	2008E	2009F	2010F
Total Income	-	1.7	2.6
OpEx	-	(0.1)	(0.2)
NOI	-	1.6	2.4
Construction Expense	(5.2)	(1.4)	-
VAT Impact	-	-	-
Cash Flow	(5.2)	0.2	2.4
Annual discount rate	20%	19%	18%
Cash Flow Discounted	(4.6)	0.1	1.5
Discounted TV	13.3	TV	22.2
<b>NPV</b>	<b>10.2</b>	<b>17.8</b>	

Source: Concorde Capital estimates

**Truskavets 4 / Cottages**

	2008E	2009F	2010F
Total Income	3.1	6.7	0.6
OpEx	-	-	-
NOI	3.1	6.7	0.6
Construction Expense	(2.5)	(2.4)	-
VAT Impact	-	-	-
Cash Flow	0.6	4.3	0.6
Annual discount rate	20%	19%	18%
Cash Flow Discounted	0.5	3.2	0.4
<b>NPV</b>	<b>4.1</b>	<b>4.3</b>	

Source: Concorde Capital estimates

**Truskavets 5 / Aparthotel**

	2008E	2009F	2010F
Total Income	-	0.9	1.1
OpEx	-	(0.0)	(0.0)
NOI	-	0.9	1.0
Construction Expense	(1.5)	-	-
VAT Impact	(0.3)	0.2	0.5
Cash Flow	(1.8)	1.1	1.6
Annual discount rate	16%	15%	14%
Cash Flow Discounted	(1.6)	0.9	1.1
Discounted TV	6.4	TV	9.7
<b>NPV</b>	<b>6.8</b>	<b>9.7</b>	

Source: Concorde Capital estimates

**Lviv 1 / Naukova**

	2008E	2009F	2010F
Total Income	3.0	13.1	14.7
OpEx	-	-	-
NOI	3.0	13.1	14.7
Construction Expense	(3.7)	(5.4)	(3.0)
VAT Impact	-	-	-
Cash Flow	(0.6)	7.6	11.7
Annual discount rate	20%	19%	18%
Cash Flow Discounted	(0.7)	5.7	7.4
<b>NPV</b>	<b>12.5</b>	<b>15.7</b>	

Source: Concorde Capital estimates

**Lviv 2 / Stradch**

	2008E	2009F	2010F
Residential Income	4.4	9.6	6.1
Commercial Income	-	-	-
Total Income	4.4	9.6	6.1
OpEx	-	-	-
NOI	4.4	9.6	6.1
Construction Expense	(3.5)	(4.7)	(1.3)
VAT Impact	-	-	-
Cash Flow	0.9	4.9	4.9
Annual discount rate	20%	19%	18%
Cash Flow Discounted	0.7	3.7	3.2
<b>NPV</b>	<b>7.6</b>	<b>8.2</b>	

Source: Concorde Capital estimates

## Appendix B: TMM project DCF analysis, USD mln

Note: NPV as of January 1 of corresponding year

### Chaadaeva 2

	2008E
Residential Income	1.8
Commercial Income	0.3
Total Income	2.1
OpEx	-
NOI	2.1
Construction Expense	-
VAT Impact	-
Cash Flow	2.1
Annual discount rate	13%
Cash Flow Discounted	2.0
<b>NPV</b>	<b>2.0</b>

Source: Concorde Capital estimates

### Aviator

	2008E	2009F	2010F
Residential Income	13.3	13.9	5.7
Commercial Income	6.8	7.0	7.0
Total Income	20.1	20.9	12.7
OpEx	-	-	-
NOI	20.1	20.9	12.7
Construction Expense	(5.8)	(6.5)	-
VAT Impact	-	-	-
Cash Flow	14.3	14.4	12.7
Annual discount rate	15%	14%	13%
Cash Flow Discounted	13.2	11.6	9.2
<b>NPV</b>	<b>34.0</b>	<b>23.9</b>	

Source: Concorde Capital estimates

### Triumph

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Residential Income	57.0	-	-	-	-	-	-
Commercial Income	0.9	1.3	1.4	1.5	1.6	1.7	1.7
Total Income	57.9	1.3	1.4	1.5	1.6	1.7	1.7
OpEx	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
NOI	57.9	1.3	1.4	1.5	1.6	1.6	1.7
Construction Expense	(6.5)	-	-	-	-	-	-
VAT Impact	-	-	-	-	-	-	-
Cash Flow	51.3	1.3	1.4	1.5	1.6	1.6	1.7
Annual discount rate	15%	14%	13%	12%	12%	12%	12%
Cash Flow Discounted	47.0	1.0	1.0	0.9	0.9	0.8	0.8
Discounted TV	7.3					TV	16.9
<b>NPV</b>	<b>59.8</b>	<b>14.6</b>					

Source: Concorde Capital estimates

### Sun City

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Residential Income	52.8	58.0	62.8	66.3	69.0	63.0	-
Commercial Income	-	-	-	-	-	5.4	5.7
Total Income	52.8	58.0	62.8	66.3	69.0	68.5	5.7
OpEx	-	-	-	-	-	(0.1)	(0.1)
NOI	52.8	58.0	62.8	66.3	69.0	68.4	5.5
Construction Expense	(27.3)	(30.7)	(34.6)	(38.9)	(43.8)	-	-
VAT Impact	-	-	-	-	-	-	-
Cash Flow	25.5	27.3	28.2	27.4	25.2	68.4	5.5
Annual discount rate	15%	14%	13%	12%	12%	12%	12%
Cash Flow Discounted	23.4	22.0	20.1	17.4	14.3	34.8	2.5
Discounted TV	23.8					TV	54.9
<b>NPV</b>	<b>158.3</b>	<b>154.5</b>					

Source: Concorde Capital estimates

### Laboratoryn

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Residential Income	24.2	51.7	56.0	44.1	-	-	-
Commercial Income	-	-	-	1.6	1.7	1.7	1.8
Total Income	24.2	51.7	56.0	45.7	1.7	1.7	1.8
OpEx	-	-	-	(0.0)	(0.0)	(0.0)	(0.0)
NOI	24.2	51.7	56.0	45.6	1.6	1.7	1.8
Construction Expense	(24.8)	(27.9)	(31.5)	-	-	-	-
VAT Impact	-	-	-	-	-	-	-
Cash Flow	(0.6)	23.8	24.5	45.6	1.6	1.7	1.8
Annual discount rate	15%	14%	13%	12%	12%	12%	12%
Cash Flow Discounted	(1.3)	19.2	17.5	29.4	0.9	0.9	0.8
Discounted TV	7.6					TV	17.4
<b>NPV</b>	<b>74.9</b>	<b>87.3</b>					

Source: Concorde Capital estimates

**Tankova**

	2008E	2009F	2010F	2011F
Residential Income	5.4	22.5	24.4	19.2
Commercial Income	0.7	2.9	3.2	2.5
Total Income	6.1	25.5	27.6	21.7
OpEx	-	-	-	-
NOI	6.1	25.5	27.6	21.7
Construction Expense	(8.8)	(9.9)	(11.1)	-
VAT Impact	-	-	-	-
Cash Flow	(2.7)	15.6	16.5	21.7
Annual discount rate	17%	16%	15%	14%
Cash Flow Discounted	(2.8)	12.2	11.2	13.2
<b>NPV</b>	<b>33.8</b>	<b>42.7</b>		

Source: Concorde Capital estimates

**Volodymyrska**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	3.2	3.6	4.0	4.3	4.5	4.7	4.9
OpEx	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
NOI	3.1	3.5	3.9	4.2	4.4	4.6	4.8
Construction Expense	-	-	-	-	-	-	-
VAT Impact	-	(0.0)	0.0	(0.0)	0.0	0.0	-
Cash Flow	3.1	3.5	3.9	4.2	4.4	4.6	4.8
Annual discount rate	13%	12%	11%	10%	10%	10%	10%
Cash Flow Discounted	2.9	2.9	2.9	2.8	2.7	2.6	2.4
Discounted TV	29.0					TV	59.1
<b>NPV</b>	<b>48.3</b>	<b>51.1</b>					

Source: Concorde Capital estimates

**Komod**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	1.8	2.1	2.3	2.5	2.6	2.7	2.8
OpEx	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)
NOI	1.8	2.0	2.2	2.4	2.5	2.6	2.7
Construction Expense	-	-	-	-	-	-	-
VAT Impact	-	0.0	(0.0)	(0.0)	0.0	-	(0.0)
Cash Flow	1.8	2.0	2.2	2.4	2.5	2.6	2.7
Annual discount rate	13%	12%	11%	10%	10%	10%	10%
Cash Flow Discounted	1.7	1.7	1.7	1.6	1.6	1.5	1.4
Discounted TV	13.3					TV	27.1
<b>NPV</b>	<b>24.4</b>	<b>25.6</b>					

Source: Concorde Capital estimates

**Mashynobudivna**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	-	2.8	3.0	3.2	3.3	3.4
OpEx	-	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
NOI	-	-	2.7	2.9	3.1	3.2	3.3
Construction Expense	(3.0)	(3.4)	-	-	-	-	-
VAT Impact	(0.6)	(0.7)	0.5	0.6	0.1	0.0	-
Cash Flow	(3.6)	(4.0)	3.2	3.5	3.2	3.2	3.3
Annual discount rate	15%	14%	13%	12%	12%	12%	12%
Cash Flow Discounted	(3.3)	(3.3)	2.3	2.2	1.8	1.6	1.5
Discounted TV	17.9					TV	41.3
<b>NPV</b>	<b>20.8</b>	<b>27.7</b>					

Source: Concorde Capital estimates

**50-richya Zhovtnya**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	-	-	9.5	19.7	20.5	21.4
OpEx	-	-	-	(0.2)	(0.4)	(0.5)	(0.6)
NOI	-	-	-	9.3	19.3	20.0	20.8
Construction Expense	(18.3)	(27.1)	(30.5)	(16.7)	-	-	-
VAT Impact	(3.7)	(5.4)	(6.1)	(1.5)	3.9	4.0	8.8
Cash Flow	(22.0)	(32.5)	(36.6)	(8.8)	23.2	24.0	29.6
Annual discount rate	19%	18%	17%	16%	16%	16%	16%
Cash Flow Discounted	(19.4)	(24.8)	(23.8)	(5.6)	11.2	10.0	10.5
Discounted TV	85.3					TV	251.1
<b>NPV</b>	<b>43.4</b>	<b>74.5</b>					

Source: Concorde Capital estimates

**Tymofeyevoyi**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	0.6	0.7	0.8	0.8	0.9	0.9	0.9
OpEx	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
NOI	0.6	0.7	0.7	0.8	0.8	0.9	0.9
Construction Expense	-	-	-	-	-	-	-
VAT Impact	-	0.0	(0.0)	0.0	0.0	0.0	(0.0)
Cash Flow	0.6	0.7	0.7	0.8	0.8	0.9	0.9
Annual discount rate	13%	12%	11%	10%	10%	10%	10%
Cash Flow Discounted	0.6	0.6	0.6	0.5	0.5	0.5	0.5
Discounted TV	5.5					TV	11.3
<b>NPV</b>	<b>9.2</b>	<b>9.8</b>					

Source: Concorde Capital estimates

**Mykulychi**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F	2015F	2016F
Residential Income	-	63.1	258.7	269.2	280.1	291.5	303.3	315.6	245.1
Commercial Income	-	1.3	5.4	5.6	5.9	6.1	6.4	6.6	5.1
Total Income	-	64.4	264.1	274.8	286.0	297.6	309.7	322.3	250.3
OpEx	-	-	-	-	-	-	-	-	-
NOI	-	64.4	264.1	274.8	286.0	297.6	309.7	322.3	250.3
Construction Expense	(112.0)	(126.0)	(141.8)	(159.6)	(179.7)	(202.2)	(227.6)	-	-
VAT Impact	-	-	-	-	-	-	-	-	-
Cash Flow	(112.0)	(61.6)	122.3	115.2	106.3	95.4	82.1	322.3	250.3
Annual discount rate	19%	18%	17%	16%	16%	16%	16%	16%	16%
Cash Flow Discounted	(100.6)	(49.8)	79.8	64.6	51.4	39.8	29.6	99.8	
<b>NPV</b>	<b>282.7</b>	<b>454.5</b>							

Source: Concorde Capital estimates

**Obukhiv**

	2008E	2009F	2010F	2011F	2012F	2013F
Residential Income	-	17.6	24.6	25.6	26.6	6.8
Commercial Income	-	2.1	2.9	3.0	3.1	0.8
Total Income	-	19.7	27.5	28.6	29.7	7.6
OpEx	-	-	-	-	-	-
NOI	-	19.7	27.5	28.6	29.7	7.6
Construction Expense	(7.5)	(11.1)	(12.5)	(14.1)	(3.8)	-
VAT Impact	-	-	-	-	-	-
Cash Flow	(7.5)	8.6	15.0	14.5	26.0	7.6
Annual discount rate	19%	18%	17%	16%	16%	16%
Cash Flow Discounted	(6.6)	6.3	9.8	8.1	12.4	3.4
<b>NPV</b>	<b>33.4</b>	<b>47.4</b>				

Source: Concorde Capital estimates

**Atoll**

	2008E	2009F	2010F
Residential Income	5.4	-	-
Commercial Income	2.5	2.5	2.0
Total Income	7.9	2.5	2.0
OpEx	-	-	-
NOI	7.9	2.5	2.0
Construction Expense	-	-	-
VAT Impact	-	-	-
Cash Flow	7.9	2.5	2.0
Annual discount rate	13%	12%	11%
Cash Flow Discounted	7.5	2.1	1.5
<b>NPV</b>	<b>11.0</b>	<b>4.0</b>	

Source: Concorde Capital estimates

**Druzhba**

	2008E
Total Income	1.8
OpEx	-
NOI	1.8
Construction Expense	-
VAT Impact	-
Cash Flow	1.8
Annual discount rate	13%
Cash Flow Discounted	1.7
<b>NPV</b>	<b>1.7</b>

Source: Concorde Capital estimates

**Flamingo**

	2008E	2009F
Total Income	4.4	0.0
OpEx	-	-
NOI	4.4	0.0
Construction Expense	-	-
VAT Impact	-	-
Cash Flow	4.4	0.0
Annual discount rate	13%	12%
Cash Flow Discounted	4.1	0.0
<b>NPV</b>	<b>4.1</b>	<b>0.0</b>

Source: Concorde Capital estimates

**Cascade**

	2008E	2009F	2010F
Residential Income	4.0	4.2	-
Commercial Income	1.0	0.9	0.1
Total Income	5.0	5.1	0.1
OpEx	-	-	-
NOI	5.0	5.1	0.1
Construction Expense	(1.2)	-	-
VAT Impact	-	-	-
Cash Flow	3.8	5.1	0.1
Annual discount rate	15%	14%	13%
Cash Flow Discounted	3.4	4.1	0.0
<b>NPV</b>	<b>7.6</b>	<b>4.7</b>	

Source: Concorde Capital estimates

**Cascade (3rd stage)**

	2008E	2009F	2010F
Residential Income	1.9	4.0	2.1
Commercial Income	0.2	0.3	0.2
Total Income	2.0	4.3	2.3
OpEx	-	-	-
NOI	2.0	4.3	2.3
Construction Expense	(2.1)	(2.4)	-
VAT Impact	-	-	-
Cash Flow	(0.1)	1.9	2.3
Annual discount rate	17%	16%	15%
Cash Flow Discounted	(0.2)	1.5	1.6
<b>NPV</b>	<b>3.0</b>	<b>3.6</b>	

Source: Concorde Capital estimates

**Green Town**

	2008E	2009F
Residential Income	10.3	7.6
Commercial Income	1.9	1.9
Total Income	12.2	9.4
OpEx	-	-
NOI	12.2	9.4
Construction Expense	(13.1)	-
VAT Impact	-	-
Cash Flow	(0.9)	9.4
Annual discount rate	15%	14%
Cash Flow Discounted	(0.8)	7.7
<b>NPV</b>	<b>6.9</b>	<b>8.8</b>

Source: Concorde Capital estimates

**Edelweiss**

	2008E	2009F	2010F
Residential Income	5.5	6.0	2.5
Commercial Income	1.7	1.9	0.6
Total Income	7.2	7.9	3.1
OpEx	-	-	-
NOI	7.2	7.9	3.1
Construction Expense	(3.3)	(3.7)	(1.0)
VAT Impact	-	-	-
Cash Flow	3.9	4.2	2.1
Annual discount rate	15%	14%	13%
Cash Flow Discounted	3.6	3.4	1.5
<b>NPV</b>	<b>8.5</b>	<b>5.6</b>	

Source: Concorde Capital estimates

**Moskovskiyi**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Residential Income	-	32.0	34.6	36.6	38.1	39.6	10.2
Commercial Income	-	6.2	6.7	7.1	7.4	7.7	2.0
Total Income	-	38.2	41.3	43.6	45.4	47.3	12.1
OpEx	-	-	-	-	-	-	-
NOI	-	38.2	41.3	43.6	45.4	47.3	12.1
Construction Expense	(15.0)	(16.8)	(18.9)	(21.3)	(24.0)	-	-
VAT Impact	-	-	-	-	-	-	-
Cash Flow	(15.0)	21.4	22.4	22.3	21.4	47.3	12.1
Annual discount rate	19%	18%	17%	16%	16%	16%	16%
Cash Flow Discounted	(13.4)	16.3	14.6	12.5	10.3	19.7	4.6
<b>NPV</b>	<b>64.6</b>	<b>92.5</b>					

Source: Concorde Capital estimates

**Carat**

	2008E	2009F
Residential Income	4.9	4.2
Commercial Income	1.1	1.0
Total Income	6.0	5.2
OpEx	-	-
NOI	6.0	5.2
Construction Expense	(1.5)	-
VAT Impact	-	-
Cash Flow	4.4	5.2
Annual discount rate	15%	14%
Cash Flow Discounted	4.0	4.3
<b>NPV</b>	<b>8.3</b>	<b>4.9</b>

Source: Concorde Capital estimates

**Chornovola**

	2008E	2009F
Residential Income	3.5	1.5
Commercial Income	0.3	0.2
Total Income	3.7	1.7
OpEx	-	-
NOI	3.7	1.7
Construction Expense	(0.9)	-
VAT Impact	-	-
Cash Flow	2.8	1.7
Annual discount rate	15%	14%
Cash Flow Discounted	2.6	1.4
<b>NPV</b>	<b>4.0</b>	<b>1.6</b>

Source: Concorde Capital estimates

**Dytyachoyi Komuny**

	2008E	2009F	2010F
Residential Income	9.7	10.6	2.8
Commercial Income	0.6	0.7	0.2
Total Income	10.3	11.3	2.9
OpEx	-	-	-
NOI	10.3	11.3	2.9
Construction Expense	(4.5)	(3.7)	-
VAT Impact	-	-	-
Cash Flow	5.8	7.6	2.9
Annual discount rate	15%	14%	13%
Cash Flow Discounted	5.4	6.1	2.2
<b>NPV</b>	<b>13.6</b>	<b>9.5</b>	

Source: Concorde Capital estimates

**Lesi Ukrainky**

	2008E	2009F	2010F	2011F	2012F
Residential Income	-	1.6	6.7	7.0	7.3
Commercial Income	-	0.4	1.5	1.5	1.6
Total Income	-	2.0	8.2	8.6	8.9
OpEx	-	-	-	-	-
NOI	-	2.0	8.2	8.6	8.9
Construction Expense	-	(1.6)	(1.8)	(2.1)	(0.6)
VAT Impact	-	-	-	-	-
Cash Flow	-	0.4	6.4	6.5	8.4
Annual discount rate	19%	18%	17%	16%	16%
Cash Flow Discounted	-	0.2	4.2	3.6	4.0
<b>NPV</b>	<b>12.0</b>	<b>14.3</b>			

Source: Concorde Capital estimates

**Parkove**

	2008E	2009F	2010F	2011F	2012F	2013F
Residential Income	-	9.1	37.2	38.7	40.2	10.3
Commercial Income	-	1.5	6.3	6.6	6.8	1.8
Total Income	-	10.6	43.5	45.2	47.1	12.1
OpEx	-	-	-	-	-	-
NOI	-	10.6	43.5	45.2	47.1	12.1
Construction Expense	-	(13.5)	(15.1)	(17.0)	(9.3)	-
VAT Impact	-	-	-	-	-	-
Cash Flow	-	(2.9)	28.3	28.2	37.8	12.1
Annual discount rate	19%	18%	17%	16%	16%	16%
Cash Flow Discounted	-	(2.6)	18.5	15.8	18.1	5.3
<b>NPV</b>	<b>55.0</b>	<b>65.2</b>				

Source: Concorde Capital estimates

**Arabatska Strilka**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Residential Income	-	111.1	230.1	239.4	249.1	259.2	-
Commercial Income	-	-	-	-	-	203.9	300.2
Total Income	-	111.1	230.1	239.4	249.1	463.1	300.2
OpEx	-	-	-	-	-	(133.2)	(224.5)
NOI	-	111.1	230.1	239.4	249.1	329.9	75.7
Construction Expense	(62.0)	(135.6)	(152.6)	(171.8)	(193.4)	-	-
VAT Impact	(12.4)	(4.9)	15.5	1.8	0.0	-	(0.0)
Cash Flow	(74.4)	(29.4)	92.9	69.4	55.8	329.9	75.7
Annual discount rate	19%	18%	17%	16%	16%	16%	16%
Cash Flow Discounted	(64.1)	(26.4)	60.7	39.0	27.0	137.4	27.3
Discounted TV	206.0					TV	606.4
<b>NPV</b>	<b>406.8</b>	<b>558.4</b>					

Source: Concorde Capital estimates

**Gostomel**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	-	-	-	-	22.3	23.2
OpEx	-	-	-	-	-	(0.5)	(0.5)
NOI	-	-	-	-	-	21.8	22.6
Construction Expense	-	(10.3)	(15.2)	(17.2)	(19.3)	-	-
VAT Impact	-	(2.1)	(3.0)	(3.4)	(3.9)	4.4	8.0
Cash Flow	-	(12.4)	(18.3)	(20.6)	(23.2)	26.2	30.7
Annual discount rate	19%	18%	17%	16%	16%	16%	16%
Cash Flow Discounted	-	(9.2)	(11.9)	(11.5)	(11.2)	10.9	10.9
Discounted TV	82.6					TV	243.3
<b>NPV</b>	<b>60.6</b>	<b>71.9</b>					

Source: Concorde Capital estimates

## Appendix C: XXI Century project DCF analysis, USD mln

Note: NPV as of January 1 of corresponding year

### Kvadrat-Lukyanivka

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	4.1	4.6	5.1	5.5	5.8	6.1	6.3
OpEx	(0.9)	(1.0)	(1.1)	(1.2)	(1.4)	(1.6)	(1.8)
NOI	3.3	3.7	4.0	4.3	4.4	4.5	4.5
Construction Expense	-	-	-	-	-	-	-
VAT Impact	0.3	0.0	0.0	-	0.0	(0.0)	0.0
Cash Flow	3.5	3.7	4.0	4.3	4.4	4.5	4.5
Annual discount rate	13%	12%	11%	10%	10%	10%	10%
Cash Flow Discounted	3.3	3.0	2.9	2.8	2.7	2.5	2.3
Discounted TV	21.6					TV	44.7
<b>NPV</b>	<b>41.1</b>	<b>42.8</b>					

Source: Concorde Capital estimates

### Kvadrat-Perova

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	8.9	10.1	11.1	12.0	12.6	13.1	13.7
OpEx	(1.9)	(2.1)	(2.4)	(2.7)	(3.0)	(3.4)	(3.8)
NOI	7.1	7.9	8.7	9.3	9.6	9.7	9.9
Construction Expense	-	-	-	-	-	-	-
VAT Impact	1.4	1.6	1.7	1.9	0.9	(0.0)	0.0
Cash Flow	8.5	9.5	10.4	11.1	10.5	9.7	9.9
Annual discount rate	15%	14%	13%	12%	12%	12%	12%
Cash Flow Discounted	7.8	7.6	7.3	6.9	5.9	4.9	4.4
Discounted TV	41.3					TV	96.9
<b>NPV</b>	<b>86.0</b>	<b>90.2</b>					

Source: Concorde Capital estimates

### Kvadrat-Balzaka

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	0.4	1.6	1.8	1.9	2.0	2.1	2.2
OpEx	(0.1)	(0.3)	(0.4)	(0.4)	(0.5)	(0.5)	(0.6)
NOI	0.3	1.3	1.4	1.5	1.5	1.5	1.6
Construction Expense	(2.8)	-	-	-	-	-	-
VAT Impact	(0.5)	0.3	0.3	0.3	(0.0)	0.0	(0.0)
Cash Flow	(3.0)	1.5	1.7	1.7	1.5	1.5	1.6
Annual discount rate	15%	14%	13%	12%	12%	12%	12%
Cash Flow Discounted	(2.8)	1.2	1.2	1.1	0.8	0.8	0.7
Discounted TV	6.6					TV	15.4
<b>NPV</b>	<b>9.5</b>	<b>14.2</b>					

Source: Concorde Capital estimates

### Kvadrat-Myloslavska

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	-	10.8	11.7	12.3	12.8	13.4
OpEx	-	-	(2.3)	(2.6)	(2.9)	(3.3)	(3.7)
NOI	-	-	8.5	9.1	9.4	9.5	9.7
Construction Expense	(21.5)	(31.7)	-	-	-	-	-
VAT Impact	(4.3)	(6.3)	1.7	1.8	1.9	1.9	4.2
Cash Flow	(25.8)	(38.1)	10.2	10.9	11.3	11.5	13.8
Annual discount rate	17%	16%	15%	14%	14%	14%	14%
Cash Flow Discounted	(22.8)	(29.6)	6.8	6.4	5.8	5.2	5.4
Discounted TV	35.8					TV	94.9
<b>NPV</b>	<b>13.0</b>	<b>42.0</b>					

Source: Concorde Capital estimates

### Lisova mixed-use

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	-	14.7	21.1	22.2	23.1	24.1
OpEx	-	-	(2.8)	(4.1)	(4.7)	(5.2)	(5.9)
NOI	-	-	11.9	16.9	17.6	17.9	18.2
Construction Expense	(28.6)	(62.5)	(16.8)	-	-	-	-
VAT Impact	(5.7)	(12.5)	(1.0)	3.4	3.5	3.6	8.8
Cash Flow	(34.3)	(75.1)	(5.9)	20.3	21.1	21.5	27.0
Annual discount rate	19%	18%	17%	16%	16%	16%	16%
Cash Flow Discounted	(29.4)	(56.7)	(4.7)	11.2	10.0	8.8	9.4
Discounted TV	66.6					TV	199.5
<b>NPV</b>	<b>15.2</b>	<b>53.3</b>					

Source: Concorde Capital estimates



### Sevastopol mixed-use

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Residential Income	10.3	21.9	11.4	-	-	-	-
Commercial Income	-	-	8.3	8.6	9.0	9.3	9.7
Total Income	10.3	21.9	19.7	8.6	9.0	9.3	9.7
OpEx	-	-	(1.8)	(2.0)	(2.3)	(2.6)	(2.9)
NOI	10.3	21.9	17.9	6.6	6.7	6.8	6.8
Construction Expense	(35.9)	(40.4)	-	-	-	-	-
VAT Impact	(5.1)	(3.7)	3.6	1.3	1.3	1.4	2.0
Cash Flow	(30.7)	(22.2)	21.5	7.9	8.0	8.1	8.9
Annual discount rate	17%	16%	15%	14%	14%	14%	14%
Cash Flow Discounted	(28.2)	(17.2)	14.8	4.6	4.1	3.7	3.5
Discounted TV	19.5					TV	51.7
<b>NPV</b>	<b>4.7</b>	<b>38.7</b>					

Source: Concorde Capital estimates

### Luteranska

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	-	17.1	36.3	38.4	39.9	41.6
OpEx	-	-	(9.4)	(20.0)	(21.1)	(22.0)	(22.9)
NOI	-	-	7.7	16.4	17.3	18.0	18.7
Construction Expense	(26.1)	(38.6)	(21.1)	-	-	-	-
VAT Impact	(5.2)	(7.7)	(2.7)	3.3	3.5	3.6	6.2
Cash Flow	(31.4)	(46.4)	(16.1)	19.6	20.7	21.6	24.9
Annual discount rate	17%	16%	15%	14%	14%	14%	14%
Cash Flow Discounted	(27.8)	(36.0)	(11.6)	11.5	10.6	9.7	9.8
Discounted TV	70.1					TV	186.0
<b>NPV</b>	<b>36.3</b>	<b>75.2</b>					

Source: Concorde Capital estimates

### Posolsky dvir

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	-	12.7	27.0	28.5	29.6	30.8
OpEx	-	-	(7.8)	(16.5)	(17.4)	(18.1)	(18.8)
NOI	-	-	5.0	10.5	11.1	11.6	12.0
Construction Expense	(12.4)	(18.4)	(10.0)	-	-	-	-
VAT Impact	(2.5)	(3.7)	(1.0)	2.1	2.2	2.3	0.9
Cash Flow	(14.9)	(22.1)	(6.1)	12.6	13.3	13.9	13.0
Annual discount rate	17%	16%	15%	14%	14%	14%	14%
Cash Flow Discounted	(13.2)	(17.1)	(4.5)	7.4	6.8	6.3	5.1
Discounted TV	45.1					TV	119.7
<b>NPV</b>	<b>35.8</b>	<b>57.5</b>					

Source: Concorde Capital estimates

### Kyianivsky

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	-	8.3	34.9	36.9	38.4	39.9
OpEx	-	-	(2.9)	(12.3)	(13.2)	(14.0)	(14.9)
NOI	-	-	5.4	22.6	23.7	24.4	25.0
Construction Expense	(9.9)	(42.8)	(35.6)	-	-	-	-
VAT Impact	(2.0)	(8.6)	(6.0)	4.5	4.7	4.9	2.6
Cash Flow	(11.9)	(51.4)	(36.3)	27.1	28.4	29.2	27.7
Annual discount rate	19%	18%	17%	16%	16%	16%	16%
Cash Flow Discounted	(10.0)	(38.8)	(24.1)	14.9	13.5	12.0	9.8
Discounted TV	96.2					TV	288.0
<b>NPV</b>	<b>73.5</b>	<b>99.6</b>					

Source: Concorde Capital estimates

### Melnykova business center

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	-	6.1	6.6	6.9	7.2	7.5
OpEx	-	-	(1.0)	(1.1)	(1.2)	(1.4)	(1.6)
NOI	-	-	5.1	5.5	5.7	5.8	6.0
Construction Expense	(9.3)	(20.3)	-	-	-	-	-
VAT Impact	(1.9)	(4.1)	1.0	1.1	1.1	1.2	1.5
Cash Flow	(11.2)	(24.4)	6.1	6.6	6.8	7.0	7.5
Annual discount rate	19%	18%	17%	16%	16%	16%	16%
Cash Flow Discounted	(9.6)	(18.4)	3.9	3.6	3.2	2.9	2.6
Discounted TV	24.5					TV	73.4
<b>NPV</b>	<b>12.8</b>	<b>26.7</b>					

Source: Concorde Capital estimates

**Petrivka business center**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	-	21.9	23.8	25.1	26.1	27.2
OpEx	-	-	(3.5)	(4.0)	(4.5)	(5.0)	(5.6)
NOI	-	-	18.4	19.8	20.6	21.1	21.5
Construction Expense	(36.3)	(53.6)	-	-	-	-	-
VAT Impact	(7.3)	(10.7)	3.7	4.0	4.1	4.2	2.1
Cash Flow	(43.5)	(64.3)	22.1	23.8	24.8	25.3	23.6
Annual discount rate	17%	16%	15%	14%	14%	14%	14%
Cash Flow Discounted	(38.6)	(49.9)	14.8	13.9	12.7	11.4	9.4
Discounted TV	100.0					TV	265.5
<b>NPV</b>	<b>73.7</b>	<b>131.7</b>					

Source: Concorde Capital estimates

**Brovarskiy business center**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	-	25.0	35.7	37.7	39.2	40.8
OpEx	-	-	(4.0)	(5.9)	(6.6)	(7.5)	(8.4)
NOI	-	-	21.0	29.8	31.1	31.7	32.4
Construction Expense	(40.0)	(87.4)	(23.5)	-	-	-	-
VAT Impact	(8.0)	(17.5)	(0.5)	6.0	6.2	6.3	7.6
Cash Flow	(48.0)	(104.9)	(3.0)	35.8	37.3	38.1	40.0
Annual discount rate	17%	16%	15%	14%	14%	14%	14%
Cash Flow Discounted	(41.7)	(81.4)	(3.4)	20.9	19.1	17.2	15.8
Discounted TV	150.7					TV	399.8
<b>NPV</b>	<b>97.2</b>	<b>162.9</b>					

Source: Concorde Capital estimates

**Vyshhorod warehouse complex**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	3.9	8.2	8.5	8.8	9.2	9.6
OpEx	-	(0.4)	(0.9)	(1.0)	(1.2)	(1.3)	(1.5)
NOI	-	3.5	7.3	7.5	7.7	7.9	8.1
Construction Expense	(21.1)	(22.3)	-	-	-	-	-
VAT Impact	(4.2)	(3.8)	1.5	1.5	1.5	1.6	1.9
Cash Flow	(25.3)	(22.6)	8.7	9.0	9.2	9.5	10.0
Annual discount rate	19%	18%	17%	16%	16%	16%	16%
Cash Flow Discounted	(21.7)	(18.0)	5.6	4.9	4.4	3.9	3.5
Discounted TV	26.8					TV	80.3
<b>NPV</b>	<b>9.5</b>	<b>37.1</b>					

Source: Concorde Capital estimates

**Vasytkiv logistics complex**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	26.1	27.6	28.7	29.9	31.1	32.3
OpEx	-	(2.8)	(3.1)	(3.5)	(4.0)	(4.5)	(5.0)
NOI	-	23.3	24.4	25.2	25.9	26.6	27.3
Construction Expense	(129.1)	-	-	-	-	-	-
VAT Impact	(25.8)	4.7	4.9	5.0	5.2	5.3	1.9
Cash Flow	(154.9)	28.0	29.3	30.2	31.1	31.9	29.1
Annual discount rate	17%	16%	15%	14%	14%	14%	14%
Cash Flow Discounted	(140.2)	21.7	19.7	17.7	16.0	14.4	11.6
Discounted TV	101.7					TV	270.0
<b>NPV</b>	<b>62.6</b>	<b>237.7</b>					

Source: Concorde Capital estimates

**Zhytomyr highway logistics complex**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	14.4	20.0	20.8	21.7	22.6	23.5
OpEx	-	(1.5)	(2.3)	(2.5)	(2.9)	(3.2)	(3.6)
NOI	-	12.8	17.8	18.3	18.8	19.3	19.9
Construction Expense	(71.8)	(25.4)	-	-	-	-	-
VAT Impact	(14.4)	(2.5)	3.6	3.7	3.8	3.9	2.9
Cash Flow	(86.1)	(15.0)	21.3	22.0	22.6	23.2	22.7
Annual discount rate	17%	16%	15%	14%	14%	14%	14%
Cash Flow Discounted	(76.4)	(13.3)	14.3	12.9	11.6	10.5	9.0
Discounted TV	74.0					TV	196.4
<b>NPV</b>	<b>42.6</b>	<b>139.5</b>					

Source: Concorde Capital estimates

**Odesa logistics complex**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	10.2	14.2	14.8	15.4	16.0	16.7
OpEx	-	(1.1)	(1.6)	(1.8)	(2.0)	(2.3)	(2.6)
NOI	-	9.1	12.6	13.0	13.4	13.8	14.1
Construction Expense	(58.6)	(20.7)	-	-	-	-	-
VAT Impact	(11.7)	(2.3)	2.5	2.6	2.7	2.8	4.3
Cash Flow	(70.4)	(13.9)	15.2	15.6	16.1	16.5	18.4
Annual discount rate	17%	16%	15%	14%	14%	14%	14%
Cash Flow Discounted	(62.4)	(12.1)	10.2	9.1	8.2	7.4	7.2
Discounted TV	52.6					TV	139.7
<b>NPV</b>	<b>20.4</b>	<b>97.1</b>					

Source: Concorde Capital estimates

**Capitoliy**

	2008E
Total Income	37.0
OpEx	-
NOI	37.0
Construction Expense	(10.0)
VAT Impact	1.3
Cash Flow	28.3
Annual discount rate	15%
Cash Flow Discounted	25.4
<b>NPV</b>	<b>25.4</b>

Source: Concorde Capital estimates

**Parus**

	2008E
Residential Income	33.6
Commercial Income	-
Total Income	33.6
OpEx	-
NOI	33.6
Construction Expense	(11.9)
VAT Impact	4.3
Cash Flow	26.0
Annual discount rate	15%
Cash Flow Discounted	23.1
<b>NPV</b>	<b>23.1</b>

Source: Concorde Capital estimates

**Yaroslaviv Val**

	2008E	2009F	2010F
Residential Income	-	53.4	58.6
Commercial Income	-	-	-
Total Income	-	53.4	58.6
OpEx	-	-	-
NOI	-	53.4	58.6
Construction Expense	(8.7)	(19.0)	(10.4)
VAT Impact	(1.7)	1.8	-
Cash Flow	(10.4)	36.2	48.3
Annual discount rate	17%	16%	15%
Cash Flow Discounted	(9.1)	28.2	32.2
<b>NPV</b>	<b>51.3</b>	<b>70.7</b>	

Source: Concorde Capital estimates

**Voznesenskiy Yar**

	2008E	2009F	2010F	2011F
Residential Income	20.4	44.6	49.0	0.0
Commercial Income	13.9	30.5	33.4	0.0
Total Income	34.3	75.1	82.4	0.0
OpEx	-	-	-	-
NOI	34.3	75.1	82.4	0.0
Construction Expense	(52.2)	(58.8)	(32.1)	-
VAT Impact	(3.6)	3.3	1.5	(0.0)
Cash Flow	(21.4)	19.6	51.8	0.0
Annual discount rate	17%	16%	15%	14%
Cash Flow Discounted	(20.8)	15.2	34.0	0.0
<b>NPV</b>	<b>28.4</b>	<b>57.7</b>		

Source: Concorde Capital estimates

**Verkhnia**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	-	4.4	9.3	9.8	10.2	10.6
OpEx	-	-	(0.7)	(1.6)	(1.8)	(2.0)	(2.3)
NOI	-	-	3.6	7.7	8.0	8.2	8.3
Construction Expense	(10.3)	(22.5)	(12.3)	-	-	-	-
VAT Impact	(2.1)	(4.5)	(1.7)	1.5	1.6	1.6	3.7
Cash Flow	(12.3)	(26.9)	(10.4)	9.2	9.6	9.8	12.0
Annual discount rate	17%	16%	15%	14%	14%	14%	14%
Cash Flow Discounted	(10.7)	(20.9)	(7.4)	5.4	4.9	4.4	4.7
Discounted TV	37.6					TV	99.8
<b>NPV</b>	<b>18.0</b>	<b>33.7</b>					

Source: Concorde Capital estimates

**Nemyrovicha-Danchenko**

	2008E	2009F	2010F
Total Income	12.0	51.7	56.7
OpEx	-	-	-
NOI	12.0	51.7	56.7
Construction Expense	(27.3)	(40.4)	(22.1)
VAT Impact	(3.1)	2.3	1.0
Cash Flow	(18.4)	13.5	35.7
Annual discount rate	17%	16%	15%
Cash Flow Discounted	(16.8)	10.5	23.4
<b>NPV</b>	<b>17.1</b>	<b>39.8</b>	

Source: Concorde Capital estimates

**Lisnyky**

	2008E	2009F	2010F	2011F	2012F
Residential Income	-	68.4	141.6	147.4	75.9
Commercial Income	-	-	-	-	-
Total Income	-	68.4	141.6	147.4	75.9
OpEx	-	-	-	-	-
NOI	-	68.4	141.6	147.4	75.9
Construction Expense	(9.8)	(42.2)	(47.5)	(39.5)	-
VAT Impact	(2.0)	5.2	0.3	0.0	0.0
Cash Flow	(11.7)	31.5	94.5	107.9	75.9
Annual discount rate	17%	16%	15%	14%	14%
Cash Flow Discounted	(10.0)	22.1	63.4	62.8	40.3
<b>NPV</b>	<b>178.6</b>	<b>221.1</b>			

Source: Concorde Capital estimates

**Virlytsia mixed-use**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Residential Income	84.4	184.6	150.5	-	-	-	-
Commercial Income	-	-	105.6	151.0	159.4	165.9	172.6
Total Income	84.4	184.6	256.2	151.0	159.4	165.9	172.6
OpEx	-	-	(20.3)	(29.9)	(33.3)	(37.1)	(41.4)
NOI	84.4	184.6	235.9	121.1	126.1	128.8	131.2
Construction Expense	(415.4)	(467.5)	(125.8)	-	-	-	-
VAT Impact	(66.2)	(56.6)	22.0	24.2	25.2	25.8	26.1
Cash Flow	(397.1)	(339.4)	132.1	145.3	151.3	154.5	157.4
Annual discount rate	17%	16%	15%	14%	14%	14%	14%
Cash Flow Discounted	(362.9)	(263.4)	84.0	85.1	77.7	69.7	62.3
Discounted TV	578.8					TV	1 536.0
<b>NPV</b>	<b>331.3</b>	<b>813.9</b>					

Source: Concorde Capital estimates

**Berezneva mixed-use**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Residential Income	-	144.2	77.6	-	-	-	-
Commercial Income	-	-	14.9	21.2	22.4	23.3	24.3
Total Income	-	144.2	92.5	21.2	22.4	23.3	24.3
OpEx	-	-	(2.6)	(3.8)	(4.3)	(4.8)	(5.4)
NOI	-	144.2	89.9	17.5	18.2	18.6	18.9
Construction Expense	(39.0)	(168.1)	(45.2)	-	-	-	-
VAT Impact	(7.8)	(4.8)	8.9	3.5	0.2	(0.0)	0.0
Cash Flow	(46.8)	(28.7)	53.6	21.0	18.4	18.6	18.9
Annual discount rate	17%	16%	15%	14%	14%	14%	14%
Cash Flow Discounted	(39.9)	(22.2)	36.1	12.3	9.4	8.4	7.5
Discounted TV	84.0					TV	223.0
<b>NPV</b>	<b>95.5</b>	<b>158.8</b>					

Source: Concorde Capital estimates

**Boryspil mixed-use**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	-	20.6	21.4	22.3	23.2	24.1
OpEx	-	-	(5.2)	(5.8)	(6.4)	(7.0)	(7.7)
NOI	-	-	15.4	15.7	15.9	16.2	16.4
Construction Expense	(28.4)	(62.1)	-	-	-	-	-
VAT Impact	(5.7)	(12.4)	3.1	3.1	3.2	3.2	6.1
Cash Flow	(34.1)	(74.6)	18.5	18.8	19.1	19.4	22.5
Annual discount rate	19%	18%	17%	16%	16%	16%	16%
Cash Flow Discounted	(29.2)	(56.3)	11.9	10.3	9.1	7.9	7.9
Discounted TV	43.3					TV	129.8
<b>NPV</b>	<b>4.9</b>	<b>40.7</b>					

Source: Concorde Capital estimates

**Lviv mixed-use**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	4.5	18.3	19.1	19.8	20.6	21.5
OpEx	-	(0.8)	(3.5)	(3.9)	(4.4)	(5.0)	(5.6)
NOI	-	3.7	14.8	15.1	15.4	15.6	15.9
Construction Expense	(36.4)	(39.8)	-	-	-	-	-
VAT Impact	(7.3)	(7.2)	3.0	3.0	3.1	3.1	2.5
Cash Flow	(43.7)	(43.4)	17.8	18.1	18.5	18.8	18.4
Annual discount rate	19%	18%	17%	16%	16%	16%	16%
Cash Flow Discounted	(38.3)	(33.7)	11.4	10.0	8.8	7.7	6.5
Discounted TV	42.0					TV	125.8
<b>NPV</b>	<b>14.3</b>	<b>62.7</b>					

Source: Concorde Capital estimates

**Poltava mixed-use**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Residential Income	85.7	360.3	188.4	-	-	-	-
Commercial Income	-	-	9.5	13.1	13.7	14.2	14.8
Total Income	85.7	360.3	197.9	13.1	13.7	14.2	14.8
OpEx	-	-	(2.0)	(3.0)	(3.4)	(3.8)	(4.3)
NOI	85.7	360.3	195.8	10.1	10.3	10.4	10.5
Construction Expense	(153.4)	(335.5)	(90.3)	-	-	-	-
VAT Impact	(13.5)	5.0	9.5	0.0	(0.0)	0.0	(0.0)
Cash Flow	(81.3)	29.8	115.1	10.1	10.3	10.4	10.5
Annual discount rate	19%	18%	17%	16%	16%	16%	16%
Cash Flow Discounted	(71.6)	22.7	75.3	5.6	4.9	4.3	3.7
Discounted TV	26.5					TV	79.4
<b>NPV</b>	<b>71.3</b>	<b>170.4</b>					

Source: Concorde Capital estimates

**Sumy mixed-use**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Residential Income	-	52.9	73.8	18.9	-	-	-
Commercial Income	-	-	1.9	7.6	7.9	8.2	8.6
Total Income	-	52.9	75.6	26.5	7.9	8.2	8.6
OpEx	-	-	(0.4)	(1.7)	(1.9)	(2.1)	(2.4)
NOI	-	52.9	75.2	24.8	6.0	6.1	6.2
Construction Expense	(16.8)	(72.5)	(60.3)	-	-	-	-
VAT Impact	(3.4)	(3.9)	3.0	4.3	0.0	0.0	0.0
Cash Flow	(20.2)	(23.5)	18.0	29.1	6.0	6.1	6.2
Annual discount rate	19%	18%	17%	16%	16%	16%	16%
Cash Flow Discounted	(16.9)	(18.7)	10.6	16.8	2.9	2.5	2.2
Discounted TV	15.6					TV	46.7
<b>NPV</b>	<b>14.9</b>	<b>37.9</b>					

Source: Concorde Capital estimates

**Donetsk mixed-use**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	-	-	18.9	26.0	27.1	28.2
OpEx	-	-	-	(3.8)	(5.6)	(6.3)	(7.1)
NOI	-	-	-	15.1	20.4	20.8	21.1
Construction Expense	(7.0)	(30.4)	(34.2)	(9.2)	-	-	-
VAT Impact	(1.4)	(6.1)	(6.8)	1.2	4.1	4.2	6.6
Cash Flow	(8.5)	(36.4)	(41.0)	7.0	24.5	24.9	27.7
Annual discount rate	19%	18%	17%	16%	16%	16%	16%
Cash Flow Discounted	(7.1)	(27.5)	(26.3)	3.3	11.6	10.2	9.7
Discounted TV	59.2					TV	177.3
<b>NPV</b>	<b>33.2</b>	<b>48.1</b>					

Source: Concorde Capital estimates

**Sevastopol serviced apartments**

	2008E	2009F	2010F
Total Income	17.6	37.6	29.6
OpEx	-	-	-
NOI	17.6	37.6	29.6
Construction Expense	(21.6)	(24.3)	(6.5)
VAT Impact	(0.8)	0.8	-
Cash Flow	(4.7)	14.1	23.1
Annual discount rate	17%	16%	15%
Cash Flow Discounted	(5.0)	11.0	15.6
<b>NPV</b>	<b>21.6</b>	<b>31.2</b>	

Source: Concorde Capital estimates

**Alupka mixed-use**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Residential Income	-	145.5	202.8	52.0	-	-	-
Commercial Income	-	-	2.8	11.5	12.0	12.5	13.0
Total Income	-	145.5	205.6	63.5	12.0	12.5	13.0
OpEx	-	-	(1.0)	(4.4)	(4.7)	(5.0)	(5.4)
NOI	-	145.5	204.6	59.1	7.3	7.4	7.6
Construction Expense	(28.1)	(120.9)	(100.5)	-	-	-	-
VAT Impact	(5.6)	4.9	0.7	0.0	0.0	0.0	(0.0)
Cash Flow	(33.7)	29.5	104.8	59.1	7.3	7.4	7.6
Annual discount rate	19%	18%	17%	16%	16%	16%	16%
Cash Flow Discounted	(28.2)	19.6	66.0	34.2	3.5	3.0	2.7
Discounted TV	21.2					TV	63.6
<b>NPV</b>	<b>122.0</b>	<b>179.1</b>					

Source: Concorde Capital estimates

**Kharkiv-Peski**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	-	247.3	261.1	271.7	282.8	294.2
OpEx	-	-	-	-	-	-	-
NOI	-	-	247.3	261.1	271.7	282.8	294.2
Construction Expense	(39.1)	(168.5)	(189.6)	(213.4)	(240.2)	(199.8)	-
VAT Impact	(7.8)	(33.7)	11.5	9.5	6.3	14.1	0.0
Cash Flow	(46.9)	(202.2)	69.2	57.2	37.8	97.2	294.2
Annual discount rate	19%	18%	17%	16%	16%	16%	16%
Cash Flow Discounted	(39.3)	(152.7)	44.5	31.6	18.1	38.1	103.9
<b>NPV</b>	<b>44.1</b>	<b>99.5</b>					

Source: Concorde Capital estimates

**Kvadrat-Simferopol**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	-	10.8	14.9	15.5	16.1	16.8
OpEx	-	-	(2.3)	(3.4)	(3.9)	(4.3)	(4.9)
NOI	-	-	8.5	11.5	11.6	11.8	11.9
Construction Expense	(16.2)	(35.5)	(9.6)	-	-	-	-
VAT Impact	(3.2)	(7.1)	(0.2)	2.3	2.3	2.4	3.8
Cash Flow	(19.5)	(42.6)	(1.3)	13.8	14.0	14.1	15.7
Annual discount rate	17%	16%	15%	14%	14%	14%	14%
Cash Flow Discounted	(17.0)	(33.1)	(1.4)	8.1	7.2	6.4	6.2
Discounted TV	33.9					TV	89.9
<b>NPV</b>	<b>10.2</b>	<b>31.9</b>					

Source: Concorde Capital estimates

**Aquapark Kyiv**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	-	1.8	7.6	8.0	8.4	8.7
OpEx	-	-	(0.7)	(2.9)	(3.2)	(3.6)	(4.1)
NOI	-	-	1.1	4.7	4.8	4.7	4.6
Construction Expense	(3.2)	(13.6)	(11.3)	-	-	-	-
VAT Impact	(0.6)	(2.7)	(2.0)	0.9	1.0	0.9	2.5
Cash Flow	(3.8)	(16.3)	(12.2)	5.7	5.8	5.7	7.1
Annual discount rate	19%	18%	17%	16%	16%	16%	16%
Cash Flow Discounted	(3.2)	(12.3)	(8.0)	3.1	2.7	2.3	2.5
Discounted TV	14.9					TV	44.6
<b>NPV</b>	<b>2.1</b>	<b>6.2</b>					

Source: Concorde Capital estimates

**Dnipropetrovsk logistics complex**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	11.6	24.6	26.0	27.1	28.2	29.3
OpEx	-	(1.2)	(2.7)	(3.0)	(3.4)	(3.8)	(4.3)
NOI	-	10.4	22.0	23.0	23.7	24.3	25.0
Construction Expense	(73.0)	(77.5)	-	-	-	-	-
VAT Impact	(14.6)	(13.4)	4.4	4.6	4.7	4.9	9.5
Cash Flow	(87.6)	(80.5)	26.3	27.6	28.4	29.2	34.5
Annual discount rate	17%	16%	15%	14%	14%	14%	14%
Cash Flow Discounted	(76.2)	(65.6)	17.7	16.2	14.6	13.2	13.6
Discounted TV	93.3					TV	247.5
<b>NPV</b>	<b>26.5</b>	<b>120.5</b>					

Source: Concorde Capital estimates

**Kharkiv Econom+**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	1.2	1.3	1.4	1.5	1.6	1.6	1.7
OpEx	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)	(0.5)	(0.5)
NOI	0.9	1.0	1.1	1.1	1.2	1.2	1.2
Construction Expense	-	-	-	-	-	-	-
VAT Impact	0.2	0.2	0.2	0.2	0.2	0.0	0.0
Cash Flow	1.1	1.2	1.3	1.4	1.3	1.2	1.2
Annual discount rate	13%	12%	11%	10%	10%	10%	10%
Cash Flow Discounted	1.0	1.0	1.0	0.9	0.8	0.6	0.6
Discounted TV	5.1					TV	10.5
<b>NPV</b>	<b>11.0</b>	<b>11.3</b>					

Source: Concorde Capital estimates

**Kharkiv Kobzar**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	1.8	2.0	2.2	2.3	2.4	2.5	2.6
OpEx	(0.4)	(0.4)	(0.5)	(0.5)	(0.6)	(0.7)	(0.8)
NOI	1.4	1.6	1.7	1.7	1.8	1.8	1.8
Construction Expense	-	-	-	-	-	-	-
VAT Impact	0.3	0.3	0.3	0.1	-	0.0	(0.0)
Cash Flow	1.7	1.9	2.0	1.8	1.8	1.8	1.8
Annual discount rate	13%	12%	11%	10%	10%	10%	10%
Cash Flow Discounted	1.6	1.5	1.5	1.2	1.1	1.0	0.9
Discounted TV	7.7					TV	16.0
<b>NPV</b>	<b>16.4</b>	<b>16.8</b>					

Source: Concorde Capital estimates

**Kharkiv-Solta**

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	-	-	24.9	25.9	27.0	28.1
OpEx	-	-	-	(10.2)	(10.9)	(11.5)	(12.1)
NOI	-	-	-	14.7	15.0	15.5	16.0
Construction Expense	-	(45.7)	(51.5)	-	-	-	-
VAT Impact	-	(9.1)	(10.3)	2.9	3.0	3.1	10.4
Cash Flow	-	(54.9)	(61.8)	17.6	18.0	18.6	26.4
Annual discount rate	19%	18%	17%	16%	16%	16%	16%
Cash Flow Discounted	-	(41.4)	(39.6)	9.7	8.6	7.6	9.2
Discounted TV	50.1	-	-	-	-	TV	150.0
<b>NPV</b>	<b>4.1</b>	<b>4.9</b>	-	-	-	-	-

Source: Concorde Capital estimates

#### Kharkiv-Pesochin logistics complex

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Total Income	-	-	14.4	20.0	20.8	21.7	22.6
OpEx	-	-	(1.5)	(2.3)	(2.5)	(2.9)	(3.2)
NOI	-	-	12.8	17.8	18.3	18.8	19.3
Construction Expense	-	(85.2)	(22.9)	-	-	-	-
VAT Impact	-	(17.0)	(2.0)	3.6	3.7	3.8	8.3
Cash Flow	-	(102.3)	(12.1)	21.3	22.0	22.6	27.6
Annual discount rate	19%	18%	17%	16%	16%	16%	16%
Cash Flow Discounted	-	(77.2)	(9.1)	11.7	10.4	9.2	9.7
Discounted TV	63.9	-	-	-	-	TV	191.4
<b>NPV</b>	<b>18.7</b>	<b>22.3</b>	-	-	-	-	-

Source: Concorde Capital estimates

#### Kharkiv-Korka

	2008E	2009F	2010F	2011F	2012F	2013F	2014F
Residential Income	-	-	153.1	161.6	168.2	175.0	135.9
Commercial Income	-	-	-	-	-	9.8	40.3
Total Income	-	-	153.1	161.6	168.2	184.8	176.2
OpEx	-	-	-	-	-	(2.1)	(8.9)
NOI	-	-	153.1	161.6	168.2	182.8	167.3
Construction Expense	-	(130.1)	(146.4)	(164.8)	(185.5)	(154.2)	-
VAT Impact	-	(26.0)	1.3	(0.6)	(3.5)	5.7	23.1
Cash Flow	-	(156.1)	8.0	(3.8)	(20.7)	34.3	190.4
Annual discount rate	19%	18%	17%	16%	16%	16%	16%
Cash Flow Discounted	-	(117.9)	5.2	(2.0)	(9.7)	12.5	68.4
Discounted TV	86.2	-	-	-	-	TV	258.1
<b>NPV</b>	<b>42.6</b>	<b>50.8</b>	-	-	-	-	-

Source: Concorde Capital estimates

## Investment ratings

The time horizon for target prices in Concorde Capital's research is 12 months unless otherwise stated. Concorde Capital employs three basic investment ratings: Buy, Hold and Sell. Typically, Buy recommendation is associated with an upside of 15% or more from the current market price; Sell is prompted by downside from the current market price (upside <0%); Hold recommendation is generally for limited upside within 15%. Though investment ratings are generally induced by the magnitude of upside, they are not derived on this basis alone. In certain cases, an analyst may have reasons to establish a recommendation where the associated range given above does not correspond. Temporary discrepancies between an investment rating and its upside at a specific point in time due to price movement and/or volatility will be permitted; Concorde Capital may revise an investment rating at its discretion. A recommendation and/or target price might be placed Under Review when impelled by corporate events, changes in finances or operations. Investors should base decisions to Buy, Hold or Sell a stock on the complete information regarding the analyst's views in the research report and on their individual investment objectives and circumstances.

### Concorde Capital ratings distribution

Buy	37	34%
Hold	29	27%
Sell	13	12%
Pending/Suspended	12	11%
Not rated	18	17%
<b>Total</b>	<b>109</b>	<b>100%</b>

### Investment banking clients\*

Buy	8	80%
Hold	2	20%
Sell	0	0%
Pending/Suspended	0	0%
Not rated	0	0%
<b>Total</b>	<b>10</b>	<b>100%</b>

\* Concorde Capital provided investment banking services to the company within the past 12 months.



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