



**XXI CENTURY**



**Concorde Capital Conference 2008,  
April 2008**

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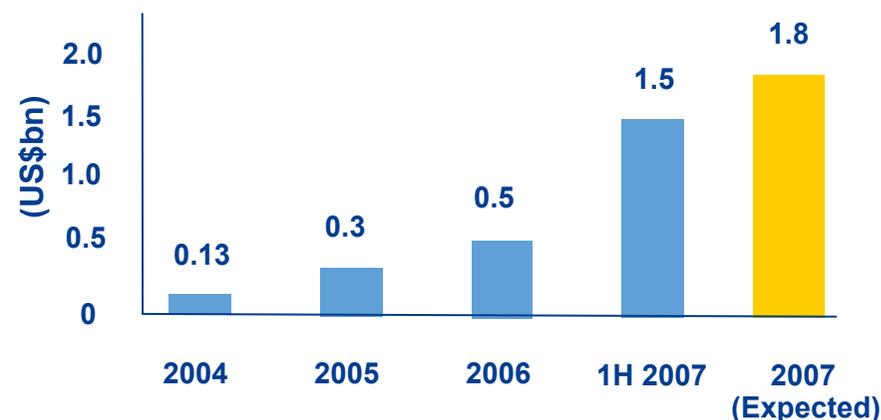
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# Company overview



- ❖ Leading real estate company in Ukraine
- ❖ Involved in real estate development since 1999
- ❖ Listed on AIM since December 2005, raised US\$139 m at IPO
- ❖ Free float – 35.7 %
- ❖ May 2007 – Eurobond, US\$175 m

NAV, US\$ mn



Date	Confirmed portfolio value, US\$bn	Expected NAV, US\$ bn	NAV growth, %	Market cap*, US\$ mn	Discount to NAV*
YE 2007	2.02	1.8	+ 20% (2H 2007) + 260% (YOY)	1032	-43%

\* As at April 15, 2008

# Key differentiating factors



Public company  
with track record

Recognized industry  
leader



**XXI CENTURY**

Conservative  
valuation

Diversified quality  
portfolio

# Public since 2005

## Good value and liquidity

- ❖ Second best performing development company on AIM in 2007: +102% growth in stock price (Property Week magazine)
- ❖ Liquidity: average daily volume of about \$980,000 for the last six months

Target price for 2008 according to latest reports:

**\$40-44**

Current price:

**\$27.7**



Buy



Buy



Buy



Buy



Buy



Buy



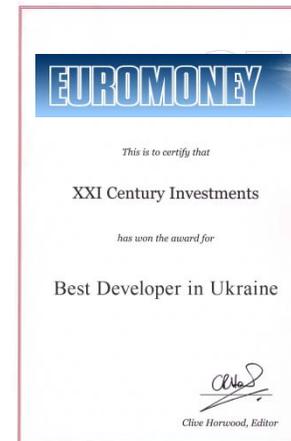
Buy

# Leadership position in Ukraine



## Recognized leader

- ❖ Best developer in Ukraine - Euromoney
- ❖ Developer of the year 2007 in Ukraine – Europaproperty
- ❖ Among TOP 100 best developers in Europe - PropertyEU



## High qualified team

- ❖ Among TOP 10 Companies that inspire – Companion magazine
- ❖ Among TOP 10 best employers in Ukraine – Hewitt
- ❖ Among TOP 10 leading Companies in Ukraine – Adam Smith Institute



## Reliable partners

- ❖ Cooperation with reliable partners: Accor, Intertop and others
- ❖ Outsourcing from leading international specialists: Jones Lang LaSalle, Colliers, DTZ, CBRE, Chapman Taylor, Bofill, John Seifert, BENOY and others



ricardo bofill

Chapman Taylor



# Company strategy

**Our goal is to be leading real estate developer in Ukraine by market capitalization, quality of projects, corporate development**

**Retail:** Develop and operate a national chain of shopping centers in hypermarket gallery format

**Offices:** Develop and operate A and B+ class offices in Kyiv and principal cities in Ukraine

**Hotels:** Develop and operate with an international hotel operator a chain throughout Ukraine

**Residential:** Develop, build and sell quality residential properties throughout Ukraine

**Logistic:** Develop and operate with a strategic partner a chain of modern warehouses in Ukraine

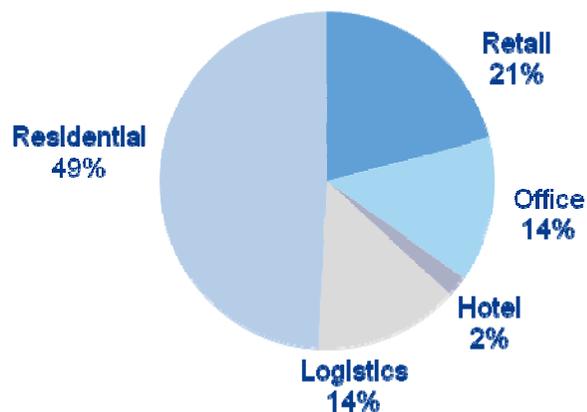


-  **Cities, where we are currently present**
-  **Cities, where we believe further potential exists**

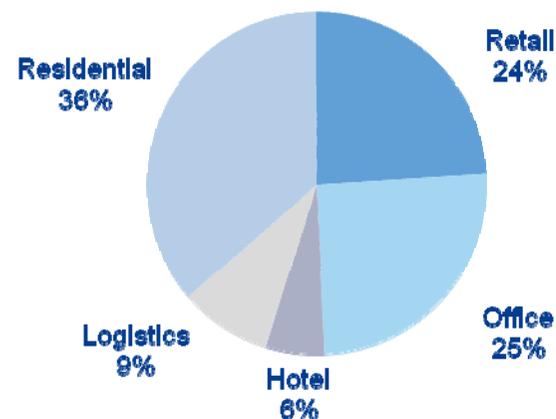
# Diversified portfolio

Asset types

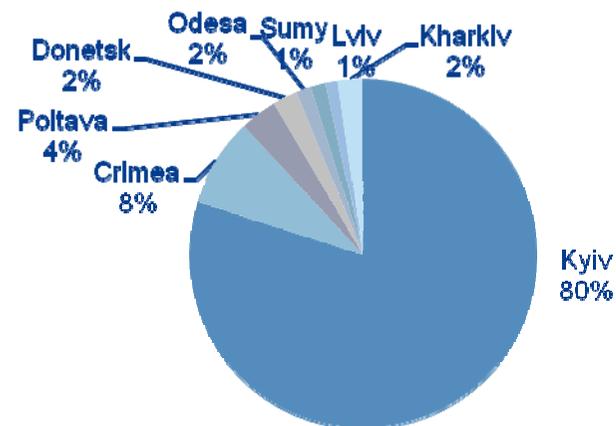
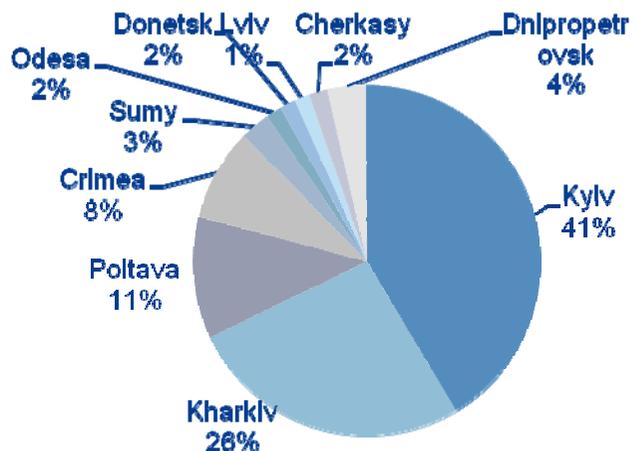
By area



By value\*



Regions of Ukraine



YE 2007:

Total area 6.0 mn sq. m.

Portfolio value US\$ 2.03 bn\*

\* - based on portfolio value appraised by Jones Lang LaSalle as at 31 December 2007

# Valuations vs Market realities

## Conservative assumptions in valuation

- ❖ Discount rate for projects at concept approval or project approval stages: 19-30%
- ❖ Discount rate for projects under construction: 11-16%
- ❖ Capitalization rates for exiting projects in 2010: 8.75-11.5%

## Example of Appraisal value vs Market value



### Kvadrat Perova shopping center

- ❖ Fully leased – opening in 2Q 2008
- ❖ Total area – 40 728 sq m, GLA – 19 018 sq m
- ❖ Expected NOI – approximately USD 11.5 mn



# Appraiser's valuation assumptions



## Discount rates

- ❖ Floating discount rates used to reflect different phases of project development
- ❖ Discount rate at each phase represents the required investor yield considering risks at that phase
- ❖ Risks and yield are dependent on the development phase and on type of project

## Vacancy

- ❖ Average vacancy rates range between 5%-10%

## Cost inflation and revenue growth

- ❖ Cost inflation reflected in projected costs
- ❖ Revenue growth not assumed

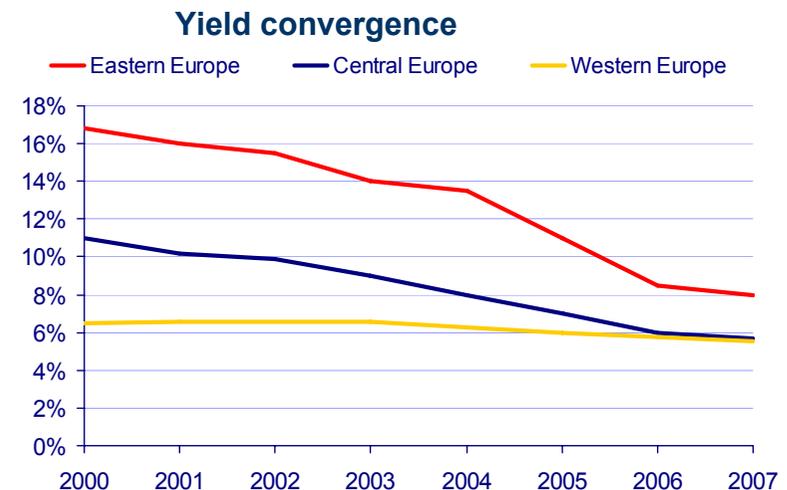
## Capitalization rates (yields)

- ❖ Operating properties and properties under construction: 9.5-10% (Kyiv)
- ❖ Properties under development and completion expected in 2009-2011: 8.75 (office in Kyiv) -11.5% (retail in minor regional centre)

**Discount rate for projects at concept approval or project approval stages: 19-30%**

**Discount rate for projects under construction: 11-16%**

**Entrepreneur profit factored in project costs: 25-30%**



Source: Cushman & Wakefield, September 2007

# Financial strategy - 2008

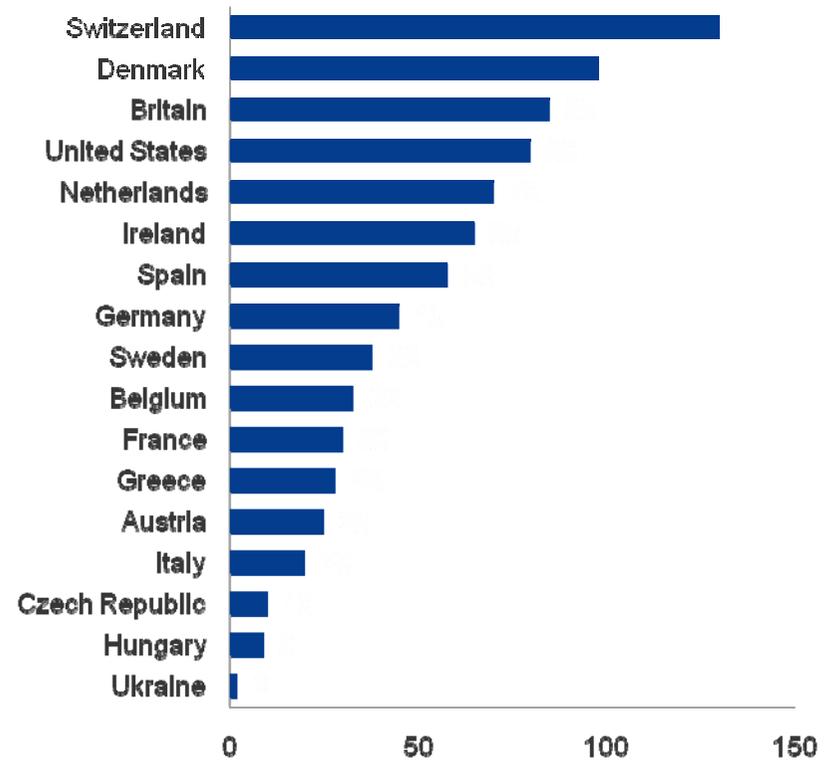


- ❖ Revenues from operating retail and office centers
- ❖ Residential sales and presales
- ❖ Possible sale of operating assets
- ❖ Possible JVs with major financial and strategic investors at construction stage
- ❖ Leveraging and project financing from local banks

# Credit crisis: little impact so far

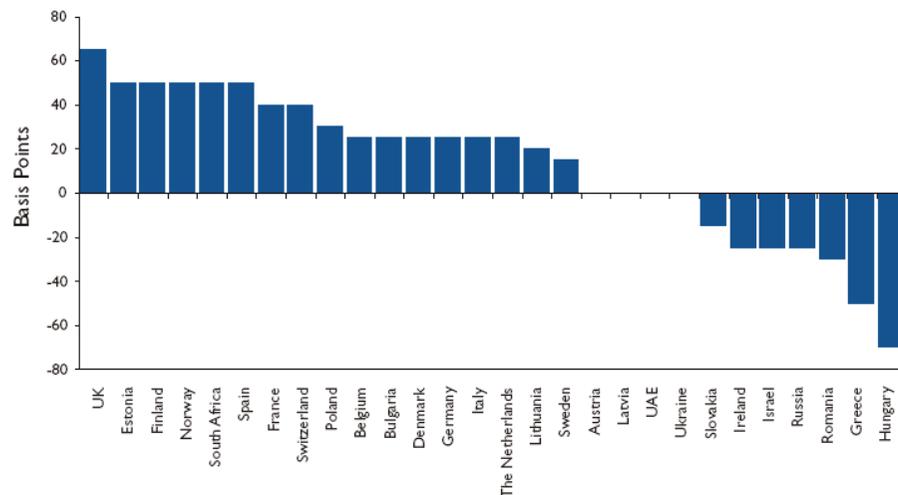
- ❖ Moody's: Ukrainian banking system has less chance to suffer from the global financial crisis.
- ❖ Standard & Poor's: Ukraine benefits from relatively low external imbalances
  - ❖ Financing enters via Western European parent banks
  - ❖ Ukraine placed in the least vulnerable group of EMEA sovereigns in Emerging Economies' Liquidity Vulnerability Index (Nov. 2007)

Mortgage debt as % of GDP, 2006



Source: Morgan Stanley

Credit crunch impact on prime yields (2H 2007)



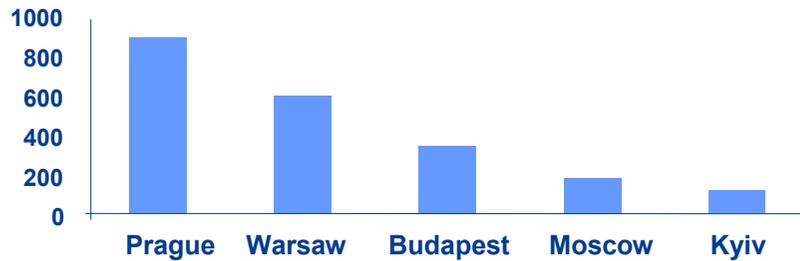
Source: Colliers International

- ❖ Colliers: Strong fundamentals and the prospect of higher returns fed demand and led to continued yield compression in EMEA sector

# Market potential

## Analysts expect further market growth

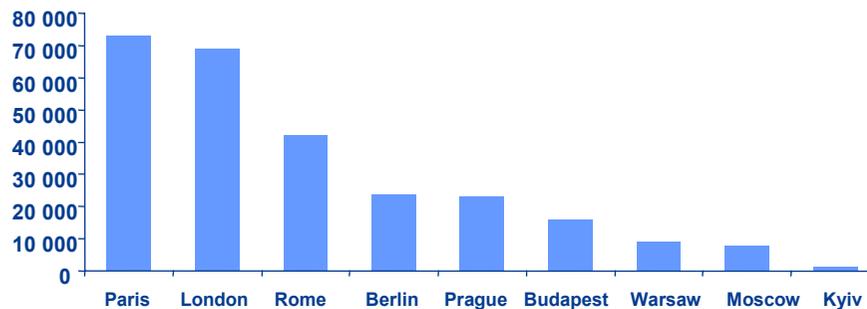
Comparative retail floor plate per 1 000 residents, 3Q 2007 (sq. m.)



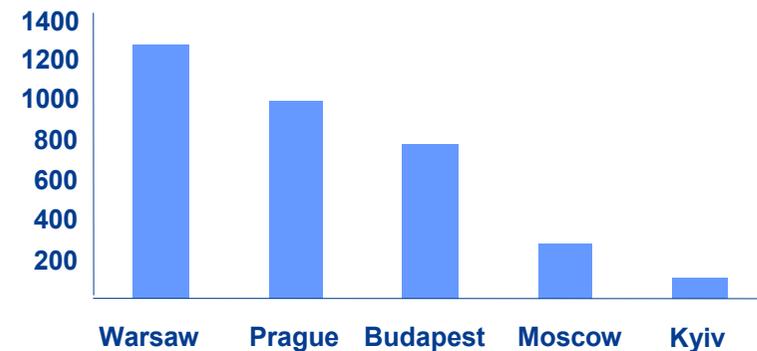
Comparative office supply per 1 000 residents, 3Q 2007 (sq. m.)



Supply of quality rooms in European cities (number of rooms)



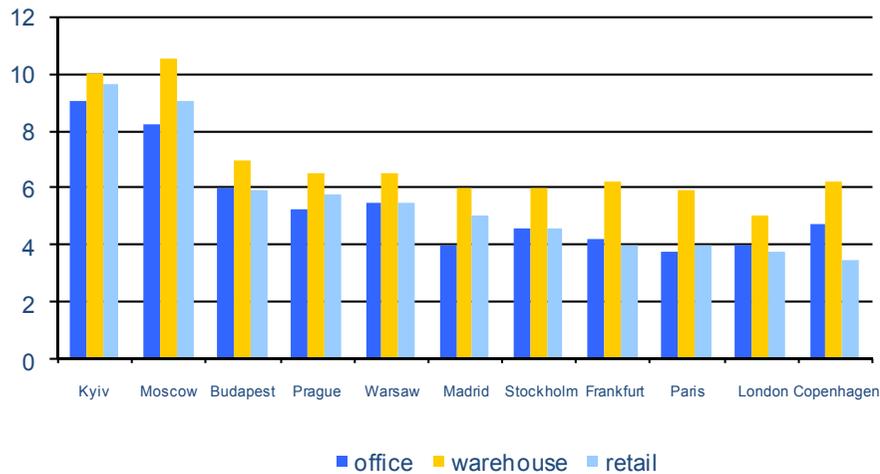
Comparative warehouse supply per 1 000 residents, 3Q 2007 (sq. m.)



Source: Jones Lang LaSalle

# High yields

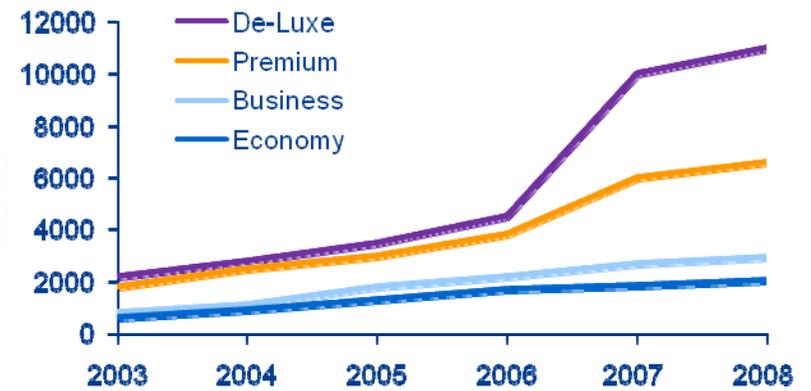
Prime rental yields, %



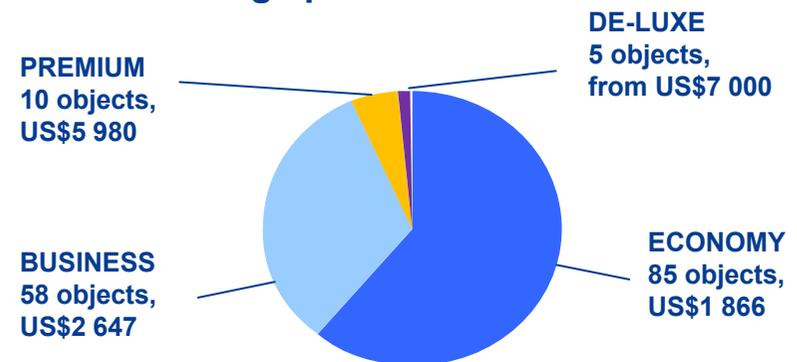
❖ Current yields correspond to levels in Budapest and Warsaw in 2001-2002

Source: DTZ

Price of 1 sq. m. of residential floor plate in Kyiv



Residential supply in Kyiv by class on primary market and average price



Source: Company data

# Largest contributors to growth in value



## Virlytsia, Kyiv (mixed-use)

- ❖ XXIC's largest development, representing 18% of the total portfolio in terms of value (US \$ 354 mn)
- ❖ Total area: approximately 969 000 sq m
- ❖ Construction permit received for the first stage
- ❖ Pre-leasing negotiations commenced with prospective international and national anchor tenants



## Lisnyky, Kyiv region (suburban residential development)

- ❖ Valuation increase from US\$129.4m 1H 2007 to US\$204.8m YE 2007
- ❖ Represents approximately 10% of the total portfolio in terms of value
- ❖ Total area of site: 55.49 ha
- ❖ Lisnyky town council approved rezoning of the site



## Berezneva, Kyiv (mixed-use)

- ❖ Project appraised at US\$116.5 mn at YE 2007
- ❖ Represents approximately 6% of the total value of our portfolio
- ❖ Total area: approximately 238 800 sq m
- ❖ Kyiv City Council approved the concept of the project in November

# Largest contributors to growth in value



## Brovarsky, Kyiv (business centre)

- ❖ Appraised at US\$ 91.1m, representing approximately 5% of the total portfolio in terms of value
- ❖ Total area: approximately 131 000 sq m
- ❖ Project design approved by Kyiv City
- ❖ Concept approved by Kyiv City



## Kvadrat-Perova, Kyiv (shopping centre)

- ❖ Represents approximately 4% of the total portfolio in terms of value (US\$ 88.3 mn)
- ❖ Total area: 40 728 sq m
- ❖ 100% of the floor plate is pre-leased
- ❖ Operation start planned for 1Q 2008



## Voznesensky Yar, Kyiv (residential)

- ❖ Represents approximately 4% of the value of the total portfolio (US\$ 87.6 mn)
- ❖ Total area: 95 984 sq m
- ❖ Construction to commence in 2008 year
- ❖ Project design approved by Kyiv City

# Time to invest with us



## High quality company

- ❖ Portfolio comprises high quality projects
- ❖ Professional management
- ❖ International consultants, architects, partners

## Quality assets and projects

- ❖ Low leverage
- ❖ Growing cash flow from internal sources
- ❖ Attracting financial and strategic partners

## Conservatively valued shares

- ❖ Conservative valuations
- ❖ Trading at 43% discount to NAV



**XXI CENTURY**

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