

Real Estate Services

Building new horizons



1 PricewaterhouseCoopers in Russia

PricewaterhouseCoopers refers to the global network of firms that provide industry-focused assurance, tax and advisory services for public and private clients.

We connect our people, experience, industry knowledge and business understanding to build trust and enhance value for our clients and their stakeholders.

PricewaterhouseCoopers first appeared in Russia in 1913 and re-established its presence here in 1989 and since then has grown to become the largest professional services provider in Russia. We have over 2,000 professionals living and working in Russia.

PricewaterhouseCoopers is the largest audit and consulting group in Russia, according to the annual rating prepared by the independent rating agency Expert RA and published in Expert magazine. For three years in a row, we have also been voted the best tax firm in Russia by the magazine International Tax Review.

Our services

Audit & Assurance services

Advisory services

- Transactions
- Performance improvement
- Tax structuring
- Due diligence

Valuation services

Human resource services

Commitment to the real estate sector

PricewaterhouseCoopers is devoted to the problems and developments of the real estate sector globally and in Russia in particular. We are the leading firm of auditors and advisors to real estate companies, investment banks, investment funds, investment managers and other companies investing in real estate, developing and constructing real estate in Russia.

In 1997 PricewaterhouseCoopers established a Real estate services team in our Moscow office to respond to the needs of the market. Since then we have been the principal advisors on the major real estate projects involving foreign and domestic capital. The projects included establishment of tax efficient holding structures, preparation of business plans, debt and equity finance raising, audit services and due diligence.

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PricewaterhouseCoopers perspectives on the real estate sector

PricewaterhouseCoopers applies a global approach with a local touch by means of Thought leadership initiatives. Our publications set out a clear vision of the current and future challenges facing the real estate industry. They examine the strategies that successfully respond to the need to sustain innovation and shareholder value in an age of unprecedented market change.



Emerging Trends in Real Estate® Europe

A joint undertaking of the Urban Land Institute (ULI) and PricewaterhouseCoopers, Emerging Trends in Real Estate® Europe is

a forecast publication now in its fifth edition.

The report provides an outlook on European real estate investment and development trends, real estate finance and capital markets, property sectors, metropolitan areas, and other real estate issues.

ULI and PricewaterhouseCoopers also issue jointly Emerging Trends in Real Estate® reports on the markets in the US and Asia Pacific.

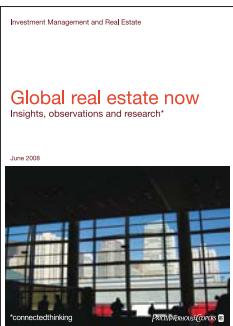


Emerging Trends in Real Estate® Europe Conference

Each year PricewaterhouseCoopers and the Urban Land Institute host the conference Emerging Trends in Real Estate® Europe. The results of an annual study of the same name are released during the event and participants are presented with an exclusive copy.

The conference programme includes a presentation by the authors on the results of their study, with a special focus on trends in the Russian real estate market. Great interest is also stimulated by a panel discussion featuring key industry leaders.

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Global Real Estate Now

In this publication you can find insights, observations and research from PricewaterhouseCoopers' international real estate

accounting, tax and business advisory services professionals.

Global Real Estate Now contains in-depth analysis and commentary that is invaluable in making informed business decisions. The publication offers readers articles and perspectives on emerging global industry trends and important issues.



Investment Management and Real Estate News

In keeping with our clients' growing interest in a more diversified set of asset classes, the investment management and real estate practices at PricewaterhouseCoopers quarterly prepare Investment Management and Real Estate News.

It contains articles written by the leading PricewaterhouseCoopers real estate experts and provides insight into the industry's hot topics, such as market trends, tax issues, the latest regulatory changes, risk management and others.

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Specialised solutions for the real estate sector

Challenges How we can help

Increasing business transparency and efficient capital raising

To develop and compete successfully in the fast-growing real estate sector, companies constantly have to build up their business. This requires a corresponding growth in outside investment and internal management resources. PricewaterhouseCoopers audit a significant number of the major real estate players in Russia and we:

- Help you to optimise management structure and develop the indicators of managerial accountability to lower the cost of financing and raise investor interest
- Advise on the preparation of accounting records in line with international financial reporting standards to facilitate your dealings with international investors
- Analyse your existing business processes and IT-systems and offer recommendations on how to improve them
- Assist in preparing your company for an IPO on the Russian and European stock exchanges
- Help in approaching financial institutions to raise capital

Maximizing value from M&A transactions

We handle the sale or purchase of real estate or real estate companies as your financial advisor from deal origination through to deal completion.

Specifically, on the buy-side we:

- Identify acquisition opportunities
- Approach current owners to assess their willingness to sell the property
- Evaluate the strategic fit as well as the financial prospects
- Run the due diligence
- Negotiate and close the deal

Our typical tasks on the sell-side as your financial advisor include:

- Identifying potential buyers
- Putting together the sales documentation which may involve more detailed segmental and transactional analysis than has previously been undertaken
- Valuing the business
- Marketing the property to investors
- Running the due diligence
- Negotiating and closing the deal

Tax structuring

Understanding the relevant tax issues and getting the right structure in place can add significant value to a Russian real estate investment and is often a critical factor for a successful deal. Our dedicated team of experienced real estate tax advisors:

- Share both local and international experience in advising investors, managers, developers, operators and occupiers in the real estate sector
- Help in structuring property holdings and debt financing with a view to tax risks
- Develop efficient investment and exit strategies
- Provide practical guidance on dealing with the VAT recovery issues commonly encountered by property developers and investors in Russia
- Assist you in identifying and managing the tax risks of investing and operating in the current competitive market environment

Valuation services

We have a dedicated team of experienced real estate valuers that can provide a comprehensive array of valuation services and have the technical expertise, breadth and depth of industry knowledge to deliver complex engagements. We are ready to offer the following services:

- Value analysis for financial reporting purposes in compliance with International Financial Reporting Standards and International Valuation Standards
- Develop value analysis models for real estate focused businesses as well as perform reviews based on agreed upon procedures of existing real estate value analysis models
- Assist with real estate investment strategy pertaining to developments, acquisitions and disposals of real property
- Conduct market feasibility studies
- Develop highest and best use analysis

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Some of our projects

Major Russian development company

We were approached by a major development company to assist them with financial, tax and legal due diligence of two potential targets. The target companies were existing operating entities with a long trading history and numerous operating and financial risks.

A PricewaterhouseCoopers team of tax, legal and financial professionals, including committed senior specialists, examined the targets for value drivers and issues relevant to the transactions. We worked to ensure that potential deal issues were raised early in the process and were communicated to the client on a timely basis.

Our deliverables were tailor-made, issue-focused, to the point and positively received by the client. They assisted the company in both the valuation exercise and the negotiation process and ultimately contributed to successful deals.

Moscow developer of luxury residential and commercial real estate

The strategy of the company was to raise capital on the market before the completion of the proposed development projects and to be one of the first to enjoy the benefits of the IPO boom in Russia. The client was seeking an advisor to help with tax structuring issues and to serve as the reporting accountant.

A PricewaterhouseCoopers team of tax and accounting professionals, both in Moscow and London, provided the client with the full scope of pre-listing services. Our team worked in close cooperation with other professionals serving the client in relation to the listing and reacted immediately to changing requirements from the client.

The listing was very successful and the client subsequently engaged us to act as auditors and to provide regular tax advice on various ongoing issues.

Modern mixed-use buildings construction company

Our longstanding client was making its first significant commercial real estate investment in Eastern Europe as a lead developer. They were seeking support from an advisor across a number of issues, but particularly in tax structuring and external capital raising.

The company needed a solid presentation of the technical and financial feasibility of the project, reviewed by a trusted third-party advisor with a strong presence in the sector, relationships with leading financial institutions and superior knowledge of local market.

We performed an in-depth review of the project and coordinated a detailed feasibility study. It included an overview of the project and future development plans, lease-up strategy, competitive positions, financial forecasts as well as a thorough analysis of the project's economics, risks and mitigants from a potential debt financier's perspective. We also assisted the company in preparing a detailed and flexible financial model.

Shortly after PricewaterhouseCoopers completed the feasibility study and released it to the preferred bank, our client successfully raised the requisite project financing. Throughout the project's development the company expects to draw down €80 million in debt financing.

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