



Technical report Universal Logistic LLC

Logistic Complex

Kyiv oblast, Boryspil region, Velyka Oleksandrivka village,
121a Kyivsky Shlyakh St., Ukraine

Issue: 23.04.2015

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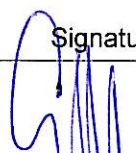
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Quality Information

Document	Report		
Ref	agreement AU/UL-337/14	Date	25/11/2014
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Revised by			

Revision History

Revision	Revision Date	Details	Authorized
			Name/Position Signature
Issue final	23 April 2015		Sergey Izdebsky 

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Documentation analysis summary

This logistic complex is located at the territory of Velyka Oleksandrivka Village Rada at the address of 121-A Kyivsky Shlyakh St. (former Lenina St.), Velyka Oleksandrivka village, Boryspil region of Kyiv oblast. The warehouse area is optimized for storage and delivery of medical products, bandaging materials, hygiene products and other medical stuff (materials), joint and separate storage of which is not prohibited by the current norms and regulations .

Administrative and warehouse complex, which is located at the territory of Velyka Oleksandrivka Village Rada at 121-A Kyivsky Shlyakh St., Boryspil region of Kyiv oblast, Velyka Oleksandrivka village, belongs to Universal Logistic Limited Liability Company. The documents examined and analyzed demonstrate, that the complex is projected, constructed and set into commissioning in accordance with the requirements of the relevant legislative acts and other regulatory documents, under permissions and approval documentation, achieved from governmental bodies on legal grounds.

During the project designing the Client performed some arrangements, envisaged by the laws and regulations, and obtained required approvals and permissions from the state authorities, which allowed to carry out the construction of the administrative and warehouse complex in accordance with the legislation and operate it in accordance with the requirements of the relevant normative documents.

Architectural and structural design of the logistics complex and utility networks are individually projected in compliance with the legislative norms and requirements with the use of modern technologies and materials. Design decisions allowed creation of a modern logistic center of a high-level reliability and performance. The complex is designed for reception and storage of various pharmaceutical goods. The requirements, which are envisaged by the current legislation and normative acts for administrative and warehouse complexes, as well as tenants' individual requirements are completely met. The complex activity and safe operation are supported at a high level as it is required by the legislation.

Design decisions of the current administrative and warehouse complex comply with state standards, norms and rules and provide safe building operation as envisaged in the localization and emergency response Plan developed. Labor safety, explosion and fire safety measures as well as operational regulations of buildings, facilities and utility networks are performed.

Engineer supply operations are fully autonomous and independent from urban services. Water supply is performed through a proper artesian well. Emergency power supply is supplied from two diesel generators, whose total power covers complex requirements in a full measure.

Heating and water supply system supplies the complex with heating and hot water from main gas boilers. In summer time water heating up is performed from a reserve gas boiler. At the same time assembly works on hot-water boilers are being performed together with the development of design decisions with regard to the use of geothermal pump energy in accordance with the confirmed documentation. In future these measures will allow to minimize natural gas consumption for heating or even omit it which could insure the Project operation in completely autonomous mode by means of proper power sources.

The complex is built at the territory of the Velyka Oleksandrivka Village Rada, 121-A Kyivsky Shlyakh St., Boryspil region of Kyiv oblast on the land plot provided for the building construction by Decision of the Velyka Oleksandrivka Village Rada. The land allotment for construction is performed in strict adherence to the current legislation requirements within the time scheduled and on legal grounds.

Thus analysis of the current documentation on the land allotment for the building construction, project and permission documentation together with the visual inspection of the administrative and warehouse complex, performed by AECOM Ukraine Company experts, allows to consider that:

- a new project – warehouse complex – was constructed within the period of 2004-2008 at the territory of Velyka Oleksandrivka village, Boryspil region of Kyiv oblast. The construction was performed in accordance with the legislation on the basis of the project documentation and other permissions and approval, provided from the state authorities and confirmed on legal grounds. The territory of the complex along the whole perimeter is enclosed with a 2.2m fence.
- administrative and warehouse complex is supplied with the advanced technical equipment, which provides a safe working environment for the personnel, safe operation of the facilities and utility networks. Arrangement and maintenance of the fire safety, environmental compliance are worked out and adhered to the requirements of the current legislation of Ukraine in accordance with the current category of the warehouse facilities.
- technical and economic features of the complex, up-to-date equipment and technologies applied allow reception and storage of various pharmaceutical goods in compliance with the requirements of the current legislation, normative acts of Ukraine, referred to administrative and warehouse complexes, and tenants' individual requirements.

Summary:

Resulting from the above mentioned and on the basis of the documents examined and analyzed it can be concluded, that the administrative and warehouse complex, which is located at the territory of Velyka Oleksandrivka Village Rada at 121-A Kyivsky Shlyakh St., Velyka Oleksandrivka village, Boryspil region of Kyiv oblast, and belonging to Universal Logistic Limited Liability Company, was projected, constructed and set into commissioning in accordance with requirements of the legislative acts, under permissions and approvals, received from the state authorities on legal grounds.

Analysis of the relevant documentation on reduction of the main pipeline protection zone under the current legislation of Ukraine.

Next to the logistic complex from the south-west there are main gas pipelines Efremivka-Dykanka-Kyiv EDK DN-1000 PN=5.5 MPa and Pivdenny Promin DN-500 PN= 5.5 MPa.

In accordance with the master plan of Velyka Oleksandrivka village, developed in 2013 by SE UKRNDPICIVILBUD and confirmed by Decisions No. 1617-59-VI on 26.12.2013 and No. 2427-78-VI on 05.12.2014 of the Village Rada session, the distance between the warehouse complex building foundation and main gas pipelines EDK DN-1000 PN=5.5 MPa totals in 250m.

Areas of main pipeline, bordering on the Complex within the territory of Velyka Oleksandrivka village, as noted in the letter from NJSC Naftogaz of Ukraine No. 2-3298/1.7MEBU-14 on 18.09.14, form part of high-risk facilities, included in the State register of high-risk facilities under code of 32.22203175.02.1. Declaration of Safety was developed and approved for this Object and a positive expert report No. 63/10-6 was obtained from Institute of State Administration in the Sphere of Civil Protection, according to which emergency prevention activities on main gas pipelines are estimated as relevant and accidental risk level as acceptable.

Basing on the analysis of the documentation and inspection of the adjacent areas and utility constructions, it may be concluded, that these protection zones of the main gas pipelines do not limit business activity of Universal Logistic Limited Liability Company:

- Protection zone of Pivdenny Promin main gas pipeline DN-500mm km (141.7-141.9) totals in 150m in accordance with the regulatory requirements;
- Protection zone of Efremivka-Dykanka-Kyiv main gas pipeline DN-1000mm, km (141.7-141.9) is defined on legal grounds by the State Service of Mining Supervision and Industrial Safety of Ukraine and it totals in 175 m. It is approved by the Plan of reduction of MG EDK protective zone, km (141,7-141,9), which is worked out on legal grounds by Kyivtransgaz Gas transmittal pipelines administration and Master plan of Velyka Oleksandrivka Village, which is worked out in 2013 by SE UKRNDPICIVILBUD, and confirmed by Decisions of the Village Rada session No. 1617-59-VI on 26.12.2013 and No. 2427-78-VI on 05.12.2014.

In regard to the reduction of Efremivka-Dykanka-Kyiv main pipelines protective zone DN-1000mm, km (141.7-141.9) on legal grounds, AECOM Ukraine experts investigated and analyzed some set of the relevant documents, basing on which there were the following conclusions made.

As recorded in the results of the submitted documentation analysis, preparation of documents on the object construction was started in 2004 with the date of the construction completion in 2008.

Investor of the construction received documents on the Object design and construction, including Permit on the construction work implementation, provide from relevant state agencies and organizations authorized on approval and issue of such documents on legal grounds within the prescribed time limit and in accordance with the legislation.

The main document thereat, stipulating protection of the main pipeline facilities from damages due to unauthorized access, environment protection measures, as well as safe life activity on

areas next to main pipelines, were Security Rules for Main Pipelines by Order of the Cabinet of Ministers of Ukraine dated 16.11.2002 under No. 1747 (hereinafter as the Order).

According to p.4 of the Order there are protection zones, arranged for protection of the main pipeline transport facilities in view of their strategic role and potential hazard (par.2), and limitation set on placement of facilities and networks within protection zones and on implementation of economic activities within these zones (par.6).

Analysis of the permission documentation affords grounds to confirm that permission documents, provided to the Investor from the state authorities and other organizations possessing rights to issue such documents, do not include limitations regarding land plot use, placement of facilities and networks and economic activities within protection zones which can be proved by available documentation.

Accordingly p.4 Art.22 of the Law of Ukraine On Legal Regime of Protection Zones of Main Pipeline Facilities and Art.11 of Security Rules for Main Pipelines it is prohibited on land plots within protection zones to:

- build up residential and social units as well as country-houses;
- place petrol and gas stations as well as fuel and lubricant storages;
- install garages and parkings, garden facilities, motor-way of I-V categories and railways;
- place landfills, discharge corrosive acid, salt and alkali solutions;
- locate playgrounds, stadiums, market places, public transport stops, hold mass gathering events;
- drop anchors into rivers and water ponds, put in with a dropped anchors, cables, leads, trawls, etc;
- erect enclosures for private plots, woodlands, gardens, vineyards;
- store hay and straw, set up field camps for cattle, place mobile and fixed-site apiaries;
- break and destroy culverts, cost-protecting and earthwork structures, protecting main pipeline facility transport from damage while surroundings from accidental spill out of main pipelines;
- move and damage signs of main pipeline layout, damage or ruin pipeline infrastructure, cathodic protection system, crane facilities, communications facilities and other elements of mail pipelines;
- open hatches, gates and doors of unmanned repeater stations, enclosures of line accessories mounts, cathodic and drainage protection stations, line and control wells as well as other line facilities, open and close stop valves, switch on and off communication equipment, power supply system and main pipeline telemechanics units;
- make up fire and place closed and open-flame sources.

Warehouses for storage of pharmaceutical and medical goods are not classified as residential, social units or garden-houses, as well as garages and garden facilities from the List above. Speaking about warehouse premises the List includes restrictions only on placement of fuel and lubricant storages within the borders of pipeline protection zones and there is no information regarding prohibition of placement of pharmaceutical and medical warehouses. In such a manner there is no risk of placement of warehouses of various purposes except for fuel and lubricant storages in the protection zone of main gas pipelines.

Therefore owner of the main gas pipeline had no rights to restrict Investor in usage of the land plot regarding placement of warehouse premises and economic activities on protection zones.

Moreover Addendum No. 1 to Security Rules for Main Pipelines, referred to main gas pipeline facilities of class I and II, protection zone width for gas pipelines of class I with DN= 301-600mm equals to 150m. Protection zone width for the I-class gas pipeline with DN=301-600mm will be

constant totaling in 150m for the Object Pivdenny Promin with its D=500m. It is also shall be taken into account that the real ground distance from the I-class gas pipeline Pivdenny Promin amounts to 250m and further statements on the Object location within this protection zone of the gas pipeline make no sense.

However following p.7 of Security Rules for Main Pipelines confirmed by Order of the Cabinet of Ministers of Ukraine dated 16.11.2002 No.1747 and for the purpose of juridical regulation of further object operation in case of possible claims from third sides, Universal Logistic Limited Liability Company applied to SE Kyivsky ekspertno-technichny zentr of the State Service of Mining Supervision and Industrial Safety in the context of reasonability of Efremivka-Dykanka-Kyiv (EDK) main gas pipeline protection zone area reduction, DN= 1000mm, km (141.7-141.9).

Explanation is based on the fact that main gas pipeline, DN=1000m, in the area of the Object placement crosses motor-way and railway of a common use on the line between Darnytsa and Boryspil metro stations. According to p.3e of Tab.3 SNiP 2.05.06-85 'Main gas pipelines' category of pipelines on common-use road crossing within the limits of 40m on either side of the railway axis but at least 25m from the toe of fill is accepted as the category I when pipeline sections, bordering with crossings over motor-ways or railways within 200m limits, referring to the category II. Taking into account NB4 of Tab.4 SNiP 2.05.06-85 it is allowed to reduce distance from gas pipeline not more than at 30% upon condition of referring pipeline sections to the category II. It means protection zone area can be reduced from 250m to 175m.

Besides reason of reduction opportunities of the protection zone up to 175m is the fact, that warehouse premise excludes mass gathering.

Expert feasibility was worked out in regard with the opportunity of reduction of EDK main pipeline protection zone, km (141.7-141.9) in accordance with the Expert Report No. 80.2-15-00-1589.13 of SE Kyivsky ekspertno-technichny zentr of the State Service of Mining Supervision and Industrial Safety dated 12.07.2013, basing on objective parameters of main gas pipeline facilities of Boyarsky LVUMG UMG Kyivtransgaz and existing system of operational maintainability of the main gas pipeline areas of MG SHPK and MG EDK, and taking into account current legal foundations and explanations, set out in the list from VNIPITRANSغاز Institute No. K-28-14687 on 17.08.2009,

Basing on Expert Report:

- Kyivtransgaz Gas transmittal pipelines administration of PJSC Ukrtransgaz confirmed reduction of EDK main pipeline protection zone DN=1000m, km (141.7-141.9) in the letter No. 3427/13-05 dated 11.07.13 for the purpose of regulation of legal relations on the facility operation, which is located within the borders of Efremivka-Dykanka-Kyiv main gas pipeline.
- In the letter No. 686/0/6-9/6/13 on 15.07.13 The State Service of Mining Supervision and Industrial Safety of Ukraine approved reduction of the area of protection zone of Efremivka-Dykanka-Kyiv main gas pipeline (DN=1000mm, km (141.7-141.9)) from 250 to 175m to the warehouse complex of Universal Logistic Limited Liability Company at the territory of Velyka Oleksandrivka village of the Velyka Oleksandrivka Village Rada in Baryspil region of Kyiv oblast on the basis of grounds, provided and affirmed by Kyivtransgaz Gas transmittal pipelines administration and with respect to the positive conclusion of the expertise of SE Kyivsky ETC dated on 12.07.2013 No.80.2-15-00-155189.13 on reasonability of main gas pipeline protection zone reduction.
- The final stage was the development of the Master plan of SE UKRNDPICIVILBUD in 2013 by Order of the Velyka Oleksandrivka Village Rada of Velyka Oleksandrivka Village with, as required by the current legislation, plotting of main gas pipeline routes and their protection zones, where Efremivka-Dykanka-Kyiv main pipeline protective

zone DN-1000mm, km (141.7-141.9) totals in 175 m. Master plan is confirmed by Decisions of the Village Rada session No. 1617-59-VI on 26.12.2013 and No. 2427-78-VI on 05.12.2014.

AECOM Ukraine considers the following on the basis of the above mentioned:

1. Protection zone of Efremivka-Dykanka-Kyiv main gas pipeline, DN=1000m, km (141,7-141,9) is specified by the State Service of Mining Supervision and Industrial Safety, as agreed by Kyivtransgaz Gas transmittal pipelines administration of PJSC Ukrtransgaz and with respect to the positive conclusion of the expertise of SE Kyivsky ETC, dated on 12.07.2013 No.80.2-15-00-155189.13, it totals in 175m on entirely legal grounds in accordance with the current legislation of Ukraine, which confirmed by official documents.
2. The only official documents on determination of dimensions of the current protection zones of Efremivka-Dykanka-Kyiv, DN 1000mm, km (141.7-141.9), totaling in 175m, are Plan of reduction of MG EDK protection zone, km (141,7-141,9), worked out on legal grounds by Kyivtransgaz Gas transmittal pipelines administration and delivered to Universal Logistic Limited Liability Company, and the Master plan of Velyka Oleksandrivka village, worked out in 2013 by SE UKRNDPICIVILBUD and confirmed by Decisions of the Village Rada session No. 1617-59-VI on 26.12.2013 and No. 2427-78-VI on 05.12.2014.

Appendix List

- Appendix 01 Photo Report

Logistic complex at the address of Velyka Oleksansrivka village of Boryspil region, Kyiv oblast.



Photo No.1. Checkpoint No.1. View from the territory inside



Photo No.2. General view on the complex area



Photo No.3. Diesel-generators of reserve capacity



Photo No.4. Transformer substation

Logistic complex at the address of Velyka Oleksansrivka village of Boryspil region, Kyiv oblast.



Photo No.5. General view on the office mezzanine – technical condition of premises leasable



Photo No.6. General view of a warehouse premise (inside view of the box No.8)



Photo No.7. Interior lobby, box No.8



Photo No.8. Gas-distributing plant