



# BULLETIN

## REAL ESTATE MARKET

OF KYIV AND THE REGIONS OF UKRAINE

### NEWS DIGEST



#### Demand for hotel services exceeds demand for apartments rent in Ukraine

Staying in another city of Ukraine for the period of up to 7 days, 23.5% of Kyiv citizens choose hotel as a place of accommodation. Rent of apartment is a priority for 9.9% of population in case of business trips and 23.4% – in case of private trips, reported in consultancy company «Ukrainian Trade Guild».

By experts' data, the majority of Kyiv citizens while travelling across the country prefer 4\* and 3\* hotels – 40.8% and 29.2%, correspondingly.

79% of capital inhabitants consider that Ukrainian hotels don't meet the quality standards of stated category (amount of stars). 49% of Kyiv citizens while choosing the hotel first of all are oriented on location and quality features and make the choice despite the hotel operator.

Domik.net

13.07.2011

Yalta — by 10%.

By A. Live's words, fairly good performance on capacity is shown by accommodation facilities that have passed the "stardom" categorization. By his data, today capacity rate of Yalta hotels «Bristol», «Palmira Palace», «Yalta-Inturist» makes 95-100%.

prometr.ua

28.07.2011

**Hotel Reikartz Sevastopol will be opened on July 20**

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**«Vita-Veritas» opened the II turn in SEC Dream Town**

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**News of Ukrainian legislation**

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#### Average rate of Crimean hotels capacity is over 80%

Today average capacity rate of Crimean objects is more than 80%. It was reported by first Deputy of resorts and tourism of Crimea A. Liev

By Ministry's of resorts and tourism of Crimea data, in summer season a significant increase of official accommodation bases capacity is fixed in Bakhchisaray district – by 22%, in

#### Supermarket Novus was opened in Sevastopol

On July 8, 2011 new supermarket Novus was opened at 2-b Semipalatinskaya str. in Sevastopol. Store space makes about 2200 sq.m. This is the seventh store of the chain in Sevastopol and 17th one in Ukraine.

By Mass Media data, company «Novus Ukraine» (Kyiv), developing the chain of supermarkets Novus in Ukraine, plans to widen the chain up to 20 trade objects till the end of 2011. The assumed places of new openings are Kyiv and Ternopol.

Commercial Property

18.07.2011



# NEWS DIGEST

## «Studio 1+1» has bought BC «Schekavitskiy» in Kyiv

In the I quarter 2011 «Studio 1+1» purchased business-centre of A-type «Schekavitskiy», located by the address 23-25 Frunze str. in Kyiv. Bargain sum is estimated in \$25 million. The developer of the project is IDC «Stolytsya» (Kyiv).



Space of 8-storied BC «Schekavitskiy» makes about 12 120 sq.m. The complex assumes underground parking for 42 car places and guest parking for 26 car places. Space of land plot is 2681 sq.m.

Commercial Property  
25.07.2011

## Comfy opened a store in Zhytomir

On July 29 there was an official opening of a new store of household appliances and electronics Comfy in SEC Global UA at 77 Kyivska str. in Zhytomir.

As they mention in the company, the space of a new sore is 2.5 thousand sq. m, assortment range makes more than 10 thousand of goods' brands, the store differs with convenient navigation and presence of thematic areas and brand zones that is fully compliant with a common format of Comfy network.

prometr.ua  
29.07.2011

## First «Technopolis» was opened in Lviv

On July 21, 2011 the first store of

household appliances and electronics «Technopolis» was opened in Lviv.

The object is located at 106 Knyagyni Olgy str. (ground floor of shopping centre «Lvov»). This store became the 52nd one in the chain.

Commercial Property  
25.07.2011

## Hotel Reikartz Sevastopol will be opened on July 20

On July 20, 2011 new hotel of a national chain Reikartz Hotels & Resorts – «Reikartz Sevastopol» will be opened in Sevastopol.



As the press service of the company reported, «Reikartz Sevastopol» is located in the southern part of the city, in Cane bay. The hotel offers 25 rooms, decorated in contemporary style and equipped in strict compliance with Reikartz Hotels & Resorts chain standards. Room price starts from UAH 450.

The infrastructure of hotel includes restaurant for 65 places and 2 conference halls – for 100 and 35 places, correspondingly. «Opening a «3-star» hotel in Sevastopol, chain Reikartz Hotels & Resorts expanded its chain up to 10 hotels in Ukraine, united by a common brand and service standards», - is noted in a press release.

Building.ua  
14.07.2011

## Finn Flare launched the Ukrainian market

On July 15, 2011 there was an opening of the first in Ukraine store of Finnish brand Finn Flare, located in shopping-entertainment centre SKY MALL at 2-t G.Vatutina prosp. in Kyiv. Space of the store makes 120 sq.m. Its concept total look – assumes concentration of all necessary things in one place from accessories to outerwear.



During 2011 clothes retail-operator Finn Flare plans to open two more monobrand stores in other shopping-entertainment centers of Kyiv.

The operator has opened sales office in Ukraine and conducts negotiations regarding launching of franchised stores all over the country. Also the company's production will be represented in 30 multibrand stores belonging to MEGASPORT chain.

Commercial Property  
25.07.2011

# NEWS DIGEST



## Metro prepares to open small-format store in Lutsk

Trade chain Billa (REWE Group) intends to open 50 stores in Kyiv, said J. Georgiev, head of development and real estate department «Billa-Ukraine» to Building.ua at the meeting of Real Estate Club on June 15.

prometr.ua  
19.07.2011

Anchor tenants in SEC are supermarkets of household appliances and electronics «Foxtrot. Technique for home» and «Technopolis», delicacy-market «Cosmos» of Odessa operator «Tavria B», supermarkets of kids clothes etc. The highlight of the complex became first in Kyiv aqua park named «Aquapark Jurassic Dream Island», located on the third floor of complex that occupies an area of about 25 000 sq.m.

Commercial Property  
18.07.2011

Deputy of Kharkiv city Chairman.

Commercial Property  
25.07.2011

## «Vita-Veritas» opened the II turn in SEC Dream Town

On July 15, 2011 the II turn of shopping-entertainment centre Dream Town, located at 21-b Obolonskiy prosp. in Kyiv, was opened. The developer of the project is the company «Vita-Veritas» (Kyiv).



## Roofing materials factory was opened in Kharkov

By the data of Kharkiv City Council, on July 20, 2011 roofing materials manufacturing factory was opened in Kharkiv.

«At the beginning factory's capacity will be not high, but for city needs it'll be enough. The plans of the company are to increase production volumes and in future they will think about the sale of roofing materials in other regions of Ukraine », – mentioned A. Krivtsov, First

## Company «Ukrbudcontract» commissioned supermarket Topmart in Kyiv

For 100 days Company «Ukrbudcontract» built and commissioned supermarket Topmart with total space 1200 sq. m at 6-a, 8-b, 8 Akademica Villyamsa str. in Goloseevskiy district of Kyiv

As reported in the press service of the company, given object refers to the format of discount stores and is a pilot project in cooperation of general contracting company «Ukrbudcontract» with network of hypermarkets «Karavan». The first discounter of Topmart chain is built on the area of 0.3 ha and its space makes about 1200 sq. m. Industrial and consumer groups of goods will be presented in supermarket.

prometr.ua  
27.07.2011





# NEWS OF UKRAINIAN LEGISLATION

Member of European Business Association [www.eba.com.ua](http://www.eba.com.ua)  
Member of American Chamber of Commerce [www.chamber.ua](http://www.chamber.ua)  
Member of ALFA International [www.alfainternational.com](http://www.alfainternational.com)  
Member of State Capital Group [www.statecapitalgroup.org](http://www.statecapitalgroup.org)  
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**Arzinger** 

## The Cabinet of Ministers of Ukraine Amended a Number of Acts Regulating the Registration (Certification) Procedure for Certain Types of Organizations

For implementing the Decree of the President of Ukraine dd. 09.12.2010 No.1085 on Optimization of the Central Executive Bodies System, the Cabinet of Ministers of Ukraine adopted Decree dd.15.07.2011 No.633 and therewith amended a number of acts regulating the registration (certification) procedure for certain types of organizations.

Let us remind that according to the Regulation on the State Registration Service of Ukraine approved with the Presidential Decree dd. 06.04.2011 No. 401/2011 the State Registration Service of Ukraine shall be in charge of:

- Legalization of all-Ukrainian associations of citizens;
- Registration of political parties;
- Registration of international NGOs;
- Registration of all-Ukrainian association of employers' organizations and international employers' organizations;
- Registration of subdivisions, branches, representative offices or other structural units of public (governmental) organizations of foreign states in Ukraine;
- Registration of all-Ukrainian and international charitable organizations;
- Registration of institutional arbitration tribunals founded by Ukrainian public organization;
- Registration of all-Ukrainian creative unions, the Chamber of Commerce of Ukraine, the Construction Chamber of Ukraine, the Audit Chamber of Ukraine;
- Registration of bar associations,
- Registration of all-Ukrainian credit

unions associations and all-Ukrainian local governments association;

— Legalization for compliance with the claimed status of Ukrainian trade unions and their associations;

— Registration, acknowledgement of statements, coordination of changes in statutory documents and governing bodies of registered (legalized) community groups, registration of changes in charters;

— Registration of nationwide, regional and/ or abroad distributed print mass media as well as news agencies as information activities agents.

With its Resolution No. 633 dd. 15.07.2011 the Cabinet of Ministers of Ukraine has amended the by-laws accordingly.

Thus, authorities of the Ministry of Justice related to registration (certification) of certain entities have been passed to the State Registration Service. Regional subdivisions of the Ministry of Justice should be established that will ensure execution of powers of the State Registration Service. However, until they are established, their functions will be performed by the central departments of the Ministry of Justice of the Autonomous Republic of Crimea, regions, cities Kiev and Sevastopol, district, city district, and city (in cities of regional subordination) departments of justice.

In general, at this stage we can only see substitution of the authorized body in charge of registration of the above mentioned legal entities rather than addressing the "double" registration problem, which was connected with the necessity of registration in the Unified State Register after registration in the Ministry of Justice. Nevertheless, pursuant to the Regulation on the State Registration Service its authorities of

include maintaining and operating the Unified State Register of Legal Entities and Individual Entrepreneurs, the Unified Register of Community Groups, the State Register of Print Mass Media and News Agencies as agents of information activities;

the Register of Symbolic of Social Organizations, Political Parties and Charitable Organizations; the Register of Bar Associations. Thus, in order to fully assess the situation, we'll have to wait until relevant laws and regulations are adopted, as they are expected to answer the question whether the transfer of functions from the Ministry of Justice to the State Registration Service has solved the problem of "double" registration or the changes are purely formal.

# NEWS OF UKRAINIAN LEGISLATION



## Government Passed the Draft Law on Land Market to the Parliament

As we know, active initiatives on lifting the moratorium on the sale of agricultural land have still been continuing.

Thus, the Parliament has unexpectedly passed the Law "On State Land Cadastre", although its adoption was scheduled for the next fall. The following logical step to lifting the moratorium would be the adoption of the Law on Land Market. Several drafts of that law have already been presented to the public, which as a matter of principle do not fundamentally differ from each other. However, the Law of Ukraine "On State Land Cadastre" having been adopted so quickly, the Draft Law on the Land Market No. 9001-1 will probably have a better chance than the previous bills.

The Draft Law proposed by the Government provides an exhaustive list of entities that can acquire ownership of agricultural land under civil law contracts. These are namely citizens of Ukraine, farms, state and local governments.

Such a formulation implies that agricultural land can only be acquired into ownership by farms as legal entities. At the same time, companies of other forms of incorporation may acquire such lands only for use.

It also notes that foreign persons may not acquire ownership of agricultural land. Foreign persons under the Draft Law are foreign persons and stateless persons, foreign enterprises, enterprises with not less than ten percent of foreign investment in the share capital, foreign legal entities and foreign governments, intergovernmental and nongovernmental organizations. Thus, foreign persons (legal or natural) will first set up a company in Ukraine (which will be considered a foreign entity in the meaning of the Law "On Land Market"), and then the latter will be founder of another company with the right to acquire agricultural land.

Hence, like in previous wordings no effective means has been found to

eliminate the possibility for foreign entities to acquire agricultural land.

## Adoption by the Parliament of the Law on Amendments to Certain Legislative Acts of Ukraine Regarding the Settlement of Relations between Lenders and Consumers of Financial Services

On July 7, 2011 the Parliament of Ukraine has passed the Law "On Amendments to Certain Legislative Acts of Ukraine as to Regulation of Relations between Creditors and Consumers of Financial Services". If the Law is signed by the President, it will come into force on the next day after its official publishing.

This Law introduces changes to a number of laws of Ukraine which regulate legal relations between creditors and consumers of financial services.

In particular, the law amends the Civil code of Ukraine as to division of liability for obligations of a legal entity being liquidated, between its legal successors, and as to division of liability between legal entities in case of a spin-off of one or several new legal entities.

There are also some amendments to Article 1056-1 of the Civil Code, which was composed in a new version. According to proposed amendments a 100% credit interest rate can be either fixed or flexible. At this, a fixed interest credit rate cannot be changed during the whole contract period or increased by the bank unilaterally. If a flexible credit rate is applied, the contract shall contain a provision on periodicity and conditions of its change.

An important novelty is that by application of a flexible rate there shall be a procedure for calculation of such interest rate according to an index approved by the parties.

Such index shall comply with following

requirements:

- current index value shall be published at least once a month and the contract shall contain a reference to the source of information on the respective index;

- the index shall be based on objective indicators of the financial sphere which allow determining market value of credit recourses;

- index shall be determined by an independent institution with an established business reputation on the financial services market.

Another positive aspect is the new version of Article 388 of the Criminal Code of Ukraine which introduces criminal responsibility for illegal actions with pledged property.

The Law of Ukraine "On Restoration of Borrower's Solvency or Its Recognition as Bankrupt" presents the long expected amendments according to which a private entrepreneur cannot use the bankruptcy procedure for money obligations which arise not in connection to its entrepreneurial activity.

The Law also introduces amendments to the Law of Ukraine "On Protection of Consumers' Rights", the most important of which is prohibition to grant (obtain) consumer credits in foreign currency in Ukraine.

It is also prohibited to make comprehension of consumer credit contracts as to aggregate credit value more complicated (including, use of a smaller shrift as in the main part of the contract, fusion of shrift and background colours), to refuse acceptance of pre-mature payments under credits or to introduce any additional payments for pre-mature repayment of consumer credits.



# NEWS OF UKRAINIAN LEGISLATION

## Law on Amendments to Certain Legislative Acts of Ukraine on State Procurement Passed by the Parliament

The Parliament of Ukraine passed the Law "On Amendments to Certain Legislative Acts of Ukraine on State Procurement" with regard to the President's remarks and proposals.

The President's remarks were basically meant to prevent the reduction of the scope of the Law "On Public Procurement". As a result, the Law will still apply to the purchase of goods and services by detention facilities, for concerts, performances, circus animals, for events and official receptions attended by the President, Chairman of Parliament and members of the Cabinet of Ministers, and air transportation services for officials etc.

The President's proposal on the preservation of the model contract rather than the introduction of the exemplary one has been supported, too. The suggested introduction of compulsory insurance for a procurement tender winner in case of prepayment with the amount set in the procurement contract equaling or exceeding 10 million UAH has been cancelled. The delegation of authority to determine the powers of central executive authorities in public procurement to the Cabinet of Ministers has been abolished.

Other changes made are mainly technical ones.

At the same time, other key provisions of the Law, on the abolition of which the public insisted, were not reflected

in the President's veto, and therefore no changes were made. First of all, this applies to the reduction of the list of information on public procurement to be published.

The passed Law also cancels the coordination of the procedure with the competent authority in the procurement of goods in one participant. Penalties are increased for administrative violations in public procurement, which are now bordering on penalties for offenses.

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# REAL ESTATE MARKET OBSERVATION



## Kyiv

In July international rating agency Fitch Ratings changed the rating of Ukraine from «stable» to «positive». As the agency reported, review of prognosis indicates the recovery of the economy and effectiveness of the reforms implemented (significant decrease in the country's budget deficit in 2011, costs controlling) that should certainly have a positive impact on Ukraine's image and strengthen the confidence of foreign investors.

Also, a great achievement is adoption of the Law on Land Registry made by the Verkhovna Rada of Ukraine, according to which till the end of the year the base of a single electronic register of all land plots should be established in Ukraine. Since the beginning of the next year all land plots that are purchased, presented or inherited, will be recorded into one central electronic database (with number assignment) in the State Land Cadastre. Ownership rights will be registered only by district authorities of land resources that should record the data in cadastre within 14 days since the date of documents' submit (by the materials of

building site domobaza.info).

The positive moment as well is a stability of the initial net rates of return on commercial property of premium class (for the period from the 2nd quarter 2010 to 2nd quarter 2011). By the company's DTZ data, the initial rate of return for high quality office real estate objects is 13.5%, for retail properties - 14.5%, for high quality logistic real estate objects – 15%.

In July, attendance level of shopping centers in Kyiv has decreased by 11% compared with the previous period and made up an average of 1082 per 1000 sq. m. of retail space that is temporarily related to summer holidays season (UTG).

Average vacancy rate of trade objects in capital shopping centers makes 2.8%. Average rent rate on trade gallery's spaces increased by 2.8% and made \$62.8 per 1 sq.m., including VAT , excluding operating costs.

Average vacancy rate in Kyiv professional office objects of A-type made 5.43%, of B-type – 9.13% (UTG). In general, rent rates remained the same as in the previous periods.

Offer price of cottages went up by 1.4%;

price for land plots in average went down by 2.2%.





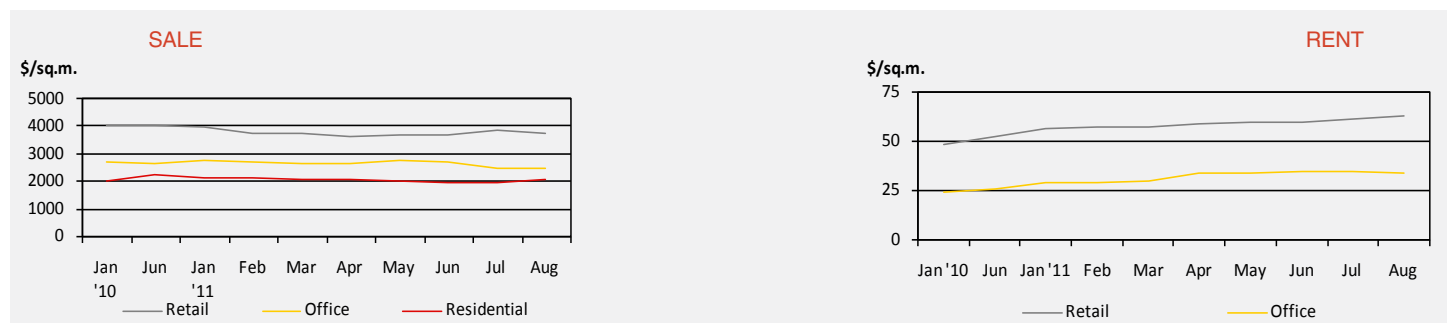
# REAL ESTATE MARKET OBSERVATION

The Dynamics of 1 sq.m Valuation Changes in the Sectors of Commercial and Residential Property

Kyiv (on avarege)

Property Type	Price, USD/1 sq.m	
	01.07.10	01.08.11
<b>Sale</b>		
Retail	3 841	3 727
Office	2 527	2 501
Residential	1 977	2 058
<b>Rent</b>		
Retail	61	62,8
Office	34,5	34

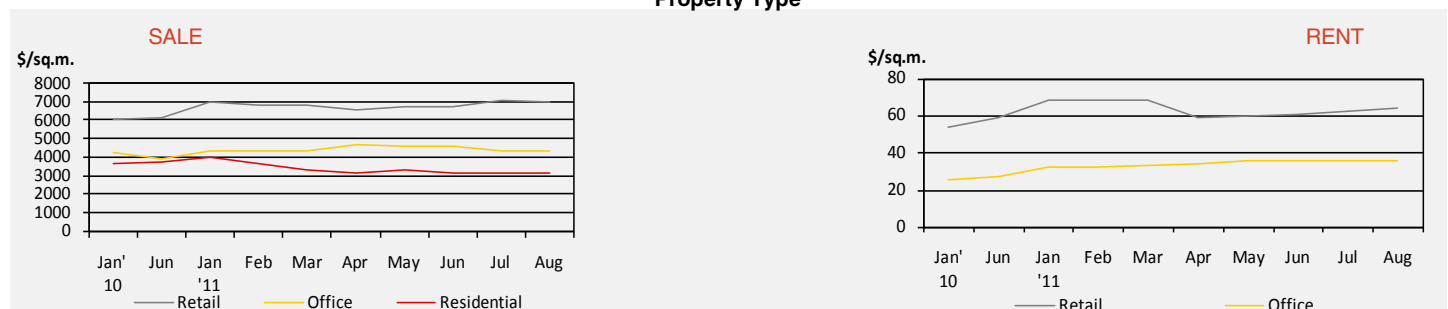
Property Type



Centre

Property Type	Price, USD/1 sq.m	
	01.07.10	01.08.11
<b>Sale</b>		
Retail	7 133	7 037
Office	4 363	4 352
Residential	3 202	3 200
<b>Rent</b>		
Retail	62,2	63,5
Office	35,3	35

Property Type



# REAL ESTATE MARKET OBSERVATION

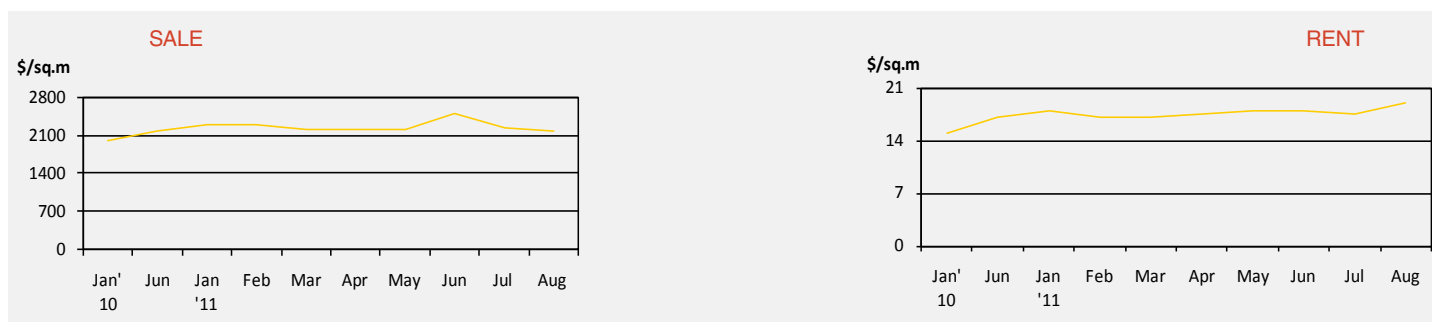


The Dynamics of 1 sq.m Valuation Changes in the Sectors of Commercial Property

East Kyiv (Solomyanka)

Property Type	Price, USD/1 sq.m	
	01.07.10	01.08.11
<b>Sale</b>		
Office	2 242	2 190
<b>Rent</b>		
Office	17,6	19

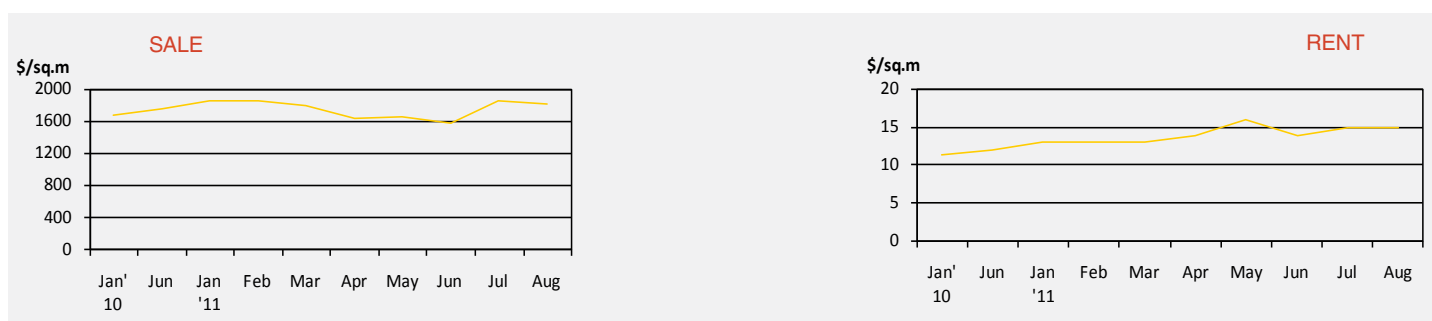
Property Type



West Kyiv (Svyatoshin)

Property Type	Price, USD/1 sq.m	
	01.07.10	01.08.11
<b>Sale</b>		
Office	1 851	1 809
<b>Rent</b>		
Office	15	15

Property Type





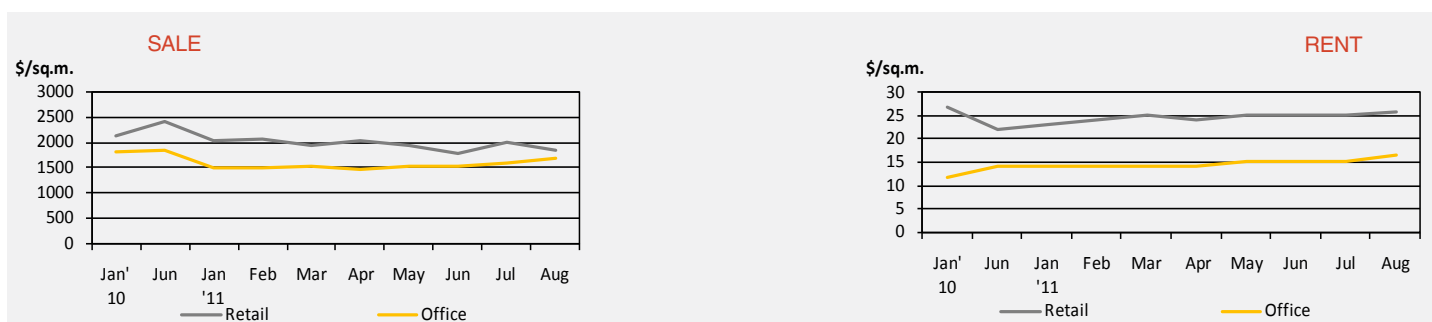
# REAL ESTATE MARKET OBSERVATION

The Dynamics of 1 sq.m Valuation Changes in the Sectors of Commercial Property

Left bank

Property Type	Price, USD/1 sq.m	
	01.07.10	01.08.11
<b>Sale</b>		
Retail	2 021	1 873
Office	1 602	1 689
<b>Rent</b>		
Retail	25	26
Office	15	16,5

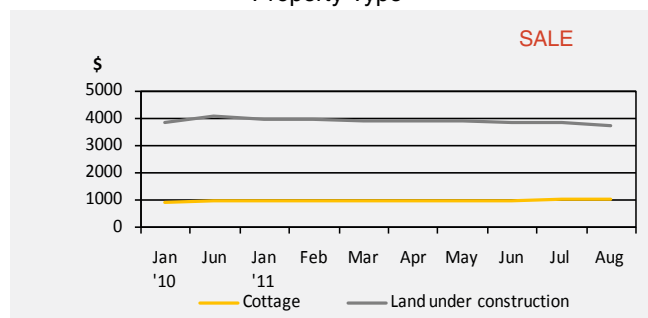
Property Type



Kyiv region

Property Type	Price, USD	
	01.07.10	01.08.11
<b>Sale</b>		
Cottage, sq.m	975	989
Land, 100 sq.m	3 820	3 735

Property Type



# REAL ESTATE MARKET OBSERVATION

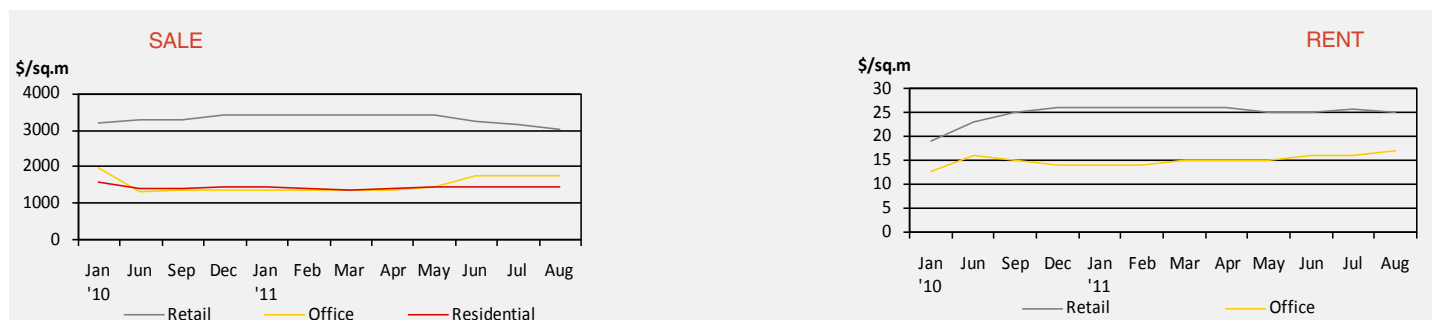


The Dynamics of 1 sq.m Valuation Changes in the Sectors of Commercial and Residential Property  
The regions of Ukraine

Lviv

Property Type	Price, USD/1 sq.m	
	01.07.10	01.08.11
<b>Sale</b>		
Retail	3 143	3 039
Office	1 749	1 748
Residential	1 435	1 441
<b>Rent</b>		
Retail	25,7	25
Office	16	17

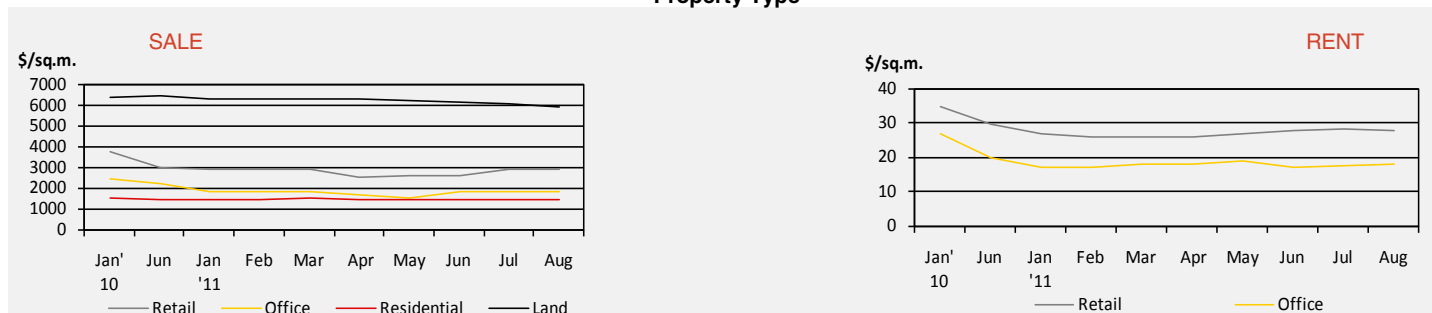
Property Type



Dnepropetrovsk

Property Type	Price, USD/1 sq.m	
	01.07.10	01.08.11
<b>Sale</b>		
Retail	2 232	2 255
Office	1 389	1 394
Residential	1 148	1 157
Land	2 445	2 425
<b>Rent</b>		
Retail	20	21
Office	12	14

Property Type





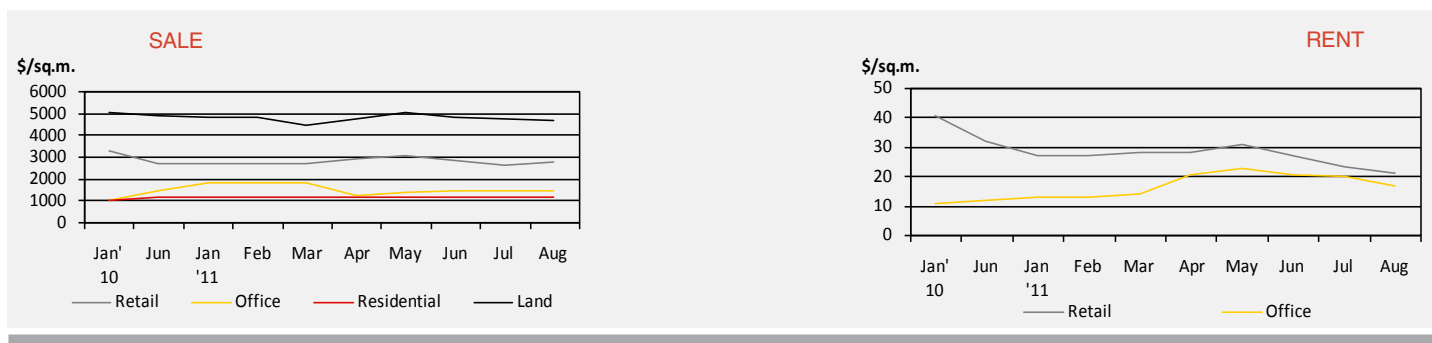
# REAL ESTATE MARKET OBSERVATION

The Dynamics of 1 sq.m Valuation Changes in the Sectors of Commercial and Residential Property  
The regions of Ukraine

## Donetsk

Property Type	Price, USD/1 sq.m	
	01.07.10	01.08.11
<b>Sale</b>		
Retail	2 626	2 813
Office	1 443	1 442
Residential	1 162	1 165
Land	4 788	4 711
<b>Rent</b>		
Retail	23	21
Office	20	17

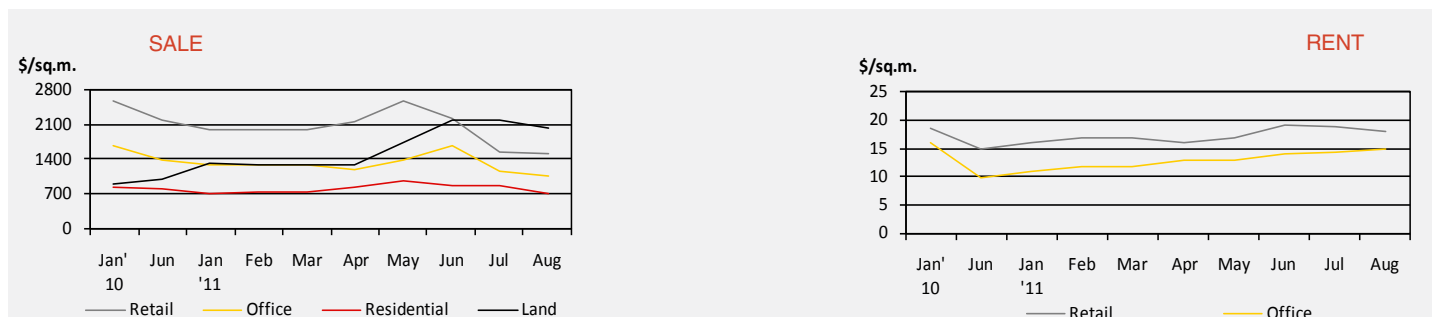
### Property Type



## Zaporozhia

Property Type	Price, USD/1 sq.m	
	01.07.10	01.08.11
<b>Sale</b>		
Retail	1 560	1 520
Office	1 169	1 061
Residential	879	723
Land	2 219	2 050
<b>Rent</b>		
Retail	19	18
Office	14,3	15

### Property Type



# REAL ESTATE MARKET OBSERVATION

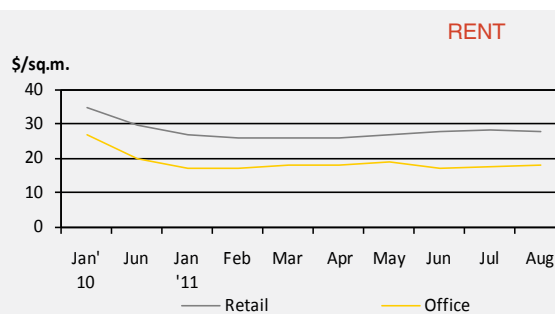
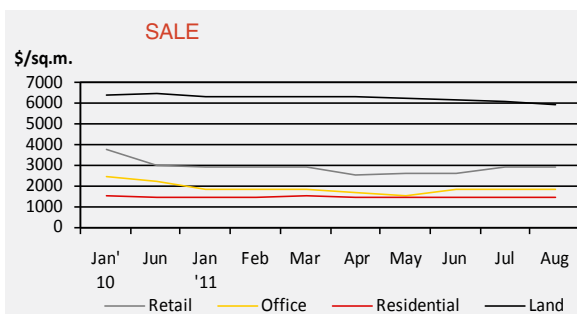


The Dynamics of 1 sq.m Valuation Changes in the Sectors of Commercial and Residential Property  
The regions of Ukraine

Odessa

Property Type	Price, USD/1 sq.m	
	01.07.10	01.08.11
<b>Sale</b>		
Retail	2 903	2 876
Office	1 830	1 824
Residential	1 473	1 466
Land	6 037	5 908
<b>Rent</b>		
Retail	28,5	28
Office	17,5	18

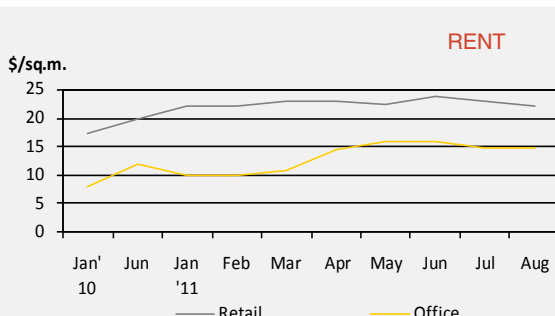
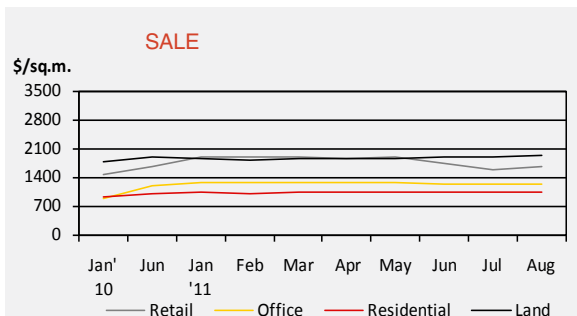
Property Type



Kharkiv

Property Type	Price, USD/1 sq.m	
	01.07.10	01.08.11
<b>Sale</b>		
Retail	1 592	1 655
Office	1 239	1 242
Residential	1 033	1 037
Land	1 903	1 921
<b>Rent</b>		
Retail	23	22
Office	15	15

Property Type

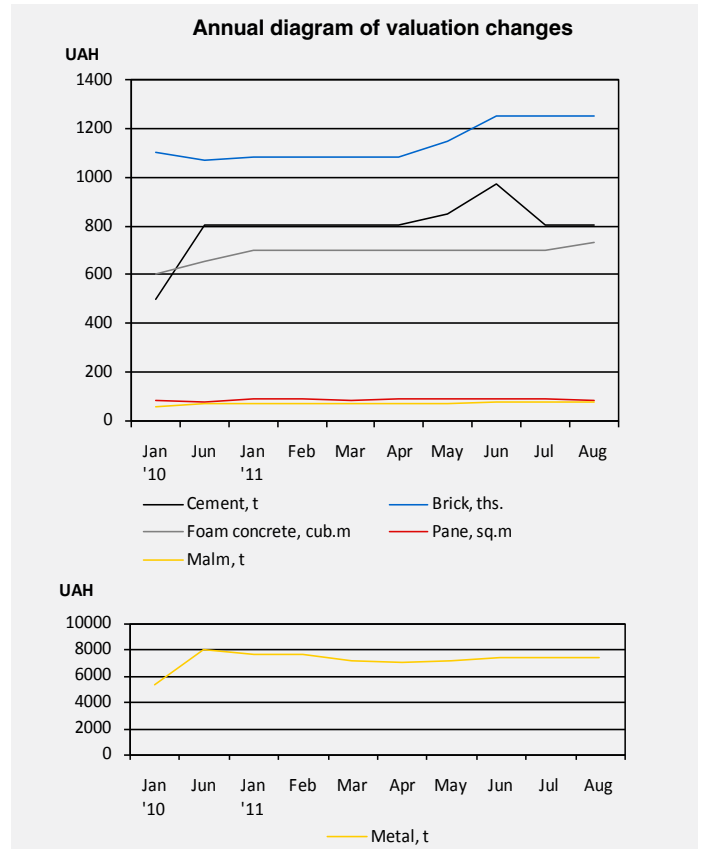




# REAL ESTATE MARKET OBSERVATION

The Dynamics of Valuation Changes of sales for building materials

Name	Price, UAH	
	01.07.10	01.08.11
Cement, t	800.0	800.0
Brick, ths.	1 250	1 250
Foam concrete, cub.m	700.0	730.0
Pane, sq.m	90.0	84.0
Malm, t	74.0	74.0
Metal, t	7 350	7 350



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H O L D I N G**



The following internet resources were used during the analysis of the statistic data for this bulletin:  
[SvDevelopment.com](http://SvDevelopment.com), [Realty.ua](http://Realty.ua), [Domik.net](http://Domik.net), [Kansas.ua](http://Kansas.ua), [Aviso.ua](http://Aviso.ua), [Agent.ua](http://Agent.ua) etc.