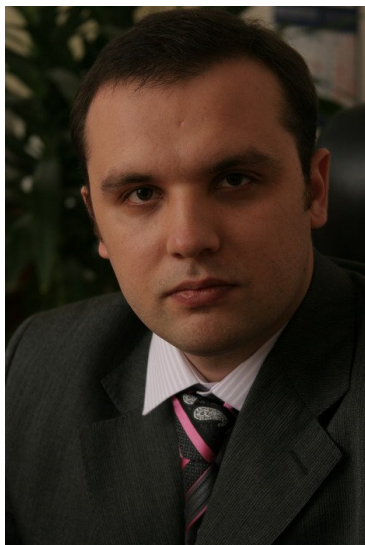




**BULLETIN
REAL ESTATE MARKET
OF KYIV AND THE REGIONS OF
UKRAINE**

APRIL – 2009



Dear Sirs,

On behalf of “UDC Holding”, I thank you for the attention to our bulletin.

In order to make it more interesting and interactive, we establish two new chapters: “Point of the month” and “Feedback”. First is to show our own vision on the market, to share information and our new experience with you. Second is to show different views on the same problems or receive your support of our thoughts and some new information from your experience. So, please, don’t hesitate with E-mails because your opinion is very important for us!

Yuriy STETSKIV,
CFO, UDC Holding

stetski@unidevelop.com (subject: BULLETIN, FEEDBACK)

Point of the month

Investment Strategy Diversification.

This month I visited Milan as a delegate of the “European Forum of Islamic Finance” organized by “Financial Events International”. There were debates on various topics, but everybody agreed in one – investors are changing their strategies. And the question is not only in the way of investments (nobody wants to invest in derivatives any more), but in their geography mostly. Mr. Peter Ohnemus (CEO, “Asset4”, Switzerland) said that investors had no more interest for the USA and Western Europe, but they were looking at the emerging markets of the former Soviet Union countries, Eastern Asia and South America. This **POINT** of view was supported by most of delegates. Mr. Mohammed Amin (Tax partner, “PricewaterhouseCoopers”, UK) as well as Ms. Farmida Bi (Partner, “Norton Rose”, UK) has shared this opinion as well and told about their interest for Russia and countries of that region. The strong interest was attracted to the projects provided by our company in Ukraine, especially for the Hotel chain (with ACCOR).

Currently economic climate has changed a lot, and most of investors are revising their portfolios in order of their diversification. From the other hand there are some regions with extreme lack of financing but with huge potential of the economic growth.

Ukraine is this kind of region. We clearly understand that global economic crises intensely influenced the country’s economy, but recovery has always the same acceleration as decrease. First symptoms of reaching the bottom can be already felt: the currency rate became stable, some activity on the labor market, prices for real estate froze, bank deposits balance became positive etc.

Somebody can say that it is too soon for such conclusions and we agree with him. But the main **POINT** is that opportunities given by this crisis to Ukraine are bigger than loses.

Yuriy STETSKIV,
CFO, UDC Holding

News Digest

New office center with hotel to appear in the center of Kyiv

Kyiv authorities gave permission to company "Viala" for reconstruction of the uninhabited buildings in the capital at the address: 6-A, and 6-B Alla Tarasova Str. in the Shevchankivskiy District for construction erection of the office center with hotel.

Korrespondent.net
15.04.2009

Improvements at the Kyiv office real estate market

Improvements appeared in the capital business centers occupancy rate for the first time from the crisis beginning. The vacancy rate decreased and first significant deals were concluded at the market.

The main interest of these deals was focused on the B class business centers. The occupancy increased in average on 1% and almost attained 85%.

Decrease of the rent rates has become the basis for such improvements in occupancy.

Prometr.com.ua
15.04.2009

Developers hope that the crisis peak have already passed in construction sphere

The President of construction company "Konsol", Mr. Vladimir Konstantinov, thinks that the peak of the financial crisis' negative influence on the construction sphere has been overcome in February.

Today one may say that February has been the hardest month for the construction sphere. And now the economics starts to use its financial safety margin accumulated earlier. According to Mr. V.Konstantinov, today, development and construction organizations create "more appropriate and predictable business schemes" taking into account crediting reduction and property price fall.

Novostroy.info
02.04.2009

New anti-crisis regulations of NBU

National Bank of Ukraine put restrictions on banks activities. Banks can't reduce the interest rates of citizens and companies in order to avoid new outflow of funds from deposits (regulation of NBU No. 159 dated 23 March 2009)

Banks are not allowed to change in unilateral order conditions of the account and deposit agreements, including, decrease of the interest rate in deposit agreements (except for the deposit on demand), unless otherwise provided by law.

SV Development
22.04.2009

Kyiv: UDC Holding to build 10-storey business center "Symphony"

UDC Holding, member of the Universal Investment Group ("UIG"), will build the business center "Symphony" at the address Yaroslaviv Val Str. in Kyiv at the beginning of 2011.

Total area of the 10-storey building with small restaurant on the top floor will be approximately 10 ths. sq.m. The main advantage of this business center is small office premises from 250 sq.m. to 475 sq.m., which are oriented to small companies.

Interfax Ukraine
17.04.2009

Ukrainian building materials market may cut production volume

Development of the Ukrainian building materials market will be governed by the construction sector financing process in 2009.

Construction of new residential and non-residential buildings will decrease for 28% in 2009 in comparison with 2008.

Ukrainian building materials market has increased for 8.4% by results of 2008 in comparison with last year prices (a year ago the increase was 22%) and attained the volume of 43.6 bln hrn at producer's values.

Construction organizations may choose good quality materials for best prices during increase of competition among the building materials suppliers at the decreasing market.

SV Development

11.04.2009

At the present there is practically no demand for building materials

"At the present there is practically no demand for building materials, but till 2011 the sales are expected to be high, taking into consideration shortage of real estate and market intensification".

Such opinion has been expressed by Mr. Aleksandr Kovalchuk, director of OJSC "Mogylyanskiy Zavod Strouymaterialov". By this time the factory management is planning to restore production capacity.

SV Development

29.04.2009

Today Kyiv real estate market has no more than 15 active companies

"I would include to active companies all companies that carry on construction business, regardless of the work amounts" – states Mr. Aleksey Govorun, deputy director general of strategic development and marketing of LLC "TMM".

According to the expert, positive changes would be observed at the Kyiv real estate market by the end of 2009, and market revival would be possible by the end of 2010.

SV Development

28.04.2009

Real Estate Market Observation

Kyiv

April turned out to be more stable in the sector of square meters proposition-demand at the real estate market with comparison to March. Demand for office and commercial real estate has significantly increased relatively to sufficient decline in prices, this dynamics led to reduction of the propositions at the market.

Price situation is continuing its movement toward decrease. Per month the dollar rent rates have fallen for 5% in average. This dynamics may be also observed at the commerce sector. Decrease in the sales sphere is 3 % and 1.9%.

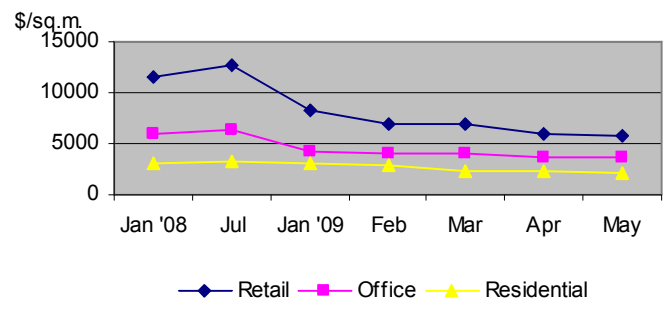
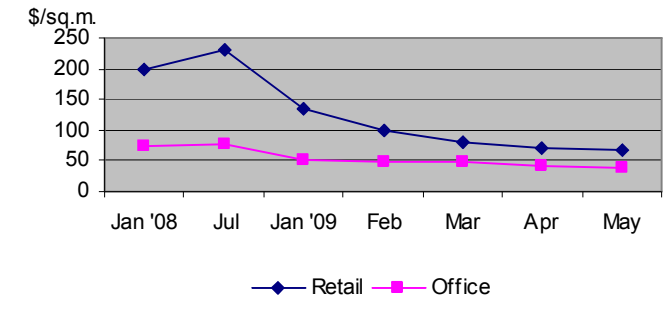
Cost of square meters fall for 1.3% in average at the city real estate market.

Cost of the cottage construction sites decreased for 10% and cost of the private houses fall in the 6% range.

Changes occurred in the office property sphere (warehouses) at the Ukrainian regional market, in particular in Dnipropetrovsk and Rivne Regions. Prices of square meters decreased in the sales sphere in Lviv.

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

Kyiv (on average)

Sale			Property Type
Property Type	Property Type		
	01.04.09	01.05.09	
Retail	5 899	5 787	
Office	3 733	3 610	
Residential	2 231	2 201	
Rent			Property Type
Property Type	Property Type		
	01.04.09	01.05.09	
Retail	70	66	
Office	41	39	

The Dynamics of 1 sq.m Valuation Changes in the Sectors of Commercial Property Podol (historical part)

Sale			
Property Type	Property Type		Property Type
	01.04.09	01.05.09	
Retail	7 000	6 821	
Office	5 200	4 998	

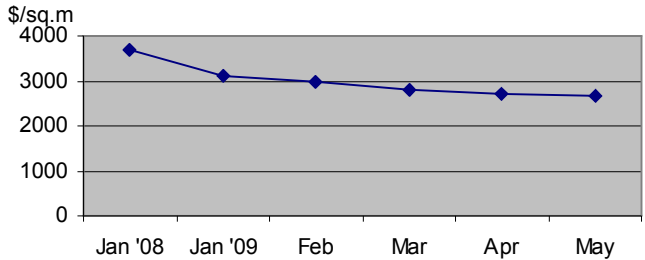
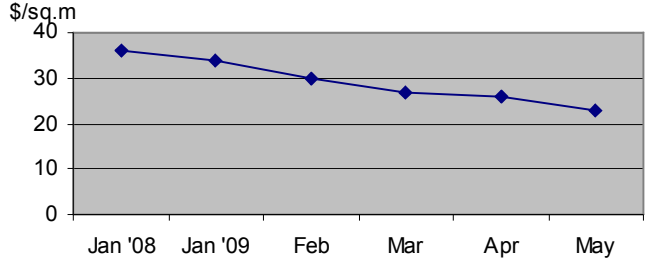
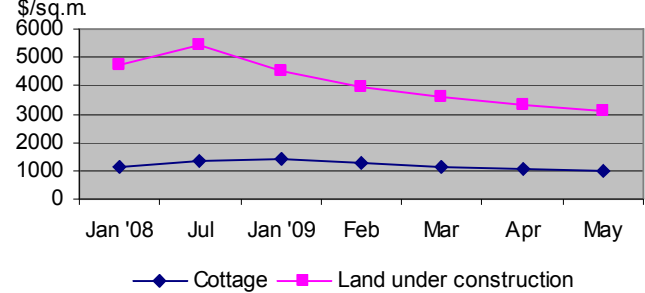
Rent			
Retail	58	55	
Office	28	28	

Shevchenkivskiy district (historical center)

Sale			
Retail	7 199	7 199	
Office	5 580	5 435	
Residential	4 551	4 482	

Rent			
Retail	75	71	
Office	43	41	

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

Solomyanka (Mechanizatoriv street)																											
Sale																											
Property Type	Price, \$/1 sq.m		Annual diagram of valuation changes																								
	01.04.09	01.05.09																									
Office	2 700	2 656	 <table border="1"> <caption>Office Valuation Changes (Solomyanka)</caption> <thead> <tr> <th>Month</th> <th>Price (\$/sq.m)</th> </tr> </thead> <tbody> <tr><td>Jan '08</td><td>3500</td></tr> <tr><td>Jan '09</td><td>3000</td></tr> <tr><td>Feb</td><td>2900</td></tr> <tr><td>Mar</td><td>2700</td></tr> <tr><td>Apr</td><td>2600</td></tr> <tr><td>May</td><td>2600</td></tr> </tbody> </table>	Month	Price (\$/sq.m)	Jan '08	3500	Jan '09	3000	Feb	2900	Mar	2700	Apr	2600	May	2600										
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Brovarskoy district of Kyiv region																											
Cottage	1 049	982	 <table border="1"> <caption>Brovarskoy district Valuation Changes</caption> <thead> <tr> <th>Month</th> <th>Cottage (\$/sq.m)</th> <th>Land under construction (\$/sq.m)</th> </tr> </thead> <tbody> <tr><td>Jan '08</td><td>1000</td><td>4500</td></tr> <tr><td>Jul</td><td>1200</td><td>5500</td></tr> <tr><td>Jan '09</td><td>1200</td><td>4500</td></tr> <tr><td>Feb</td><td>1100</td><td>3800</td></tr> <tr><td>Mar</td><td>1000</td><td>3500</td></tr> <tr><td>Apr</td><td>1000</td><td>3200</td></tr> <tr><td>May</td><td>1000</td><td>3000</td></tr> </tbody> </table>	Month	Cottage (\$/sq.m)	Land under construction (\$/sq.m)	Jan '08	1000	4500	Jul	1200	5500	Jan '09	1200	4500	Feb	1100	3800	Mar	1000	3500	Apr	1000	3200	May	1000	3000
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May	1000	3000																									
Land	3 292	3 087																									

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

New Darnitsa			
Sale			
Property Type	Property Type		Property Type
	01.04.09	01.05.09	
Retail	2 160	2 160	
Office	1 812	1 675	
Rent			
Retail	25	23	
Office	17	16	
Darnitskiy district (Poznyaki)			
Sale			
Retail	2 260	2 200	
Office	1 901	1 901	
Rent			
Retail	27	26	
Office	25	24	

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

Dnipropetrovsk region			
Sale			
Property Type	Property Type		Property Type
	01.04.09	01.05.09	
Office	700	691	
Logistics	400	400	
Rent			
Office	9	9	
Logistics	6	6	
Mykolaiv region			
Sale			
Office (city)	1 315	1 315	
Office (in storages)	550	550	
Logistics	286	286	
Rent			
Office (city)	16	14	
Office (in storages)	7	7	
Logistics	9	9	

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

Rivne region			
Sale			
Property Type	Property Type		Property Type
	01.04.09	01.05.09	
Office	798	687	<p>\$/sq.m</p> <p>Jan '08 Jul Jan '09 Feb Mar Apr May</p> <p>Office Logistics</p>
Logistics	550	456	
Rent			
Office	5	5	<p>\$/sq.m</p> <p>Jan '08 Jul Jan '09 Feb Mar Apr May</p> <p>Office Logistics</p>
Logistics	3	3	

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

Lviv region			
Property Type	Property Type		Property Type
	01.04.09	01.05.09	
Sale			
Retail	4 398	4 187	
Office	2 098	2 025	
Residential	1 382	1 243	
Rent			
Retail	28	28	
Office	16	16	

The Dynamics of Valuation Changes of sales for building materials

Name	Price, grn.		Annual diagram of valuation changes	
	01.04.09	01.05.09		
Cement, t	760.0	745.0		
Brick, ths.	1 110	1 000		
Foam concrete, cub.m	700.0	650.0		
Pane, sq.m	48.0	49.5		
Malm, t	48.0	48.0		
Metal, t	4 500	4 500		