



UNITER



Residential real estate

RESIDENTIAL REAL ESTATE

RESIDENTIAL REAL ESTATE

GENERAL INDUSTRY OVERVIEW

➤ About 6 700,1 thou sq m of residential real estate was commissioned in 2010 in Belarus, that is by 16,6% higher than in 2009. CAGR for the period from 2005 to 2010 composed 14%.

➤ Investments, directed to residential construction, amounted to 4 bn USD, that is 22,1% from total volume of investments in Belarus, 4% of which were directed for construction of engineering and transport infrastructure to built dwelling areas (USD 738,7 mn).

➤ Companies of various forms of ownership constructed 84,8 thou new flats in 2010 (in 2009-about 69,8 thou flats were constructed).

➤ Main volume of residential construction in 2010 fall to a specific category of population, who needs in housing conditions improvement: about 4 337,2 thou sq m of gross residential area (or 65% of total volume of commissioned residential real estate in Belarus) was constructed.

➤ In rural area commissioned residential real estate amounted to 1 610,5 thou sq m of gross area, or 24% of total volume of commissioned residential estate in Belarus.

➤ In crisis and post-crisis conditions, residential construction is considered to be an extremely important mean of business activity support in allied economic sectors, that is proved by the volume of subsidized loans for housing construction in 2010 - USD 2,27 bn (appr. 10% of total amount of loans, provided in Belarus in 2010), that is almost 1,5 times higher than in 2009.

➤ According to the Belarusian social and economic forecast, it is planned to construct about 7 500 thou sq m of residential real estate, that is higher by 12% of that in 2010.

Commissioned residential real estate (split by source of financing)	2010		% to total amount	
	Thou sq m	% to 2009	2010	Ref. 2009
Commissioned residential estate-total	6 700,1	117%	100%	100%
<i>Including from :</i>				
consolidated budget	260,4	92,5%	3,9%	4,9%
equity capital of organizations	239,0	104,8%	3,6%	4,0%
bank loans	3 571,9	140,3%	53,3%	44,3%
proprietary resources of population	2 589,1	97,0%	38,6%	46,5%

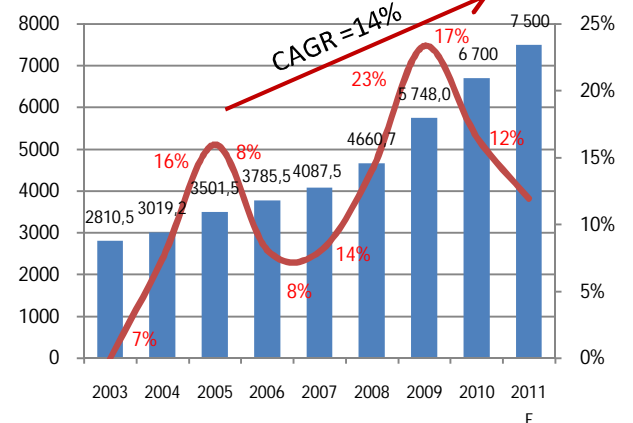
Capital investments (split by industries)	Disbursed investment for 2010 (in current prices), USD bn	% to total amount of investments	2010 in % to 2009 (in comparable prices)
Total construction	0,682	3,7%	128,8%
Residential construction	4	22,1%	121,4%

Source: National Statistical Committee of the Republic of Belarus

Key indicators

Commissioned residential real estate, thou sq m -2010	6 700,1
Commissioned subsidized housing, thou sq m-2010	4 337,2
Constructed flats, thou pcs -2010	84,8
Capital investments in industry, USD bn -2010	4
Ratio of investments to residential construction to total amount of investment, %	22,1

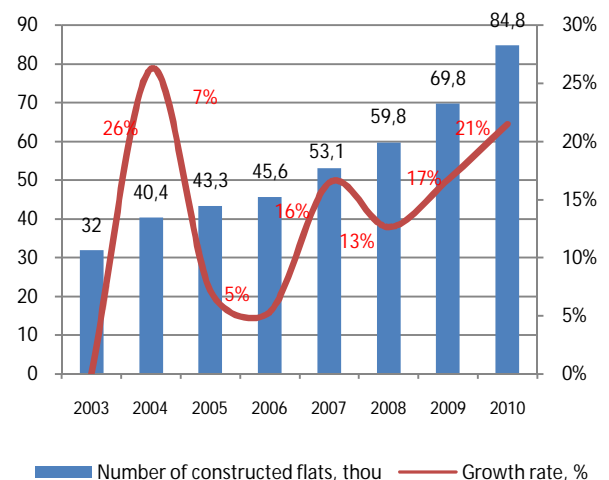
Residential real estate commission, 2003-2011 (F)



Legend: Commissioned housing, thou sq m (blue bars); Growth rate, % (red line)

Source: National Statistical Committee of the Republic of Belarus

Constructed flats, 2003-2010



Legend: Number of constructed flats, thou (blue bars); Growth rate, % (red line)

Source: National Statistical Committee of the Republic of Belarus

RESIDENTIAL REAL ESTATE

RESIDENTIAL REAL ESTATE IN MINSK AND BELARUSIAN DISTRICTS

➤ Minsk occupies a leading position according to the volumes of commissioned residential real estate in Belarus. In 2010 about 1 153,8 thou sq m was constructed in Minsk, that is by 5% higher than in 2009.

➤ It is needed to note, that Minsk district (excl. Minsk) commissioned about 1 330,7 thou sq m in 2010, that by 22,4% exceeded the volume of commissioned housing for the previous year.

➤ Input of gross residential area in rural areas and small towns, located in Minsk district, can be characterized as follows: commissioned housing reached 1 053,9 thou sq m, that by 20% higher of planned volume for 2010.

➤ In spite of the fact, that volumes of commissioned residential real estate in Minsk and Minsk district are the largest ones in Belarus, housing input in Minsk in particular reflects inconsiderable annual growth, i.e. the industry is the least growing. As for the growth rates of commissioned residential real estate in Minsk district, CAGR composed 18,7% for the period from 2008 till 2010.

Commissioned residential real estate in Minsk and Belarusian districts, thou sq m

District	2008	2009	2010	2011 F
Brest district	783,70	878,50	1 100,40	1 230,00
Vitebsk district	507,70	589,80	618,00	830,00
Gomel district	687,90	770,80	971,50	1 090,00
Grodno district	609,40	693,70	823,00	950,00
Minsk	1 115,70	1 147,60	1 153,80	1 200,00
Minsk district	944,10	1 087,00	1 330,70	1 350,00
Mogilev district	453,70	580,60	702,70	850,00
TOTAL	5 102,20	5 748,00	6 700,10	7 500,00

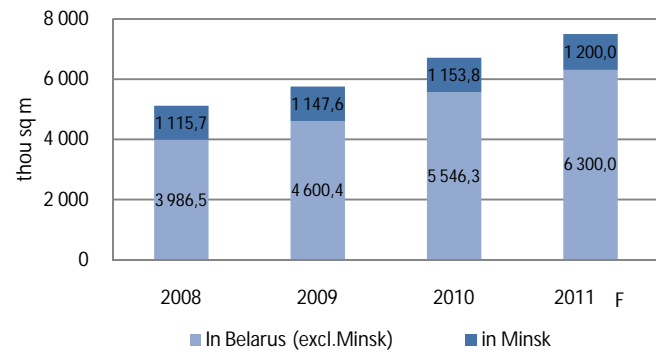
Source: National Statistical Committee of the Republic of Belarus

Share of each district and Minsk in total volume of commissioned housing in Belarus, %

District	2008	2009	2010	2011
Brest district	15%	15%	16%	16%
Vitebsk district	10%	10%	9%	11%
Gomel district	13%	13%	14%	15%
Grodno district	12%	12%	12%	13%
Minsk	22%	20%	17%	16%
Minsk district	19%	19%	20%	18%
Mogilev district	9%	10%	10%	11%
TOTAL	100%	100%	100%	100%

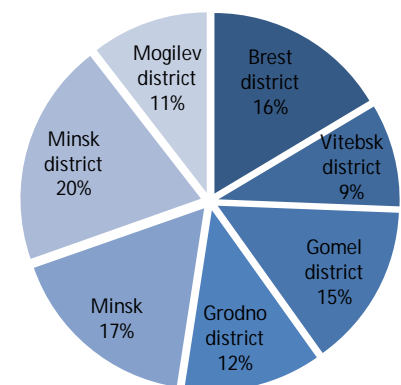
Source: National Statistical Committee of the Republic of Belarus

Commissioned housing in Minsk, 2008-2011 (F)



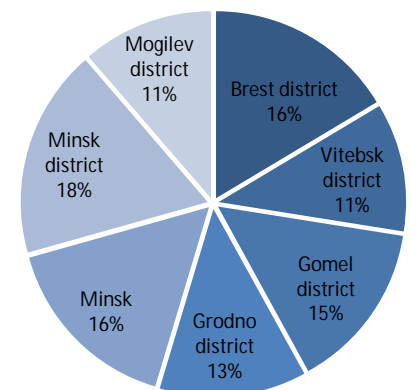
Source: National Statistical Committee of the Republic of Belarus

Commissioned housing in 2010 (split by Belarus districts), %



Source: National Statistical Committee of the Republic of Belarus

The plan of housing commission for 2011 (split by Belarus districts), %



Source: National Statistical Committee of the Republic of Belarus

RESIDENTIAL REAL ESTATE

RESIDENTIAL REAL ESTATE, 1H 2011 RESULTS

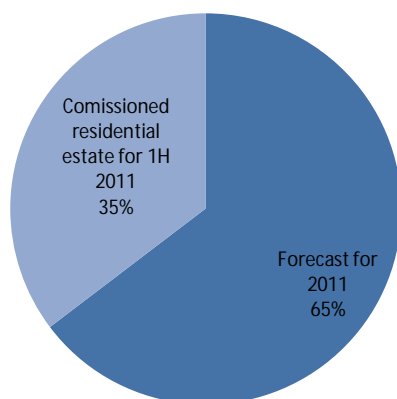
➤ According to the Ministry of Architecture and Construction and National Statistics Committee, in January-June 2011, about 7.1 trillion rubles of investments were used on residential construction, that is 21.7 percent of total volume of capital investments.

➤ At the same time organizations of all forms of property built 32,6 thou of new flats. Over 1H 2011, about 2 644 thou square meters of residency was commissioned, which is 35,3 per cent of the required assignment for a year. In comparison with January-June 2010, commissioning of housing has decreased by 542,8 thousand square meters.

➤ Regarding residential construction by regional districts over Jan-June 2011, the major residential volumes were commissioned in Minsk and Minsk region and Brest region with 1 200, 1 350 and 1 230 thou sq m of residential area correspondingly (or about 14%, 21% and 19 % respectively of total volume of commissioned residential estate in Belarus for Jan-June 2011).

Commissioned real estate, thou sq m	Plan for 2011, thou sq m	Jan-Jun 2011			Jan-Jun 2010 in % to Jan-Jun 2009
		commissioned real estate, thou sq m	% to plan	% to Jan-May 2010	
Total in Belarus	7 500	2 644	35	83	104
<i>Split by regions:</i>					
Brest region	1 230	489	40	85	114
Vitebsk region	830	245	30	75	110
Gomel region	1 090	423	39	88	117
Grodno region	950	325	34	75	111
Minsk city	1 200	371	31	84	88
Minsk region	1 350	544	40	96	88
Mogilev region	850	249	29	69	110

Forecasted and factual residence commission for 1H 2011

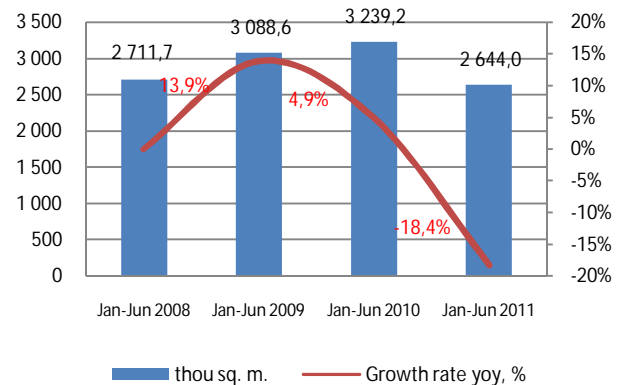


Source: National Statistical Committee of the Republic of Belarus

Key indicators, 1H 2011

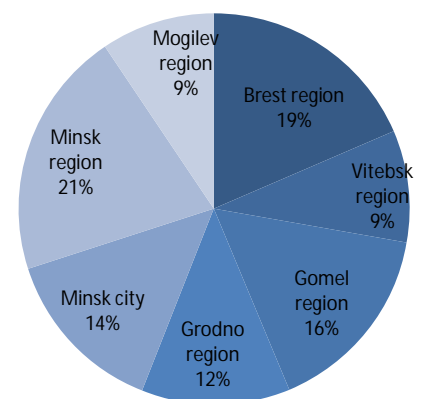
Commissioned residential real estate, thou sq m	2 644
Commissioned subsidized housing, thou sq m	1 705,6
Constructed flats, thou pcs	32,6
Capital investments in industry, USD bn	1,37
Ratio of investments to residential construction to total amount of investment, %	21,7

Comissioned residence in Belarus, 2008-2011



Source: National Statistical Committee of the Republic of Belarus

Comissioned residence for Jan-Jun 2011, split by regions



Source: National Statistical Committee of the Republic of Belarus

RESIDENTIAL REAL ESTATE














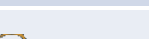

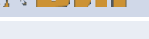


LARGEST PROPERTY DEVELOPERS OF RESIDENTIAL ESTATE

➤Minsk is the leading city in Belarus according to the volumes of constructed housing, that is the reason for high amount of market players in the industry.

➤The largest property developers in Minsk are CUE "Minsk city executive committee", GPO "Minskstroj" and JSC "MAPID" with market shares of 30%, 19% and 9% correspondingly. These enterprises are state-owned.

➤FE LLC "Sintez-Belnep Stroji" and JV LLC "Aresa-service" can be considered as the largest private market players with market shares of 6% and 5% correspondingly.

Market shares of the largest property developers, operating on Minsk market in 2010, can be estimated as follows:

	Property developer	Market share, %	State share, %
	CUE "Minsk city executive committee"	30%	100%
	GPO "Minskstroj"	19%	100%
	JSC "MAPID"	9%	92,4%
	FE LLC "Sintez-Belnep Stroji"	6%	0%
	JV LLC "Aresa-service"	5%	0%
	JSC "10 UNR"	4%	0%
	JSC "Minskprostroj"	3%	0%
	JV LLC "Tambaz"	3%	0%
	CJSC "Trest promstroj"	3%	0%
	JV LLC "Betatron engineering"	3%	0%
	JV LLC "Strominvest-M"	2%	0%
	CJSC "Invest system"	2%	0%
	ALC "Airon"	2%	0%
	FE LLC "Zomex Investment"	1%	0%
	LLC "Bel Inter Roba"	1%	0%
	LLC "Gedrusunit"	1%	0%
	LLC "Antasam"	1%	0%
	JV LLC "Promex"	1%	0%
	"Inzhiner"	1%	n/a
	ALC "Aichyna"	0,2%	n/a
	Other	4%	-
TOTAL		100%	100%

* data was estimated on the basis of information about commissioned housing for IV Q 2010 in Minsk

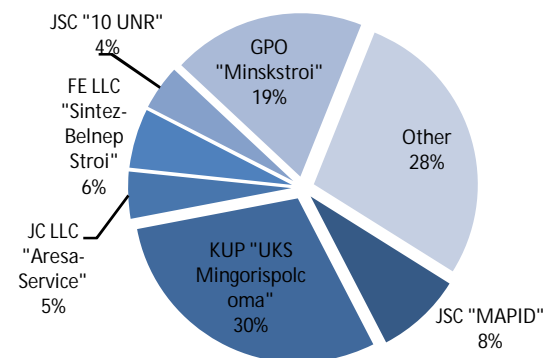
Source: Minsk executive committee

The largest property developers in the Belarusian regions are the following:

BREST
LLC "Brest Invest-system"
OJSC "Polesyehilstroi"
MOGILEV
CUE "Invest-system" «Инвест-Систем»
RUE "Mogilevskiy domostroitelnyi combinat"
Mogilev CUE "UKS"
GOMEL
CUE «UKS of Gomel executive committee"
JSC "Gomelpromstroj"
RUE "Stroitelnyi trest № 14"
JSC "Stroitelno-montazhnyi trest № 27"
JSC "DST-2"
JSC "Institute "Gomelproject"
District CUE "Institute gomelgrazhdanproject"
JSC "Gomelzhylproject"
JSC "Gomelskiy domostroitelnyi combinat"
GRODNO
JSC "Gronozhilstroi"
JSC "Grodnopromstroj"
"Grodnooblstroj"
JSC "Stroitelno-montazhnyi trest № 30"
DST № 6
VITEBSK
KUP "Capitalnoe stroitelstvo in Vitebsk"
RUE «Vitebskiy DSK»
JSC "Stroitretn № 9, Vitebsk"
JSC "Zhilstroi"
JV LLC "Stroitorgservis"
JSC "Vitebsktorgstroj"

Source: District executive committees

Shares of property developers on Minsk market, 2010



Source: Minsk executive committee

RESIDENTIAL REAL ESTATE

PERSPECTIVES IN MINSK

PERSPECTIVES DESCRIPTION

2011

The main areas of development:
DRUZHBA (planned to build 33 thou sq m), a district in the Aerodromnaya str. (35 thou sq m), Vostochniy-5 (70 thou sq m), a district on intersection of Sharanhovicha str. And Rafiyeva str. (54 thou sq m), Kamennaya Gorka-2-4 (about 300 thou sq m), Masyukovschina-6 (more than 100 thou sq m).

2012

The main areas of development:
Loshitsa-6 (68 thou sq m), Severniy (80 thou sq m), Kamennaya Gorka-3 (370 thou sq m), Lebyazhiy (120 thou sq m) The former village Druzhba (50 thou sq m), village Sokol (60 thou sq m), also plans to develop Schemyslitsa-1 (70 thou sq m).

2013

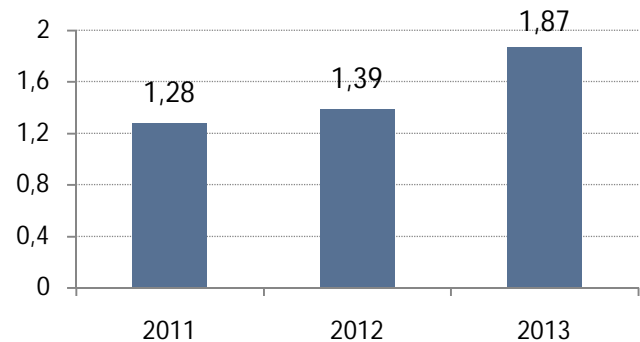
The major area of development:
Chizhovka (33 thou sq m), Mikhalovo-2 (121 thou sq m), Schemyslitsa-2 (140 thou sq m), Stepyanka-2 (60 thou sq m), Vostok (70 thou sq m), Krasny Bor-3 (101 thou sq m), Severniy (167 thou sq m) and Lebyazhiy (160 thou sq m), as well as Volgogradskaya str. (54 thou sq m) and Fogelya str. (60 thou sq m), a district Goretskogo-Sharanhovicha-Rafiyeva (144 thou sq m).

Source: Minsk executive committee

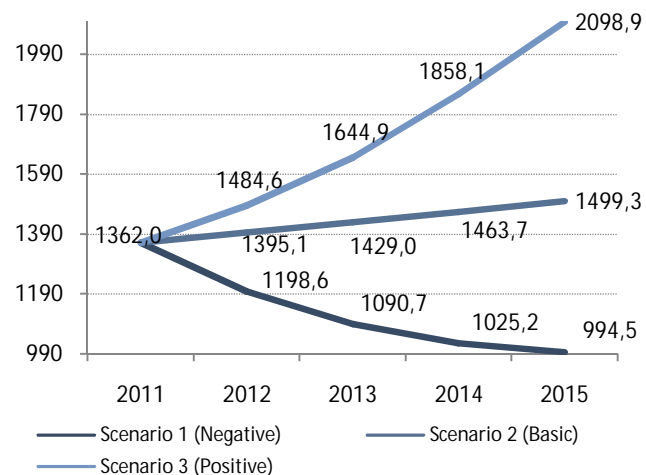
Further dynamics of residential estate market in Minsk will be similar to markets development of major cities of CIS countries. It will be characterized by the following trends:

- Deceleration price growth rate and obtain sustainable price growth.
- Price differentiation. Until now, the differentiation of prices in Minsk depends on the condition and class of houses, engineering equipment, location and other parameters.
- Further development of the credit financing the purchase will boost demand. Today the important drivers of the further development of residential real estate market are the active position of banks to grant loans for housing and state housing program.

Residential estate development (forecast), mn sq m



Resource: Minsk executive committee



Resource: UNITER Investment Company

The most probable scenarios of the future development are the following:

- 1) Negative scenario – it happens at negative macroeconomics situation (especially reducing money income and credit financing and state supporting)
- 2) Basic scenario – it is the most appropriate scenario of slowly market development (from recession to boom), and
- 3) Positive scenario – it happens at positive macroeconomics situation with strong investment attractiveness position, industry increase and money income growth.

UNITER Investment Company – financial and investment adviser in Belarus with 14+ years of experience with national and international investors in 40+ industries and markets within the country.

The company's activity is focused on investment banking; support of foreign investors and attraction of financing for national companies; conducting marketing and analytical research; project and asset management.

UNITER



220114 Belarus, Minsk, 117A Nezavisimosti avenue 12 floor (Aleksandrov Passage Business Center)

Office +375 17 385 24 65, Fax +375 17 385 24 64, uniter@uniter.by, www.uniter.by

Disclaimer

This outlook was prepared for informational purpose only and does not constitute an offer or solicitation of a strategic transaction. Points of view, forecasts and evaluations presented in this outlook reflects our opinion as of the publication date and may be changed without notice. Although the information contained herein has been obtained from sources we believe to be reliable and although we ensured their accuracy as of the publication date, we cannot guarantee, expressly or impliedly, practicality of this outlook regarding future events or current or future value evaluation. Any investment decision based on this outlook should be made only at the discretion of the investor and UNITER or its employees or any third party shall not be responsible in any form and in no circumstances for any action of any party taken on the basis of this outlook. Nor UNITER, nor any of its employees, nor any third party shall be responsible for losses that result from such actions.

©2017 CJSC «UNITER Investment Company» is registered entity under Belarusian legislation. All rights reserved.

UNITER and UNITER logo are registered trade marks under Belarusian legislation.

