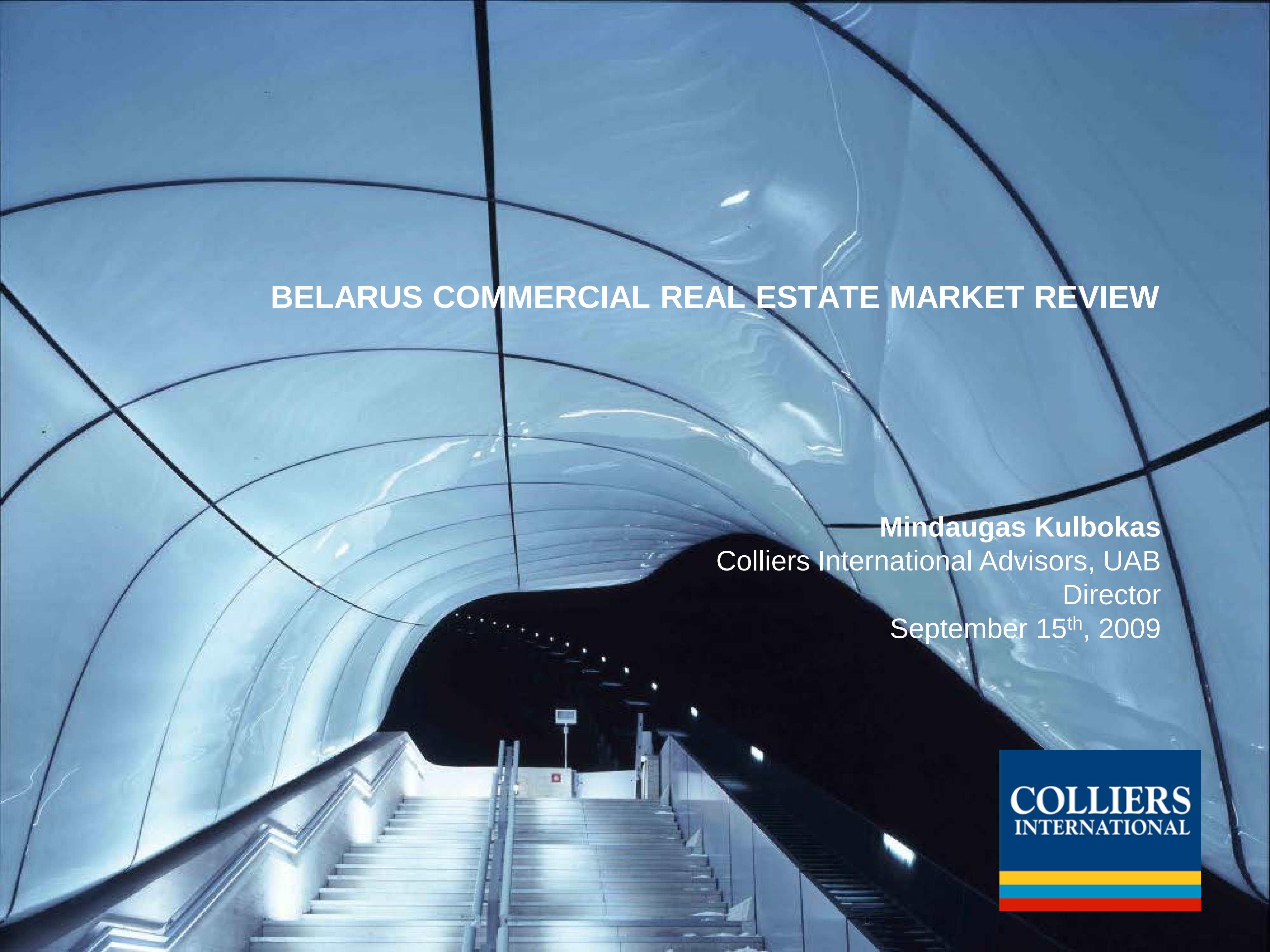

BELARUS COMMERCIAL REAL ESTATE MARKET REVIEW

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Director
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COLLIERS INTERNATIONAL

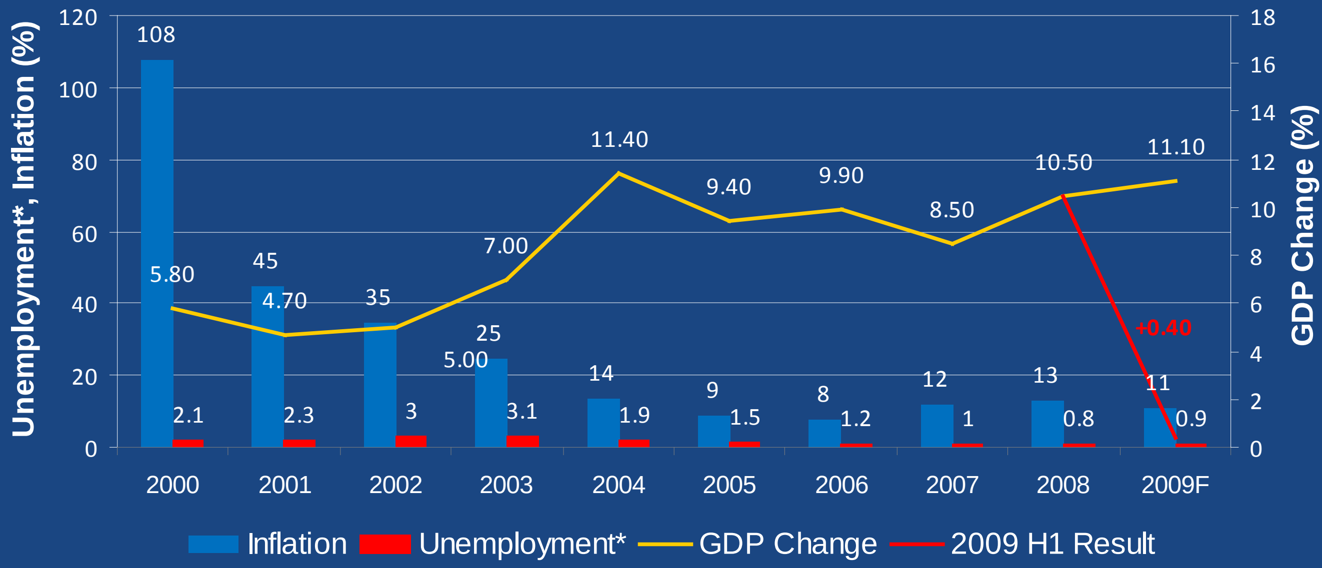
The Republic of Belarus

- area – 207 600 sq. km
- population – 9.672 million

Minsk – the capital of Belarus

- area - 256 sq. km
- population - 1.829 million

Economic indicators

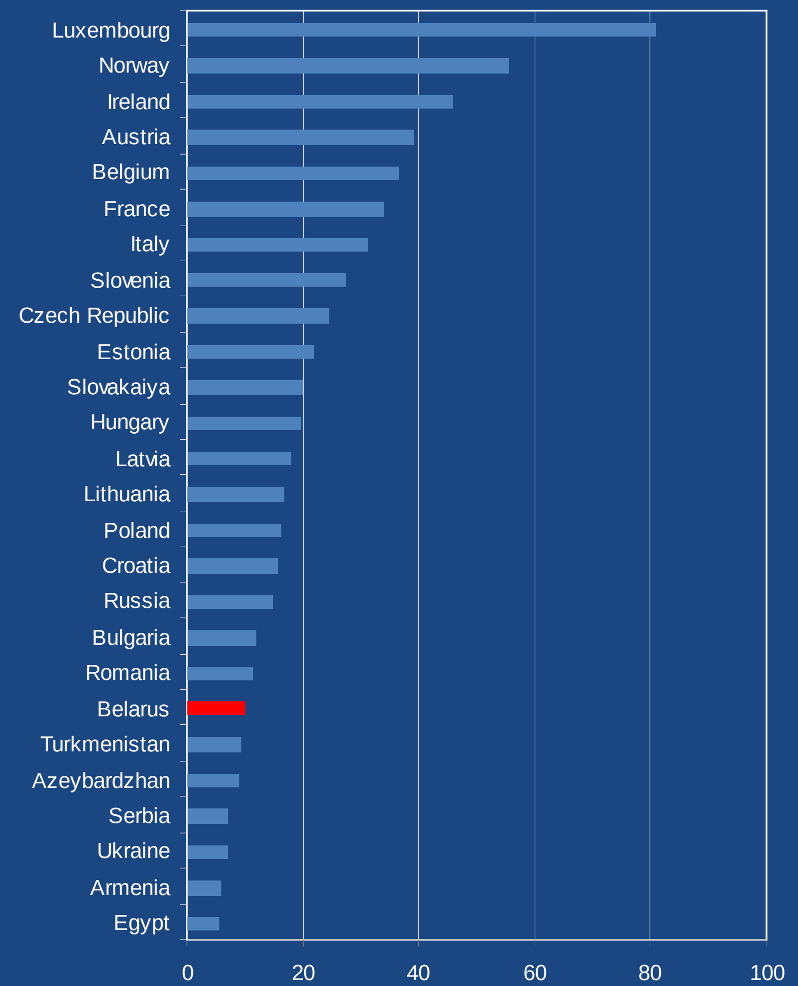


** - number of unemployed registered with the Labor, Employment and Social Protection*
F - forecast
Source: National Statistical Committee and Ministry of Economics of the Republic of Belarus

The key factors decisive inflation processes:

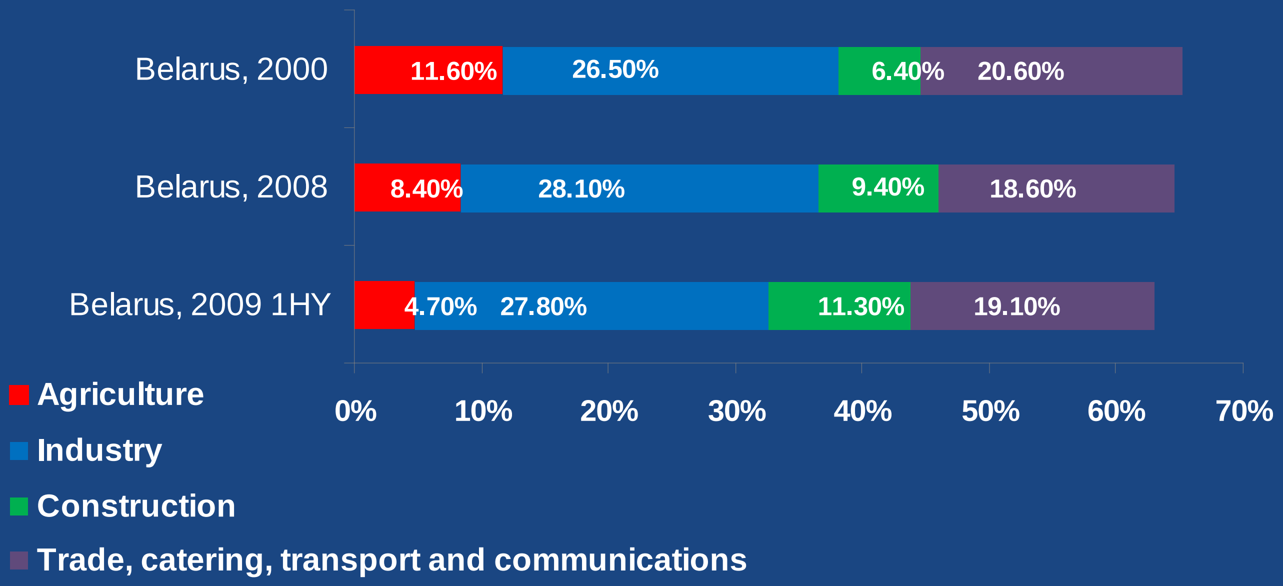
- high monopolization rate
- absence of actual competitive environment in many branches of economy
- stiff price control
- regional protectionism of local authorities

GDP per capita in Belarus and other countries



Source: The Central Intelligence Agency (CIA)

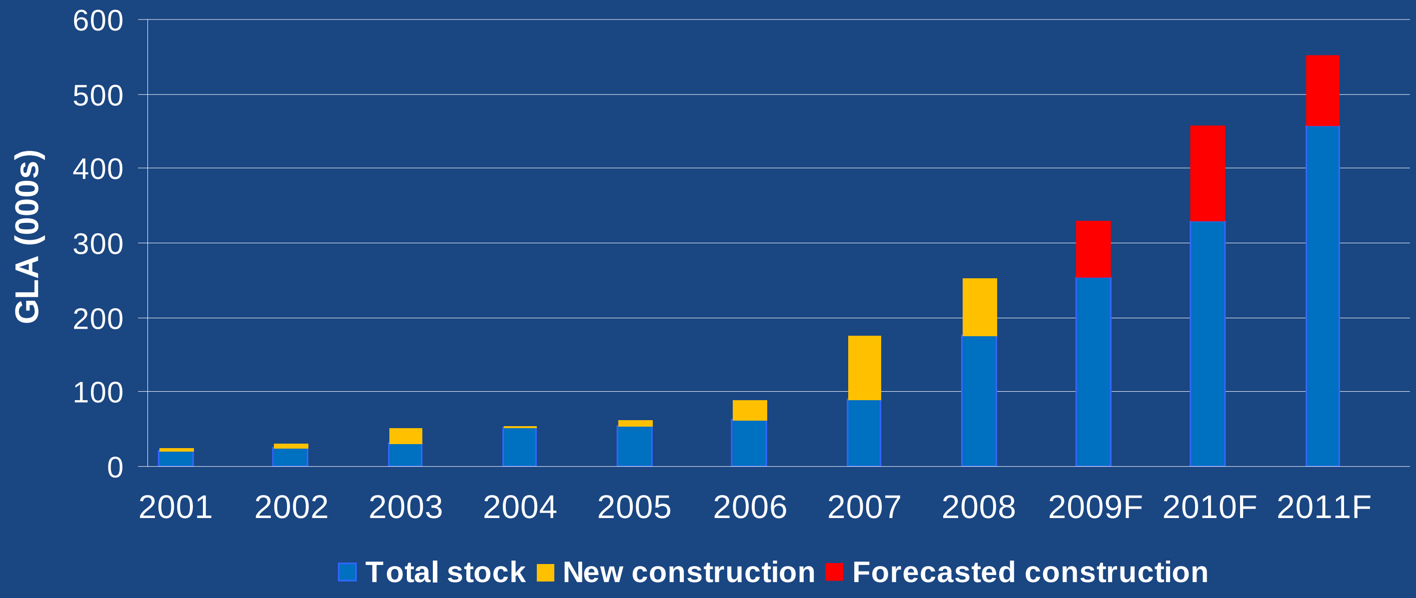
Sector-focused structure of GDP comparison



Source: Belarus' National Statistics Committee

Office Market

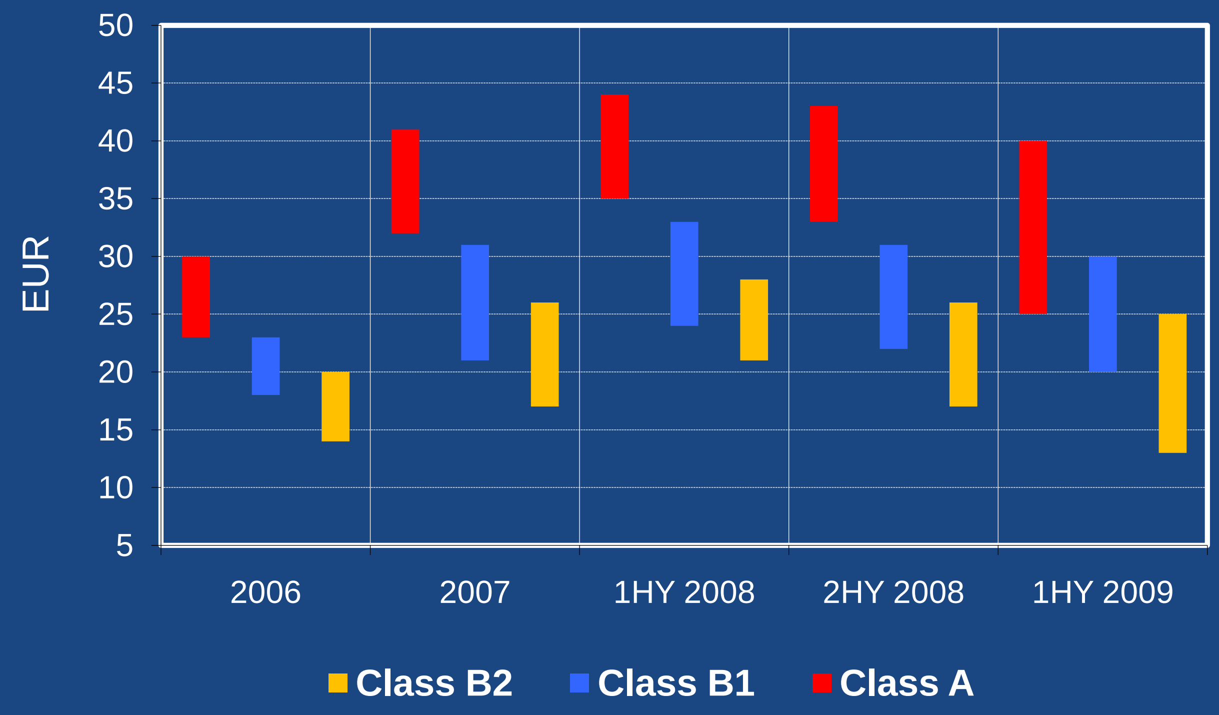
Dynamics of office space in Minsk



F - forecast

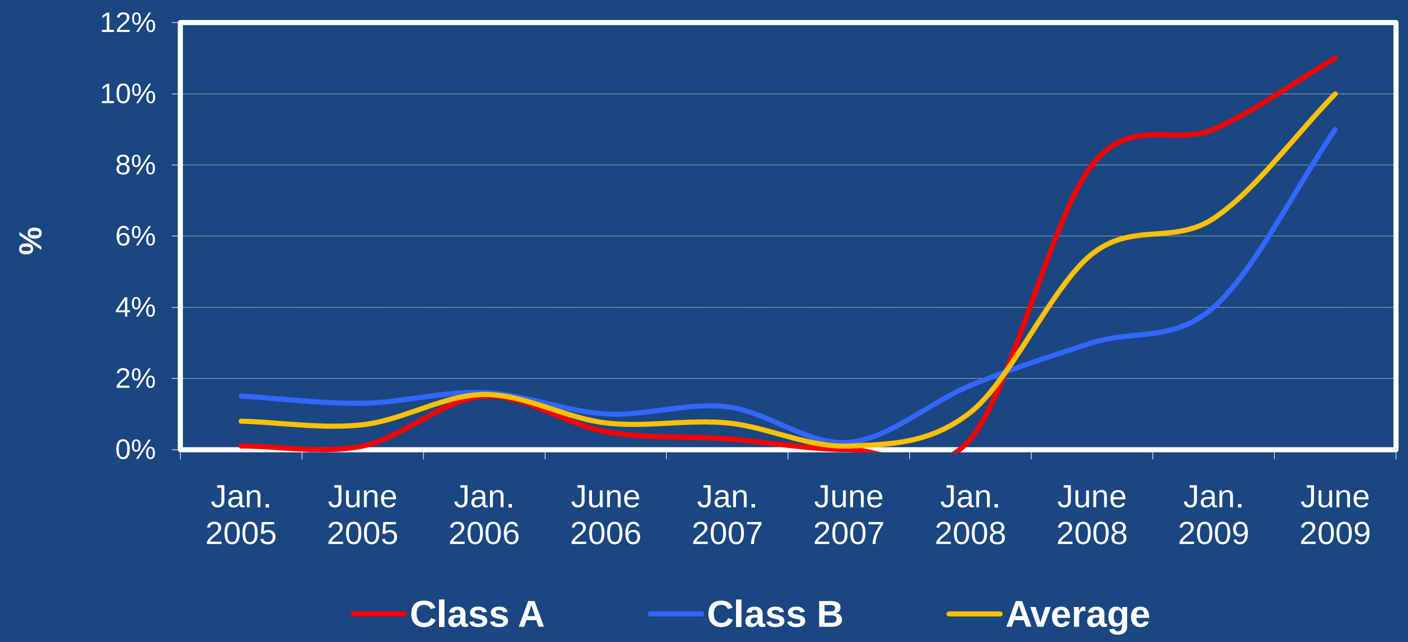
- Forecasted supply declared by developers is optimistically high
- Due to the possible financial, juridical and construction problems the completion date can be postponed

Dynamics and forecast of rent rates in Minsk



** - asking rent rates (**EUR**/sqm/month) excl. VAT and operating expenses*

Vacancy of office premises in Minsk



- Expectations of maintaining the level of vacancy in Minsk city (in the medium term)

Tendencies and forecasts

- Further reduction in rental rates. Reducing the difference between the upper and lower level of rates in similar classes in the direction of lower levels

- Price reduction in office space selling

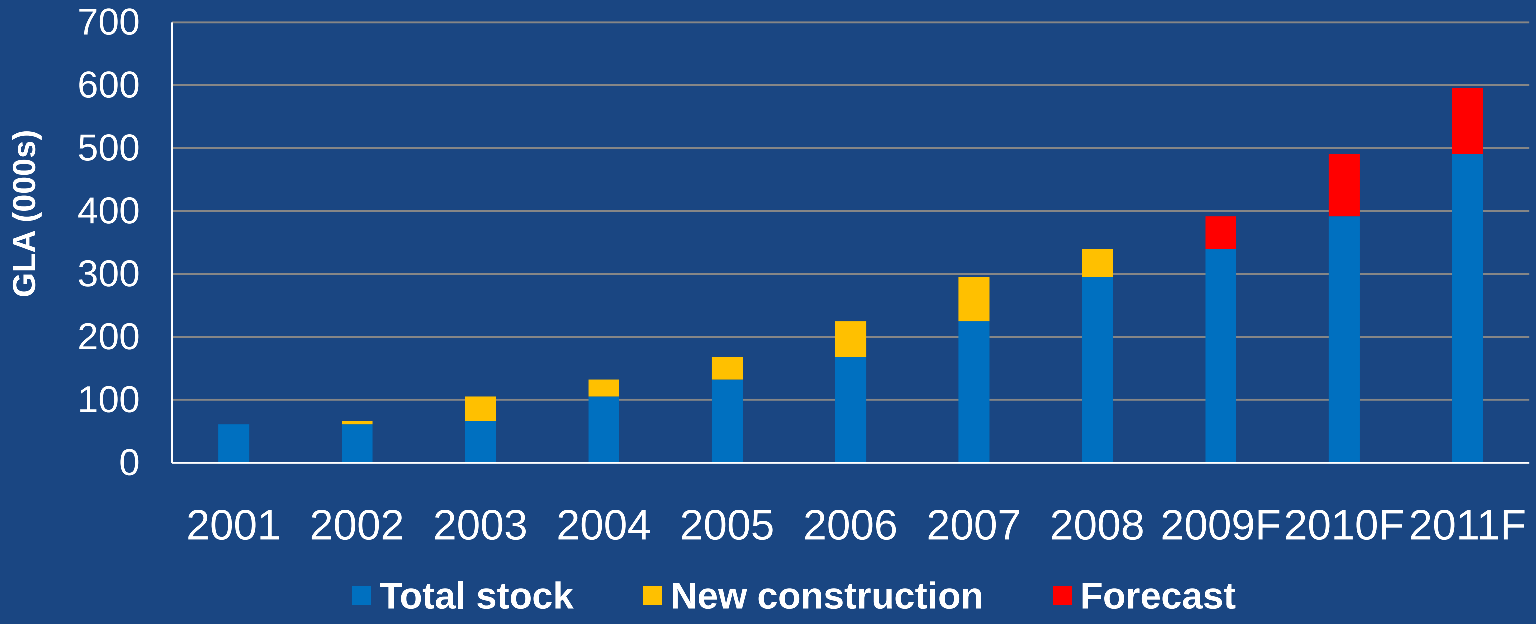
- The expected entry of several new objects will maintain a high vacancy rate of premises in Minsk

- Reducing the interest of Built-To-Suit projects;

- The trend of selling part of the premises in those projects the developers planed to implement without the involvement of co-investors

Retail Market

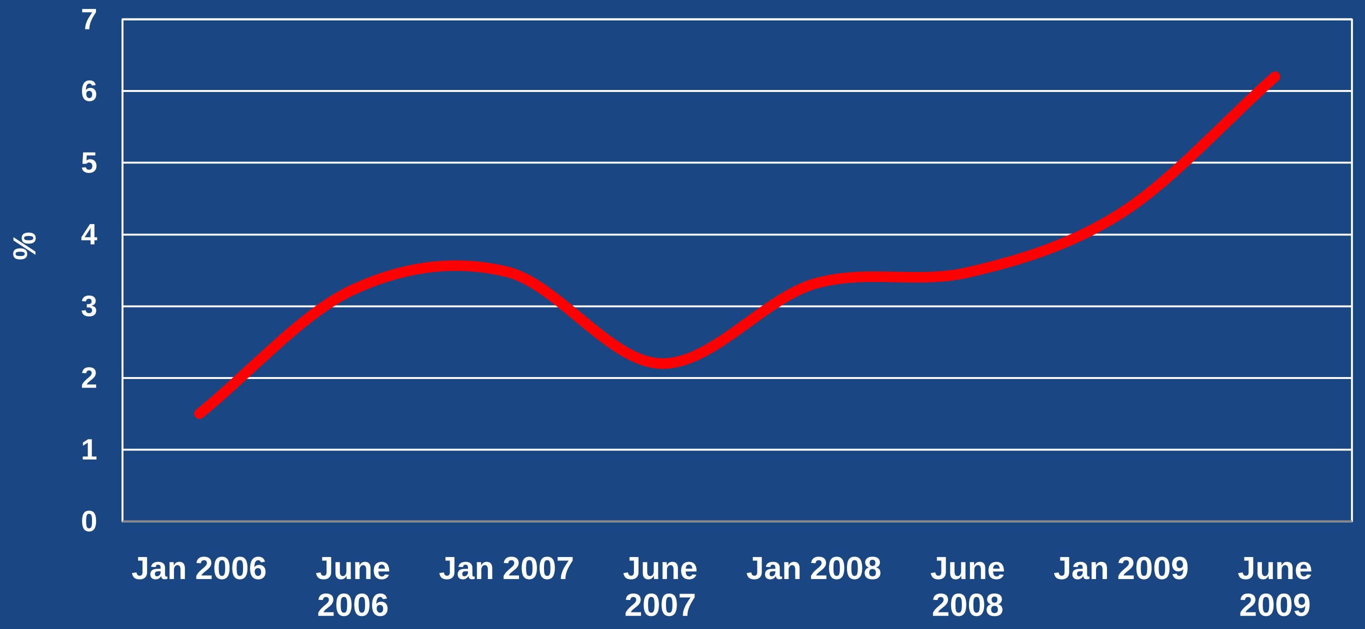
Dynamics of retail space in Minsk



F - forecast

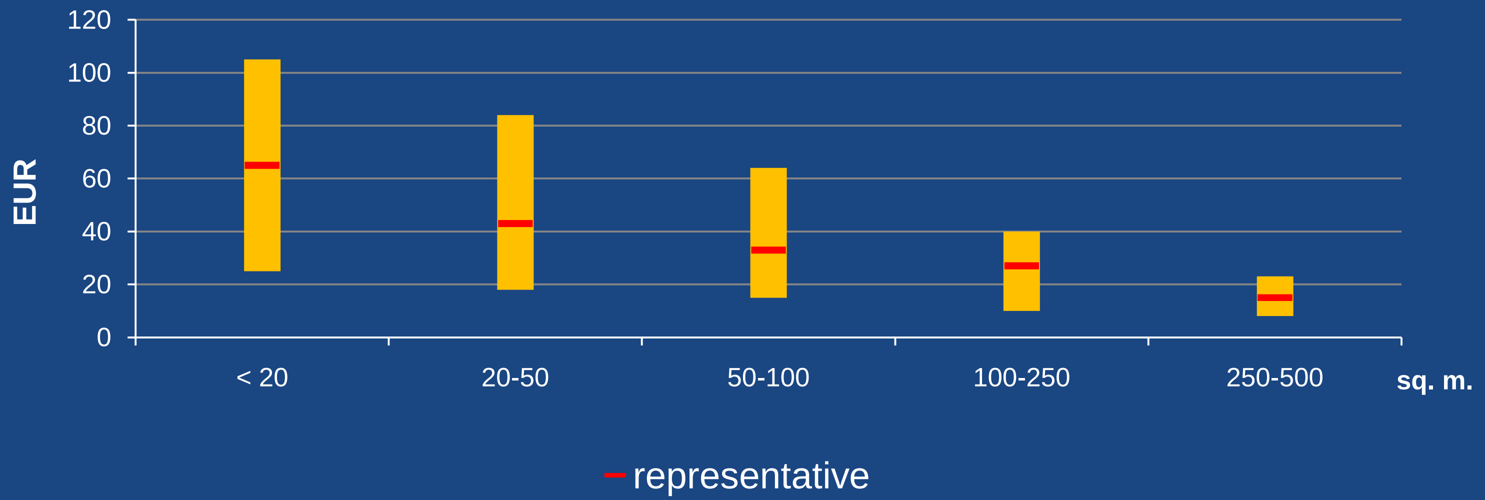
- Before 2000 - only a few retail projects existed (except for market-places)
- 2007 - development of larger trade areas began in Minsk
- Largest growth of supply is forecasted for 2011-2012

Vacancy in Minsk retail centers



- The increase in vacancy in the shopping centers with obsolete formats

Rent rates in Minsk retail centres



** - asking rent rates (EUR/sqm/month) excl. VAT and operating expenses*

- The prospect of lower rent rates in the older shopping centers and introduced new ones

Tendencies and forecasts

- Vacant space will continue to grow (especially in small format) due to both: the projected introduction of new shopping centres and closing some small business. The vacuum will consist for a short period till the new retail players come

- Reduction of rental rates, including the possible use of administrative resources

- The deterioration of the structure of retail trade; a tendency to reverse the dominance of food groups over non-food items

- Developers, who had small and large projects in their portfolio, will focus mainly on small projects

- Revision of the plans of foreign operators to break into the local market

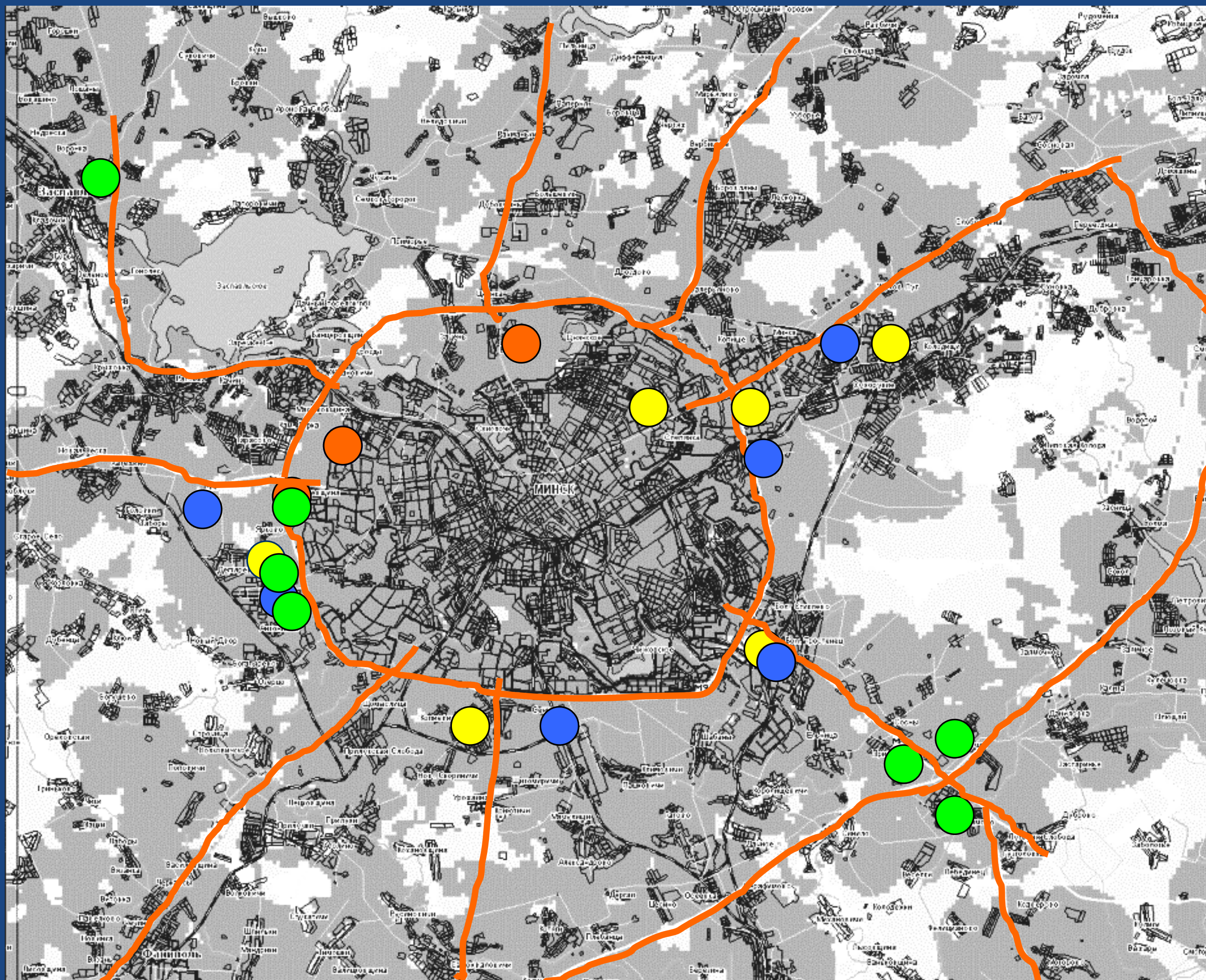
Industrial Market

Dynamics of industrial space in Minsk

F - forecast

- Lack of supply and the unsatisfied demand for high-quality properties is being observed
- The supply of modern warehouses is expected to increase only in the end of 2009

Location of industrial projects in Minsk

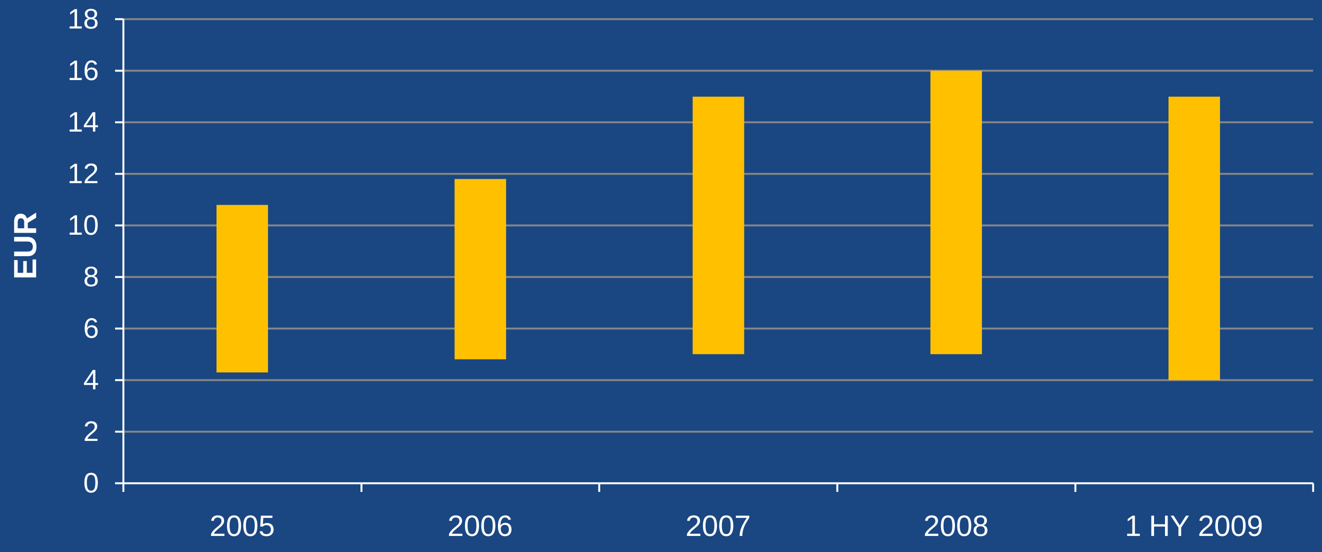


Existing

- Industrial parks
- Built to suit
- Speculative

- **Planned**

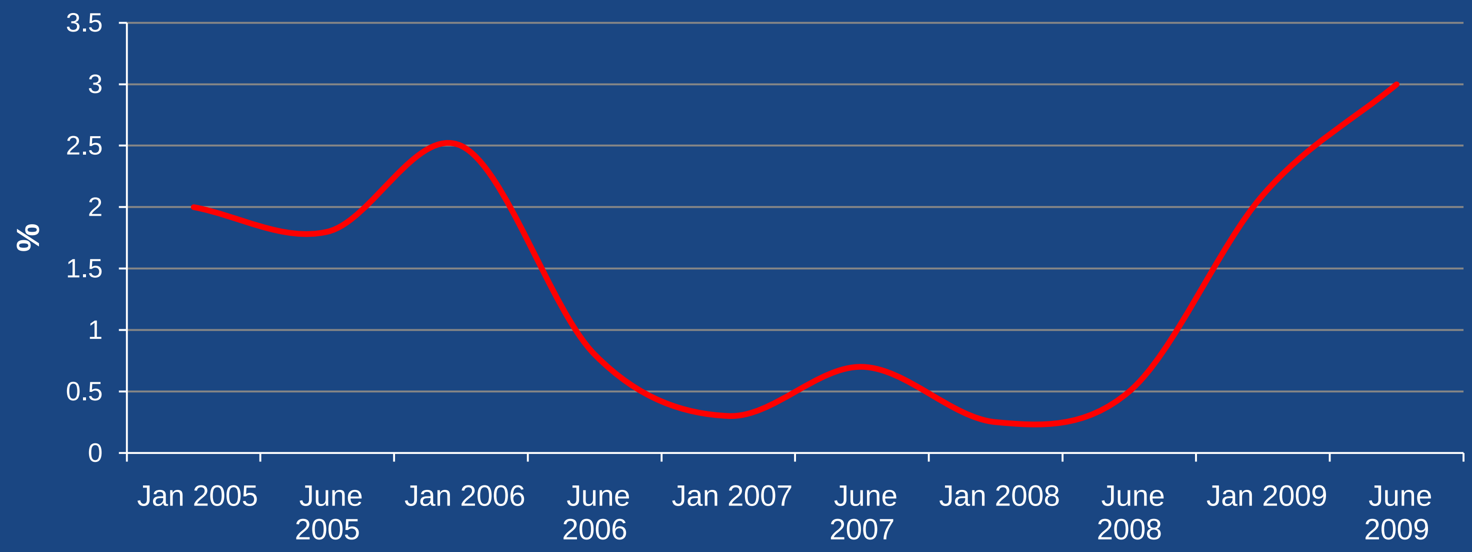
Rent rates in Minsk



** - asking rent rates (**EUR**/sqm/month) excl. VAT and operating expenses*

- There are no plans to drastically increase the supply of modern storage space and saturate the market, so further rent rate growth is possible

Vacancy rates in Minsk



- There is some increase of vacancies in the segment

Tendencies and forecasts

- Revitalization of developers in logistic projects which are intended by e State Program

- Completion of certain warehouse projects by the end of 2009, which will increase the supply of qualitative space

- Stabilization of rental rates, and possible reduction in the 4th quarter of 2009

- The trend of elimination and removal industrial zones out of the city will continue. The trend will lead to reduction of the storage space in the city

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