

Vilnius Office Update

New Tower Tests Office Rental Highs

Economy

"Name the country with the highest growth rate in Europe last year, booming exports, zero inflation, a rock-steady currency, shrinking unemployment and a budget surplus. Stumped by this happy conundrum? Then look to Lithuania", says The Economist magazine. For the second straight year, Lithuania tops Europe's growth tables, with real GDP growth of 8.9% in 2003, after achieving 6.7% the year before. Forecasts for 2004 envision Lithuania beating the 5% GDP growth mark for the sixth straight year, with less than 1% inflation.

Supply

More than 40,000 sqm of modern office space is being brought to the Vilnius market in 2004, bringing total modern office space in the capital to 130,00 sqm. Projects to be offered to the market at the start of 2004 include:

Europa Tower – At 33-stories, the tallest office building in the Baltic states. Lithuanian developer Hanner built the Europa Tower and adjoining Europa Retail Centre, as part of the larger downtown redevelopment of Konstitucijos Avenue, including Europa Square and the new Vilnius city government offices. Total rentable space in the tower is 15,700 sqm, with rents varying from 17.4 to 19.7 EUR per sqm.

Office Plus – One of three new office buildings in the so-called "business triangle" just outside the city centre. A five-storey, 5,500 sqm building, developed by local developer MG Valda, will be open April 2004. This project aims at lower rents than the average in this quarter (rents will be from 11.6 to 13 EUR per sqm).

Victoria – Lithuanian developer MG Valda began construction of its 16-storey Victoria building, which will be the tallest building in the business triangle. The Victoria will open in Spring 2005. Pre-leasing has begun with rents 14.5 to 17.4 EUR per sqm. For information contact Ober-Haus.

BCC 2 – Lithuanian developer EIKA is implementing a twin tower project, building the Baltic Commercial Centre 2 (BCC2) as an exact twin to the BCC next door. BCC2 will add 6,200 sqm to the business triangle. For information contact Ober-Haus.

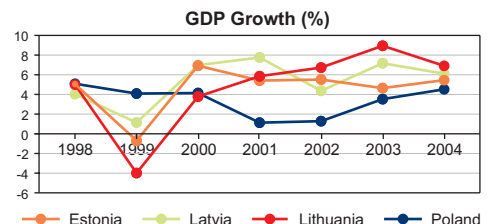
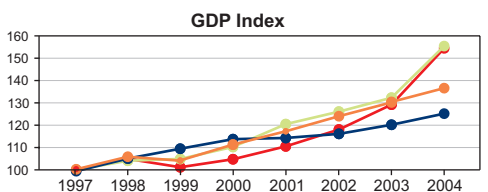
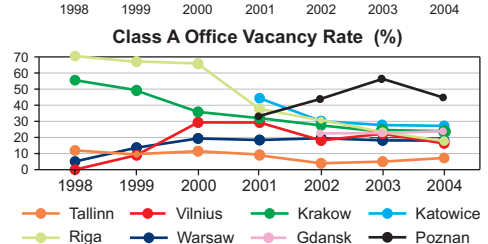
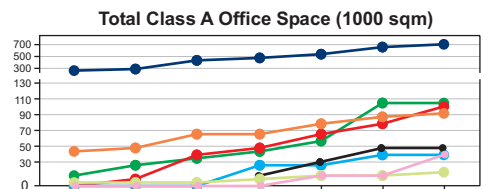
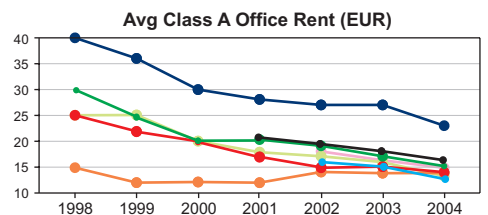
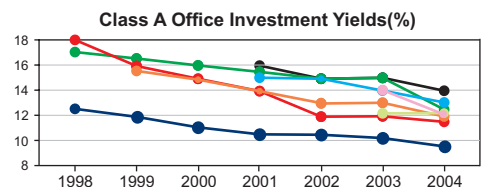
Vilbra Centre – A new Lithuanian investment company, Vilbra, will open a modern, A-class, 3,500 sqm business center on Svitrigailos Street in the capital's central district in Spring 2004. The main advantage of this building is its good location and attractive rents at 11.6-13 EUR per sqm.

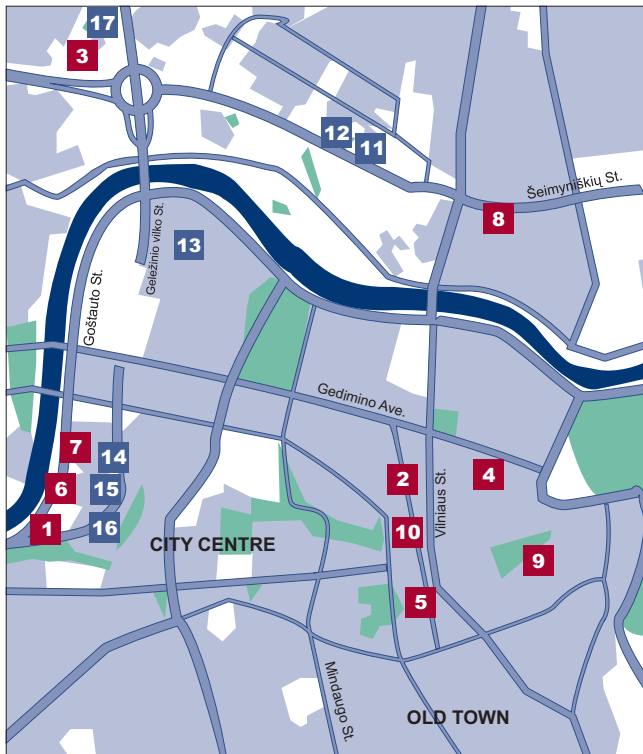
Merko – Baltic developer Merko will open its new office block with 6,200 sqm of leasable space in December 2004. The modern office building on Laisves Avenue is now being let. For information contact Ober-Haus.

One of the largest projects in the pipeline for 2005 will be an A class, 8,000 sqm office building on Ukmerge Street next to the 15-storey Hanner building. The new office block will be built by local developer Vilencilita. Construction will start in second half of 2004. For information, contact Ober-Haus.



16-storey Victoria will be the tallest building in the Business Triangle park.





Further from the city center, in the residential district of Zirmunai, two new business buildings are for rent. Zirmunai Business Center was opened in August 2003, with 40% of the total 7,000 sqm space leased. Rents vary from 10.4 to 11.6 EUR per sqm. The other suburban office building, the Ogmios-Hanner Centras, is going up as part of the large-scale redevelopment of a former 50-hectare Soviet military base in Vilnius. That redevelopment includes hypermarkets, class B offices, and modern warehouse projects. The Ogmios Hanner Centre will open in March 2004 with 4,800 sqm for rent at 11.6 EUR per sqm.

Demand

Until now, all class-A buildings but one preleased before opening day. Demand remains strong, and vacancy is lower than 10%. With the large amount of new space, vacancy may rise to 15% by the end of 2004.

Rents

Until now, property owners in Vilnius were getting more or less stable rent level. That period may now be topping out, with average rents for the A-class office space will be 16 -19 EUR per sqm in the prestigious business centers, while in other A-class buildings the prices are lower, at 13 - 16 EUR per sqm. Rents in new B-class buildings vary from 10 to 11.6 EUR per sqm.

Office sqm existing in Vilnius

Property name	sqm
1 Hanner Goštauto str.	2 700
2 Bussiness centre 2000	12 000
3 Hanner Geležinio Vilko str.	5 200
4 Vilniaus bank Gedimino ave.	5 200
5 Vereins -und Westbank	1 800
6 EIKA BCC, Goštauto	6 200
7 MG VALDA, Jasinskio	9 500
8 Invalda (second step)	3 500
9 Odminių	450
10 Vilniaus bank Jogailos str.	3 000
SVG, Ukmergės 220 *	1 600
Marenta, Kestucio *	2 300
Invalda (first step)	5 427
TELE2 *	1 558
Didžioji str. *	1 000
Jakšto str. *	1 000
Zirmunai Business Center, Zirmunu St.*	7 000
Others	18 855
TOTAL	88 290

Office sqm planned in Vilnius

Property name	sqm
11 Municipality, Konstitucijos Av.	14 900
12 Europa Business Center, Konstitucijos Av.	15 700
13 Ranga IV	22 000
14 Office Plus	5 500
15 Victoria	6 000
16 BCC2	6 200
17 Vilenlita *	8 000
VILBRA*	3 500
Ogmios-Hanner *	4 800
Merko *	6 200
TOTAL	92 800

* Outside of map area

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