

Vilnius Retail Update

2006 Focus to Shift to City Centre Projects

Economy

Lithuania maintains steady GDP growth registering a healthy 7% during the 1st half of 2005. According to labour market data, the unemployment rate is constantly decreasing and the growth of salaries stands at about 9% per year. The only concern is inflation. Expectations still remain that it won't exceed the parameters of inflation according to the Maastricht, and there won't be any problems joining the Eurozone at the beginning of 2007, as planned.

Supply

At present, gross leaseable retail area (GLA) in Vilnius is about 450,000sqm. This number is destined to grow significantly in 2006-2007 with the completion of some big retail centers such as Gedimino 9, Panorama, and Ozas among others. Meanwhile, there is no concern among developers about projects which are now only drafts and set to be realized in the near future. All of them expect their projects to achieve the same success as the Akropolis and Europe retail centers.

Projects for the first two quarters of 2006:

Vilnius Gates – Probably the largest commercial and residential block in the city centre at Gyneju Street with buildings exceeding a total area of 60,000sqm. Developed by Ranga IV, the project will add almost 10,000sqm of retail and entertainment space to the market. The project is rather unique because of the projected two-storey boutique style shops with separate entrances from the street. The retail space is available both for lease and sale.

Helios city – A commercial and residential block in Savanoriu ave. which will add residential, office and retail space to the market. The first two floors, which cover about 7,000sqm of the total space of the building, are expected to be allocated solely to retail.

Future projects:

Gedimino 9 – The former city municipality building was bought by Ireland real estate company "Duke House Asset Managers" and construction company "Constructus" for 13 million EURO. The building will be turned into a retail and leisure shopping center offering some 15,000sqm. The property will be ready in 2006-2007.

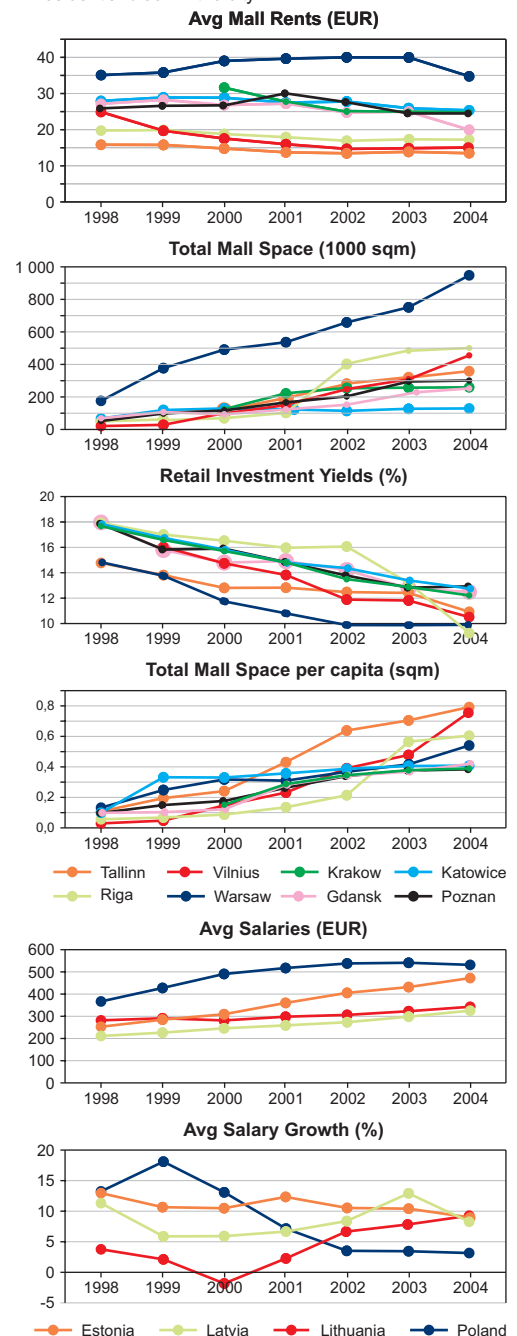
Panorama – In a deserted area in the Zverynas district, purchased by "E.L.L. Real Estate", preparation works have already started for the development of a 65,000sqm shopping and entertainment center. The developers plan to invest nearly 60 million EURO in the project.

Demand

Leasing retail space in big shopping centers is not difficult. Retail units located in the capital's prestigious streets are also relatively easy to fill. Growing purchasing power



Vilnius Gates – probably the largest commercial and residential block in the city.





and new emerging brands in the market are driving the successful development of retail space.

Rents

Although the offer of retail space is growing year after year, demand remains high. Rental prices for shops with window displays, located in Gedimino Ave. and other prestigious Old town streets, vary from 23 to 44 EURO/sqm. Rents for a 150-250sqm unit in prestigious retail centers vary from 11 up to 29 EURO/sqm, and if the unit is less than 100sqm rents can reach 29 60 EURO/sqm. Retail centers located a bit further from the city centre are attracting rents from 8.7 to 17.4 EURO/sqm.

Transactions

A retail center located on Ukmergės str., with a gross retail and office area of over 4,000sqm, was sold by Ober-Haus to local investors at a yield of close to 8.5%.

Retail sqm existing in Vilnius

Property name	sqm
1 Akropolis	55 000
2 Rimi Žirmūnų	22 000
3 Senukai	22 000
4 Norfa centre Verkių	22 000
5 Ogmina	15 000
6 Maxima Mindaugo	9 500
7 Iki Minskas	7 500
8 Maxima Ukmergės	7 500
9 Children's World (Zara)	5 000
10 Iki Jasinskio	4 000
11 Iki Fabijoniškės	3 500
12 Bussiness centre 2000	1 500
13 Rubikon Decor	2 000
14 Rimi Kalvarijų	1 800
15 Vilnius Central Superstore	18 000
16 Topocentras	3 500
17 Domus Business center	10 000
18 Flagman	7 000
19 Ogmios Centre, Kubiliaus and Lakunu St	22 000
20 Europa retail centre	17 500
21 Akropolis (second step)	54 000
22 Banginis (BSC)	28 000
23 Retail Center Lelija	7 000
Maxima Baze *	10 000
Hyper Rimi, Savanoriu Av *	18 000
Mada retail center *	17 000
Others	59 000
TOTAL	452 300

Retail sqm planned in Vilnius

Property name	sqm
24 Eika, G&C	30 000
25 Grand Duke Palace	4 600
26 Ranga IV (Vilnius Gates)	9 000
27 ELL, Zverynas	46 000
28 Ozas	60 000
TOTAL	149 600

* Outside of map area

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