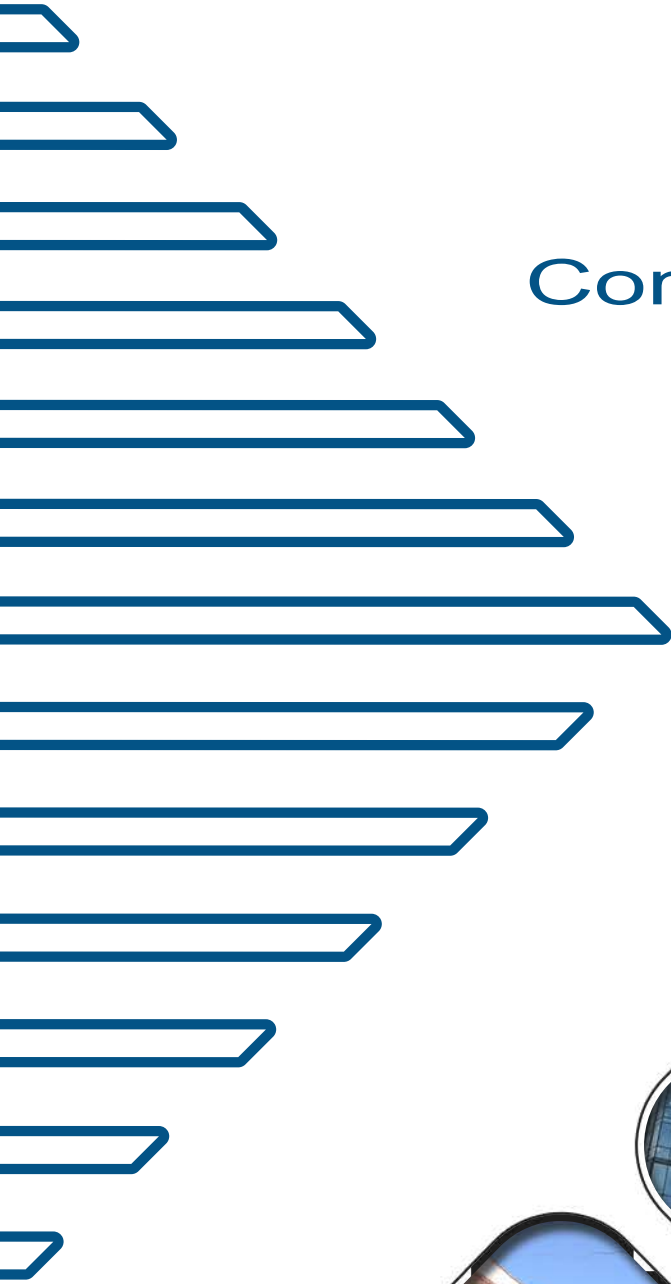




SOLID
REAL ADVISORS

Commercial real estate market review 2012



NEPRIKLAUSOMAS
AUDITAS



TABLE OF CONTENTS

FOREWORD	2
MACROEKONOMIC REVIEW	3
OFFICE MARKET	4
RETAIL MARKET	7
STREET RETAIL MARKET	9
WAREHOUSE MARKET	12
FISCAL AND LEGAL ENVIROMENT	14
ABOUT US	18
CONTACTS	19
SERVICES	20



FOREWORD

Solid Real Advisors presents review of Lithuanian real estate market in 2012. In this publication the most important macroeconomic rates of the country are surveyed, that seem optimistic in the difficult context of Western Europe and enable to hope for a further successful growth of the country's economy.

In the office market review we evaluated the business centres and administrative buildings in three biggest Lithuanian cities, Vilnius, Kaunas and Klaipėda, focusing on the market in Vilnius that was the most active one in 2012 as there were 6 new business centres presented to the market.

Reviewing the market of retail centres and retail parks in the three biggest Lithuanian cities we focus on Vilnius city as well as the development of the projects is most intensive here and the coming of new brands is mostly notable.

Much attention is paid to street retail tendencies in Vilnius city evaluating the main commercial streets: Gedimino avenue, Didžioji street, Vokiečių street, Pilies street, Vilniaus street and Trakų street, their characteristics and business trends in them.

Since there were no big changes in the warehouse market in 2012 we examined the markets of the major Lithuanian cities Vilnius, Kaunas and Klaipėda.

Sincerely Yours,

Regimantas Kacevičius

Head of Analysis and Consulting Unit

Solid Real Advisors

The review has been prepared in collaboration with:



MACROECONOMIC REVIEW

GDP. According to the data of Statistics Lithuania, in 2012 the main indicator of economic growth, real gross domestic product (GDP), has increased by 3.6 %. It is 1.3 % less than the growth in 2011 but 1.1 % more as it was expected in the end of 2011. Such dynamics of GDP reveal that poor economic situation in Europe has influenced Lithuanian growth less than it was expected. Both Central Bank of the Republic of Lithuania, and commercial banks expect the same growth of GDP in 2013 and 2014, around 3.2 % and 3.6 % respectively.

Inflation. In 2011 the inflation in the country increased almost 3.4 times but in 2012 it has decreased. Annual inflation in 2012 in Lithuania was 3.2 %. The decrease was mainly due to the prices of petrol and diesel that have decreased starting from the autumn as well as a slight decrease in prices of food, clothing and footwear.

It is expected that in 2013 and 2014 the rate should increase slightly and represent 3.5 %. This increase will be due mainly to the excise duty on diesel fuels and tobacco that will be raised by the January 1st.

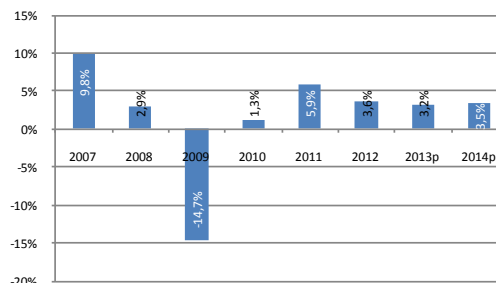
Unemployment. The decrease of unemployment began in 2011, in 2012 it decreased rapidly and in the end of the year was 13 % (lower by 2.6 % compared to 2011). Considerable impact to the decrease of unemployment was made by youth emigration, as they went to work and study abroad. A stable decrease of unemployment is expected for a further two years as well: it is expected to be 11.5 % in 2013 and 10 % in 2014 respectively.

Export. In 2012 export was one of the main factors that influenced a lot the overall growth of country economics. The export of the country reached the same level as it was before the recession, as the increase of export in 2012 was 12 %. The main directions of country export still remain European Union and Russia.

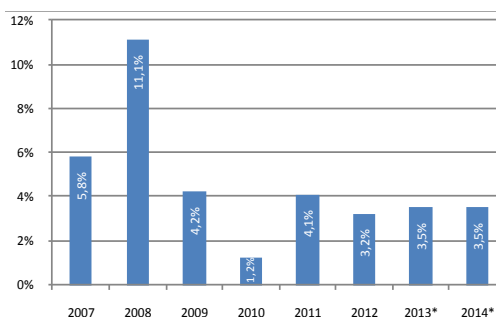
Meanwhile import growth was 9 %. The biggest part of the import as usual was represented by mineral products, machines and mechanical equipment and electric equipment.

Real estate market. The analysis of the market in previous year prepared by Centre of Registers reveal that in 2012 the number of immovable properties transferred by purchase transactions has increased and reached the level of 2004. Preliminary data suggest that last year there were around 101 thousand immovable properties transferred by purchase transactions and that was around 10 % more than in 2011.

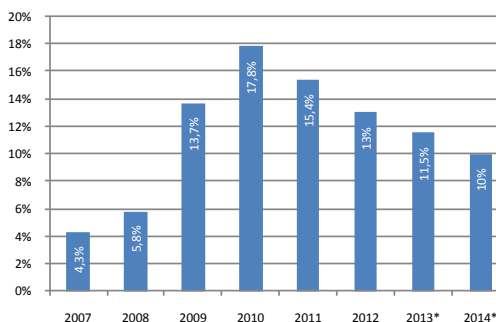
Annual real GDP change, %



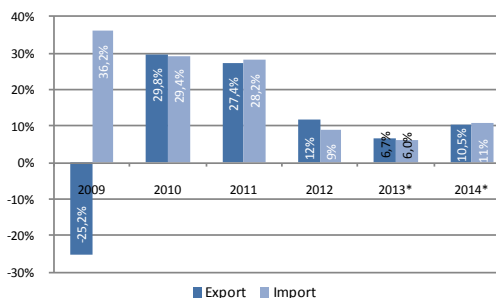
Annual average inflation of HICP, %



Unemployment rate, %



Export and import, %



OFFICE MARKET

In 2012 the most active area of business centres market was Vilnius city. As only one business centre *Evita* (2,253 sq. m. of leasable floor space) was opened in the capital city in 2011, during 2012 there were 6 new business centres offered to the market (with 21,000 sq. m. total leasable office space).

Vilnius business centres market is concentrated in 7 main zones (*New City Centre* [1], *Verslo trikampis* [2], *Central Part of the City* [3], *Ukmergės str.* [4], *Ozas business zone* [5], *Žirmūnai and Šiaurės miestelis* [6], *Žvėrynas* [7]) and currently contains more than 130 business centres and office buildings totally making around 490,000 sq. m. of leasable floor space. Some business centres (about 30,000 sq. m.) are located in individual parts of Vilnius, like Antakalnis, Lazdynai, Karoliniškės and Baltupiai.

Generally at this moment Vilnius office market can offer around 520,000 sq. m. of leasable office space, from which around 420,000 sq. m. are in modern business centres, built or reconstructed in 2001 or later.

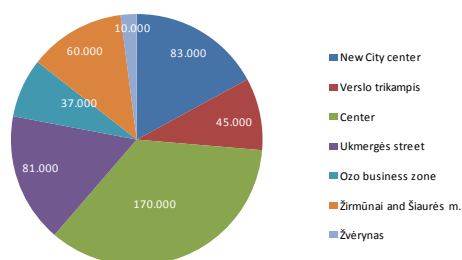
The biggest business centre offered to the market in 2012 is A-class *Pirklių klubas* (6,300 sq. m. leasable floor space) in Gedimino avenue. All the newly opened business centres are of relatively small floor space and their attractiveness to the tenants is not similar: the first stage of *Baltic Hearts* business centre, *BC12* and *Vytenio 46* are already occupied. *Ulonų verslo centras* has already stipulated leasing contracts for the major part of the leasable floor space as well. Meanwhile there are significant vacancies in leasable floor space in *Trapecija* and *Pirklių klubas* that has a contract only with one major client and several minor ones.

In 2013 it is expected to complement Vilnius business centres market with around 15,000 sq. m. of leasable office space: the second stage of *Baltic Hearts* business centre (3,400 sq. m. leasable floor space), *Gama* business centre in Ozas Business zone (10,045 sq. m. leasable floor space), *Santariškių verslo centras* (2,000 sq. m. of leasable floor space). It is estimated that the market will successfully assimilate leasable floor space emerged in 2013: *Baltic Hearts* and *Gama* already have pre-lease contracts for the major part of the floor space, meanwhile *Santariškių verslo centras* will be relatively small and the first modern business centre in the area of Santariškės.

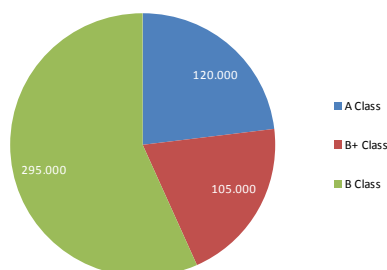
Business centres zones in Vilnius



Leasable floor space in Vilnius by zone, sq. m.



Leasable floor space in Vilnius by class, sq. m.



Business centres in Vilnius opened in 2012

Business centre	Owner	Price	Leasable floor
BC12	Transmeda, UAB	35 LTL/sq.m.	2,200 sq.m.
VYTENIO ST. 46	Realinija, UAB	30 LTL/sq.m.	2,000 sq.m.
PIRKLIŲ KLUBAS	Conserela, UAB	55-65 LTL/sq.m.	6,300 sq.m.
TRAPECIJA	Intractus, UAB	30 LTL/sq.m.	2,500 sq.m.
ULONŲ VERSLO CENTRAS	PST Investicijos	38-40 LTL/sq.m.	4,400 sq.m.
BALTIC HEARTS (I stage)	ŽVC, UAB	40-42 LTL/sq.m.	3,300 sq.m.

Looking forward, in 2012 constructions of two big business centres were started in Vilnius. In 2014 *Grand Office* (10,045 sq. m.) in Viršuliškės, developed by AB 'YIT Kausta'. is expected to be offered to the market and in 2015 *Quadrum* business centre is supposed to be finished in Konstitucijos avenue, developed by UAB 'Schage Real Estate' (46,000 sq. m.).

Unlike in Vilnius, in Kaunas and Klaipėda business centres markets after a rapid development from 2006 to 2009 there was a calm period until 2013 and the supply of modern business centres remained unchanged: 37,000 sq. m. leasable floor space in Kaunas and 70,000 sq. m. leasable floor space in Klaipėda.

Currently in Kaunas and Klaipėda there are no projects under development identified and the planned projects still remain on paper without an exact date.

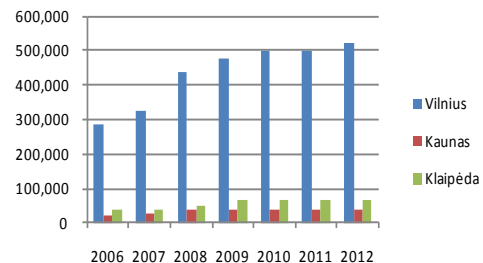
Vacancy rates. Currently total vacancy in Vilnius is 10.2 %. This rate is quite similar compared to 2011 (11 % vacancy). But it should be noted that vacancy rate has decreased despite of the fact that in 2012 the market increased by additional 21,000 sq. m. of office premises. The situation, when major part of new leasable floor space supply was leased with pre-lease contracts shows the maturity of the market and the fact that new projects are developed only when the clear demand is identified.

Vacancy rate is ranging when evaluating the occupancy of premises in a cross-cutting analysis: by zone, by type of office premises or by class. Vacancy in the highest A class was 4.7 % and it is influenced mainly by the situation of *Pirklių klubas*. Meanwhile all other business centres have vacancy rates of only a couple of percents and it lies between limits of tolerance of landlords. It has to be noted that there are many premises of various size with full occupancy in the market. The main reasons for this are increase of supply and lack of demand in particular segments of premises, professionalism of landlords, coming of large tenants. Office space cannot be offered in such business centres as *Green Hall* and *Lords LB*. But these business centres serves as headquarters for big companies (Barclays and KPMG in *Green Hall* and *Danske bank* in *Newsec Baltics* in *Lords LB*) so the supply of leasable floor space in these business centres is very limited at the moment.

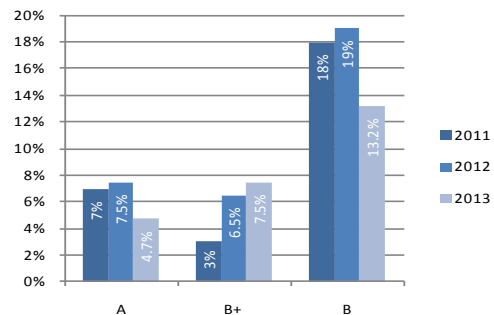
Business centres in Vilnius under development

Business centre	Owner	Leasable floor	Opening
BALTIC HEARTS (II stage)	ŽVC, UAB	3,400 sq. m.	2013
GAMA	Realco, UAB	10,045 sq. m.	2013
SANTARIŠKIŲ VERSLO CENTRAS	Realinija, UAB	2,000 sq. m.	2013
GRAND OFFICE	YIT Kausta, AB	10,045 sq. m.	2014
QUADRUM	Schage Real Estate, UAB	46,000 sq. m.	2015

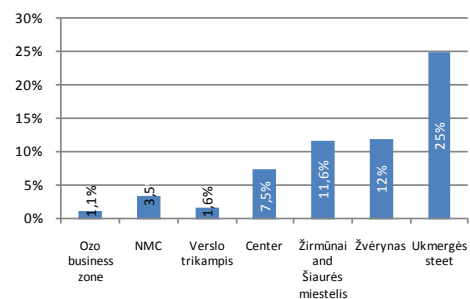
Dynamics of office supply, sq. m.



Office market vacancies in Vilnius by class, %



Office premises vacancies in Vilnius by zone, %



In 2012 vacancy in B+ class was 7.5 %. Largest amount of office space can be offered in *Ulonų verslo centras*, built in 2012. Previous office of *SEB bankas* at *Jogailos g. 9A* (1,400 sq. m.) still cannot be leased as well. Vacancy of the lowest B class administrative premises in 2012 was the highest and reached 13.2 %.

Vacancy rates in Kaunas and Klaipėda did not change significantly. In Kaunas the vacancy is lower than 4% due to a quite scarce supply of offices. Low lease prices are disincentive for investors to develop new projects, besides a major part of businesses still prefer individual premises in Kaunas city.

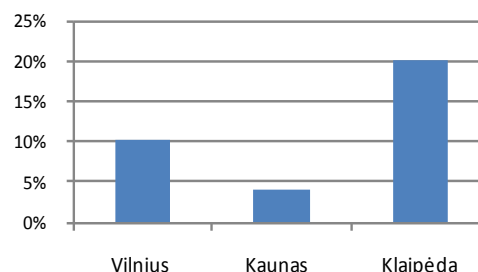
Situation in Klaipėda business centres market is totally different: business centres, erected during the years of economic growth, fail to attract tenants and vacancy in Klaipėda by the end of 2012 is 20%. It has to be noted that vacancy rate is largely influenced by the fact that Klaipėda is a port and the major part of business activities are related to the port activities. Consequently considerable part of business subjects prefers inferior premises that are closer to the port or have integrated offices in their production and logistics complexes.

Prices. The largest range of lease prices is in Vilnius. Due to bigger supply in the capital city there is availability of office premises far from the city centre and located in not-so-modern buildings, where the price of 1 sq. m. of leasable floor space is no bigger than 20 LTL. On the other hand there is a wide range of the highest A class business centres as well, where the price of 1 sq. m. of leasable floor space can reach 60 LTL/sq. m.

The review of office lease prices in Vilnius by class reveals that A class prices are currently ranging between 40 and 55 LTL/sq. m., B+ class prices between 33 and 50 LTL/sq. m., and B class prices between 20 and 30 LTL/sq. m.

In Kaunas and Klaipėda where office supply is scarce each administrative building is evaluated separately, according to the equipment and location. Office prices in Kaunas and Klaipėda can be divided into two categories: lease prices of higher-class administrative premises ranges between 30-40 LTL/sq. m., lease prices of lower-class ranges between 15-20 LTL/sq. m. In Klaipėda prices of higher-class offices reach 30-38 LTL/sq. m., and prices of lower-class offices reach 10-25 LTL/sq. m.

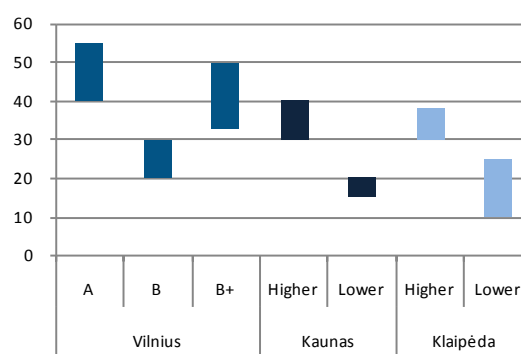
Administrative premises vacancy, %



Major new transactions of office leasing in Lithuania in 2012, sq. m.

Tenant	Business centre	Space (sq. m.)
Lietuvos paštas	MB Baltic (Vilnius, Verslo trikampis)	5,000
Callcredit Information Group	Žalgiris arena (Kaunas, central part of the city)	2,000
Europos lygių lyčių institutas	Flagman (Vilnius, central part of the city)	2,000
Europos komisija	Flagman (Vilnius, central part of the city)	1,500
Microsoft	Baltic Hearts (Vilnius, NMC)	800
C gates	Baltic Hearts (Vilnius, NMC)	800
Paroc	Business centre of Halė market (Vilnius, central part of the city)	700
Storebrand	Evita (Vilnius, central part of the city)	800

Lease prices of offices, LTL/sq. m.



RETAIL MARKET

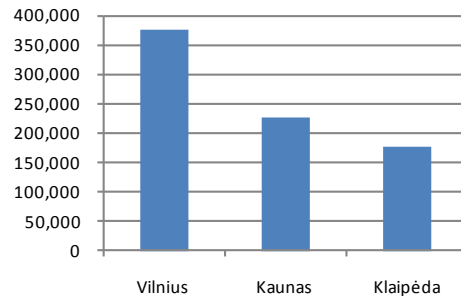
Since 2010 there was no big shopping centres projects developed in Vilnius but quite a few smaller community shopping centres were opened or reconstructed essentially. However some new significant projects are expected already in 2013: *Olinda* shopping centre in Perkūnkiemis, close to the future western bypass of Vilnius (18,000 sq. m.), developed by *Vicus*, which will be erected; in autumn 2013 *IKEA* specialized shopping centre will be opened as well, selling furniture, interior accessories and construction materials. Its space should reach 25,000 sq. m., and it will be the first shopping centre of this company in the Baltic States.

Development of retailers. In 2012 retail chains were developed intensively. The most intensive actions were taken by UAB 'Palink' as in Vilnius, Kaunas and Klaipėda 9 new and 12 reconstructed stores were opened. UAB 'Maxima LT' has opened 6 new and 6 reconstructed stores. UAB 'Norfos mažmena', UAB 'Rimi Lietuva', UAB 'Kilminė' (*Express Market*) and UAB 'Lupra' (*PC Kubas*) carried out development only in Vilnius city (comparing three biggest Lithuanian cities). Meanwhile in Kaunas a new *Prisma* store was opened in the previous territory of *Drobė* factory. Looking at 2013, UAB 'Rimi Lietuva' has announced its plans to open 9 more stores in Lithuania.

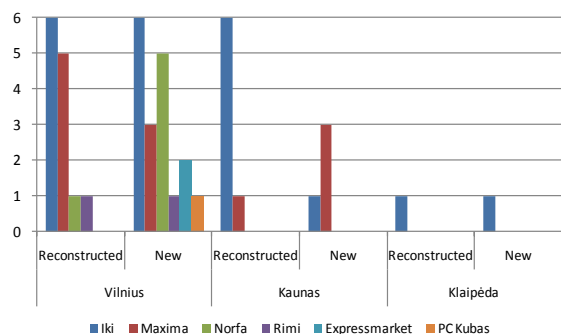
In 2013 the development of *MEGA* shopping centre is expected in Kaunas: the shopping centre should be extended by one third (by 22,000 sq. m.), and the total space should reach 94,000 sq. m.

Retail parks. Lithuanian real estate market was intensively occupied by shopping centres so retail parks become a new niche area for the retailers. There is a possibility to rent bigger commercial spaces for a lower price in retail parks that are located far from the city centre. Retail parks typically consist of different profile shops united by the same architectural idea, with separate entrances, common infrastructure, and car parking lots. In 2013 a new retail park *DomusPro* will be finished in Ukmergės street in Vilnius. Lease contracts are already stipulated with main operators and major part of smaller retail spaces already has tenants as well.

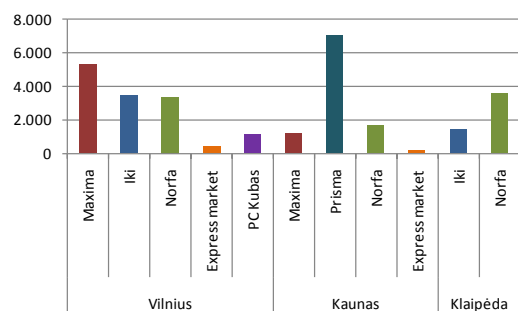
Total space of shopping centres, sq. m.



Development of retail chains in 2012, spots



Development of retail chains in 2012, sq. m.



New brands. Many shopping centres are interested in constantly updating their tenants portfolio and attract better known brands and/or brands that are new in Lithuania. Recent brands among the tenants of Lithuanian shopping centres are *Aldo*, *Massimo Dutti*, *Coccinelle*, *Strellson*, *Karen Millen*, *NS King*, *Tom Tailor*, *Pepe jeans London* etc. In 2012 Swedish chain of shopping centres '*Hennes & Mauritz*' (*H&M*) started development in the Baltic States and announced their development plans in Lithuania. In autumn 2013 *H&M* should open its shops in *Akropolis* in Vilnius and Klaipėda, and in 2014 it has announced the opening of a shop in *Ozas*. In 2012 *Apranga* group has announced about bringing a UK haute couture brand *Burberry* in Lithuania. Next spring four shops of Spanish fashion group *Cortefiel* will be opened in shopping centre *Panorama*.

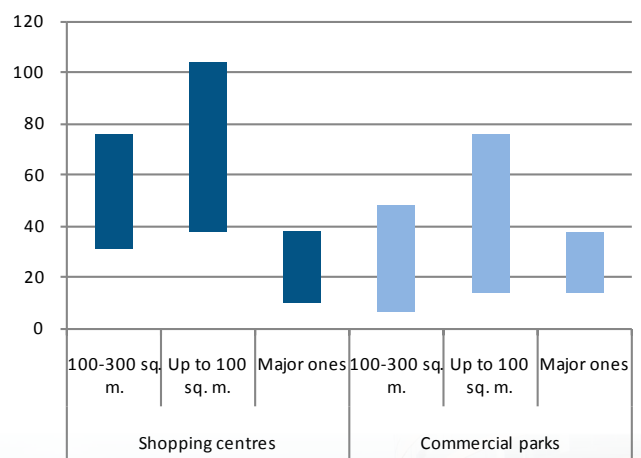
Prices. Lease prices in shopping centres began to increase in 2011 and had grown in 2012 as well, but not so rapidly; compared to 2010 in 2011 prices increased moderately by 20%, and in 2012 they increased by 15% (compared to 2011). Average prices depend on leasable space volume, knowledge of the brand and demand.

Meanwhile lease prices in retail parks are a bit lower, especially in the segment of minor tenants (up to 100 sq. m.).

Transactions of major shopping centres, 2012-2013

East Capital purchased Gedimino 9 for 96.8 million LTL (16,500 sq. m.).
Lord LB Asset management initiated the purchase transaction of shopping centres in Klaipėda, Šiauliai, Marijampolė and Alytus (36,900 sq. m.).
BPT management initiated the process of selling Europa shopping centre (22,600 sq. m.).
Laisvė furniture shopping centre in Vilnius was sold for 15.2 million LTL.

Lease prices in Vilnius shopping centres and commercial parks, LTL/sq. m.



STREET RETAIL MARKET

Overall growth of the economy of the country and attractive lease prices lead to decrease of total vacancy of commercial premises in the main streets of Vilnius. Both catering along with other service providers and retailers prevail in the main commercial streets of Old town. Street retailers concentrate in the first part of Gedimino avenue and in buildings with odd numbers in Vokiečių ; in the middle of Gedimino avenue, in Vilniaus and Islandijos streets there is a bigger concentration of catering companies.

Typology of streets. In the central part of Vilnius city there are several main streets that form a certain continuous circle which starts at Gedimino avenue, goes through Pilies street, Didžioji street, Vokiečių street, Vilniaus street and finally returns to Gedimino avenue. These main streets have their distinctive business types; all of them have their own ‘faces’, certain clients and customers.

Didžioji street surrounding Rotušės square shines out for its luxurious haute couture boutiques. The street has a reputation of zone with the highest rent price category and many companies which offer similar products and services wish to run their business namely in this area.

Pilies street is an exclusively tourist-orientated street of Vilnius city, where abundant pedestrian flows prevail. Small premises up to 100 sq. m. dominate here.

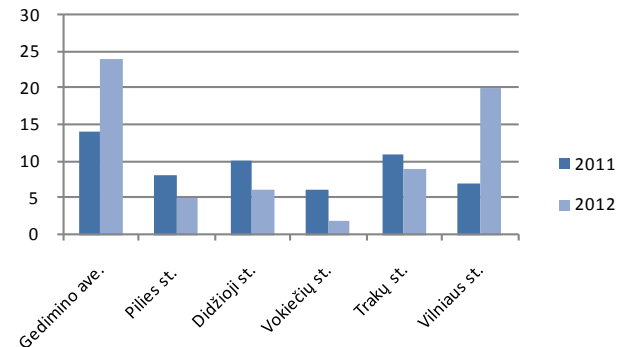
Vokiečių street. In the buildings with even numbers the concentration of catering premises can be spotted and in the buildings with odd ones various commercial and services premises can be found.

Vilniaus street. The major part of it is occupied by service premises, and in the section nearby the crossroad with Islandijos street there is a big concentration of entertainment places.

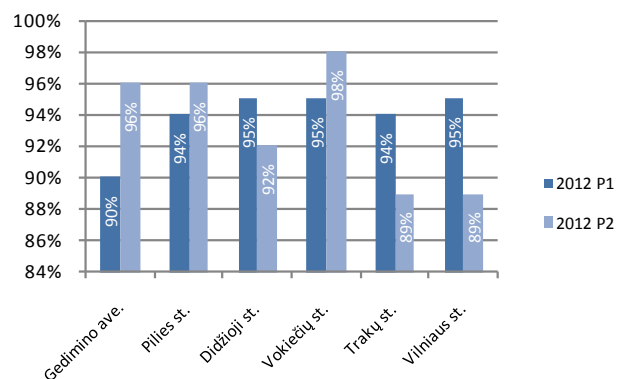
Gedimino avenue. The biggest flows of people can be spotted in the section from the Cathedral square to A. Vienuolio street. In this part of the street there are a lot of catering and commercial premises.

Trakų street. In the beginning of the street there are lots of cafés, bars and inns. The turnover of the brands in this street is considerable still there are some quite permanent tenants like *Kanela, C&D Style, Keisti ženklai*.

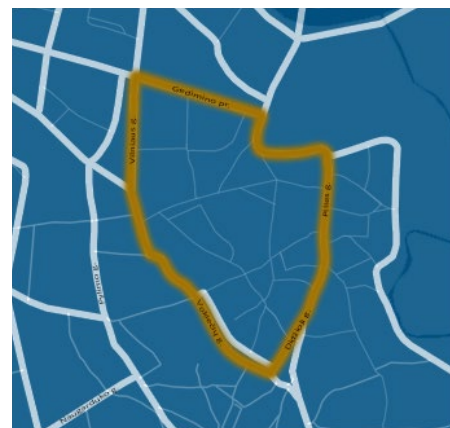
Registered transactions of commercial premises (sale / lease) in the main streets of Vilnius, units



Commercial premises vacancies in the main streets of Vilnius, %



Circle of main streets of Vilnius



Movement of tenants. In 2012 the most active players in street retail market were catering companies. *Vičiūnų* restaurant group can be distinguished, as it has opened three new catering points in the Old town: *Charlie Pizza* in *Pilies street* and *Vokiečių street*, and *La Crepe* in Gedimino avenue. In May *Charlie Pizza*, *La Crepe* and *Charlie Kids* restaurants were opened in shopping centre *VCUP* and in shopping and entertainment centre *Ozas*.

UAB 'Armitana' carried out development as well as in December *Žygio batai* shop was opened in *Gedimino avenue*. A new *Douglas* shop was opened in reconstructed *Flagman* shopping centre, now renamed *Europos pasažas*.

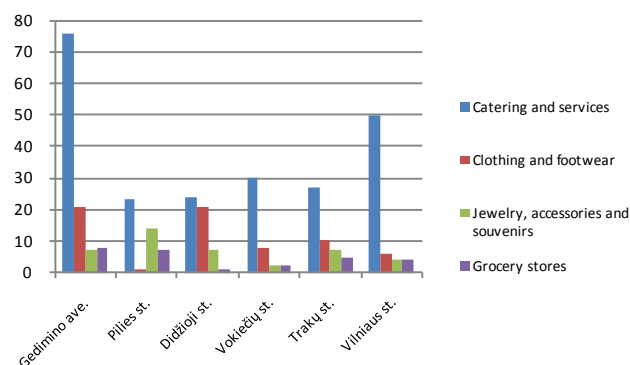
New brands. During 2012 in the market of commercial premises some kind of recovery was perceived as there were many new projects launched in the market, mainly by catering companies.

In 2012 the concept of frozen yoghurts came into Lithuania and three new places were opened: two of them belong to *Yo Yo Frozen Yoghurt* chain from Latvia (Gedimino avenue and *Vokiečių street*) while the third one belongs to a Lithuanian capital company *Yogis* (Trakų street).

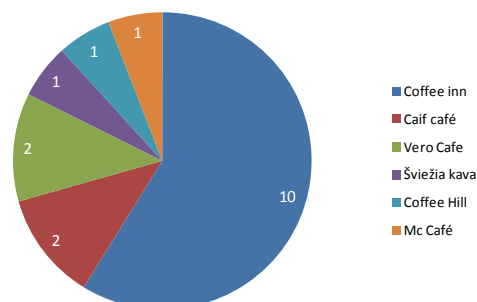
Café chains offering take-away coffee is expanding in the capital city. In 2012 a new player emerged in the market, *Caif Café* (UAB 'Delano'). The first *Caif Café* was opened in shopping and entertainment centre *Akropolis*. In the second part of July another two new cafés of this brand were opened in Gedimino avenue and *Vokiečių street*. Later one more café was opened in *Pilaitė* residential district, at 31 *Pilaitės avenue*.

Last year in Old town premises market new higher-class and high-class restaurants were opened: *Telegrafas* restaurant in newly-built *Kempinski* hotel offers exclusive Cathedral square views. In *Amberton* hotel nearby a long-term tenant *Da Antonio* was changed by *Le Goût* restaurant. In newly-built *Comfort* hotel located away from Old town *Time* restaurant was established. High-class restaurants also include new ones *Lauro lapas* (*Pamėnkalnio street*), *Böff* (*1 Olimpiečių street*), and *Stebuklai* (*14 Gynėjų street*).

Distribution of tenants in the main commercial streets of Vilnius by business type

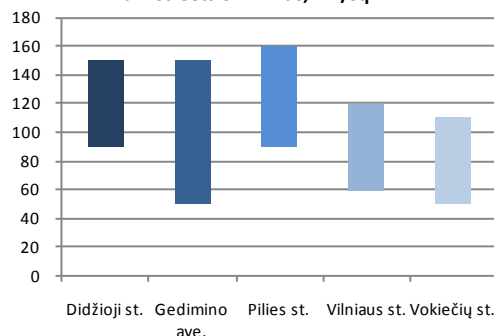


Coffee-to-go market in the Old town by the end of 2012, number of spots

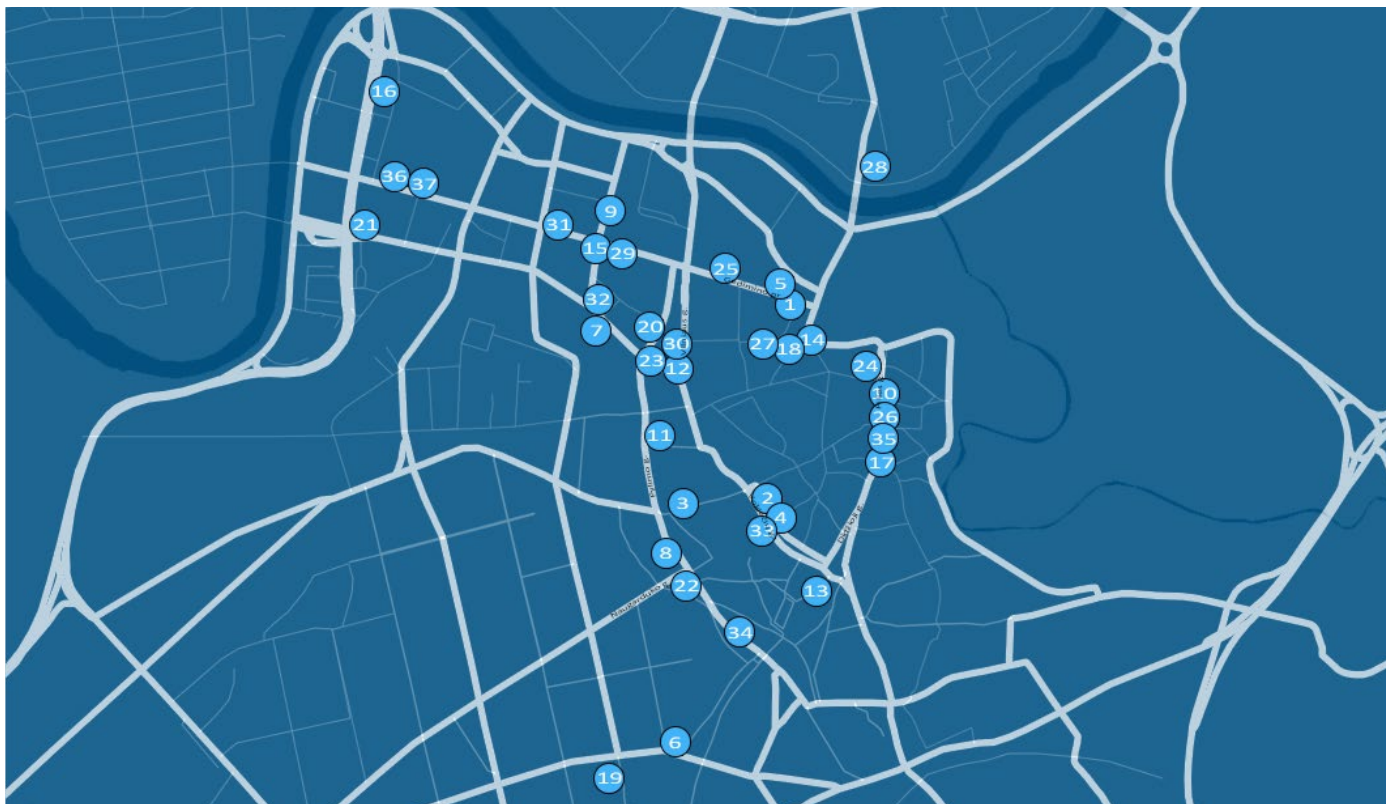


Prices. Decreasing during recession, in 2012 lease prices began to grow. Lease prices in the main commercial streets increased by about 10-20%. Currently lease prices of commercial premises range around 40-150 LTL/sq. m. For example, premises in the part of Gedimino avenue from Lukiškių square to Parliament Palace could be estimated around 40-50 LTL/sq. m. whereas in the very beginning of Gedimino avenue, close to the Cathedral square, lease price of the premises could reach even 150 LTL/sq. m.

Lease prices of retail and catering premises in the main streets of Vilnius, LTL/sq. m.



New brands in Vilnius Old town, 2012



- | | | | | |
|-------------------------|---------------------------|----------------------|----------------------------|--------------|
| 1. YO YO frozen yoghurt | 10. Baku Ceyhan | 19. Time | 28. Böff | 37. Sofoklis |
| 2. YO YO frozen yoghurt | 11. Shiva Chill bar | 20. Machalla | 29. Roast&Beer PUB | |
| 3. Yogis | 12. Omakase | 21. Kolonos | 30. La Birra PUB | |
| 4. Caif Café | 13. Raw 42 | 22. Guda | 31. Trip bar | |
| 5. Caif Café | 14. Telegrafas | 23. KAS KAS | 32. VotOnoRoom | |
| 6. Ararat | 15. Gedimino dvaras | 24. Fionos kepyklėlė | 33. Buon Giorno | |
| 7. Lauro lapas | 16. Stebuklai | 25. Carre | 34. One Planet shop&lounge | |
| 8. Basilico | 17. Terrano | 26. Dione | 35. Maduro | |
| 9. Akivarai | 18. La Salon Bar & Lounge | 27. Le Goût | 36. COOCKOO | |

WAREHOUSE MARKET

The economic recession has suspended a quite active development of the projects of logistics centres and during the recent 3 years the supply practically did not change. The period of 2009-2011 was totally passive and at the moment the supply has increased a bit and a little revival of the market of logistics centres in Lithuania can be noted.

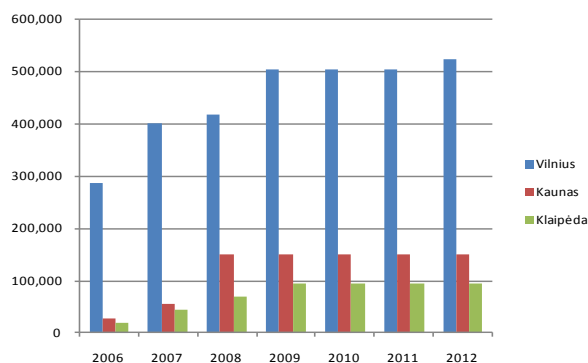
Lithuanian market of logistics centres is highly concentrated around the three biggest cities of the country that is Vilnius, Kaunas and Klaipėda. The supply here amounts to a total area of 740,000 sq. m. and includes almost all the area of modern warehouse premises in Lithuania.

In 2011 three projects were implemented of total area of 29,000 sq. m. in Vilnius; they include two built-to-suit projects (20,500 sq. m.) and a speculative project (8,500 sq. m.). In 2012 another built-to-suit logistics project (6,000 sq. m.) was implemented by Transekspedicija, 3rd stage of Airport business park (7,300 sq. m.) was finished and leased. In the end of 2012 a part of Visoriai IT park premises were offered to lease market. Total area of the building is 28,500 sq. m., of which 13,500 sq. m. are premises for productive activities, and 15,000 sq. m. are premises for public activities.

Empty period since 2008, when there were no new logistics centres built in Kaunas was terminated in 2012, as built-to-suit *BLS logistikos centras* was extended (7,000 sq. m.).

In Klaipėda after couple of slow years the supply of warehouse premises increased a bit as a local transport company erected a built-to-suit logistics centre of total area of 10,500 sq. m. A half of it is intended to lease.

Supply dynamics of logistics centres total area, 2006-2012, sq. m.



New warehouse premises supply in Vilnius, 2012

Object	Owner	Area (sq.m.)	Speculative area (sq.m.)
Transekspedicija	Transekspedicija, UAB	6,000	2,000
Airport Business Park (III stage)	Ogmios centras, AB	8,500	8,500
Transimeksa	Transimeksa, UAB	4,200	4,200
Visoriai IT park	BOD Group, UAB	28,500	15,000

Planned projects of logistics centres in Lithuania

Logistics centre	Owner	Region	Total area (sq. m.)
Baltijos statybų valdymas	Baltijos statybų valdymas, UAB	Kauno	12,000
YIT Kausta	YIT Kausta, AB	Kauno	20,000
Rodena	Rodena, UAB	Kauno	4,733
Klaipėdos LC (III stage)	Gelsta, UAB	Klaipėdos	13,000
Klaipėdos LC (II stage)	Gelsta, UAB	Klaipėdos	8,500
Vilijos verslo parkas (II stage)	Vilijos parkas, UAB	Vilniaus	5,000
Vilniaus viešasis logistikos centras	Lietuvos geležinkeliai, AB	Vilniaus	-
Trilogija (I stage)	Homburg Lentvaris, UAB	Vilniaus	8,000

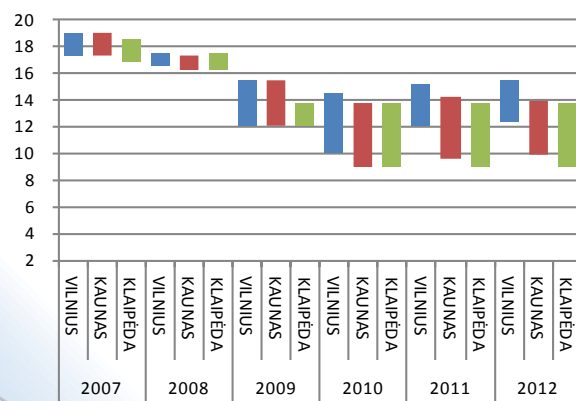
Vacancies. During the recession period in Klaipėda and Vilnius regions premises vacancies considerably increased but starting from 2010 they began to fall and in 2012 they reached quite a low level, 3 % and 5 % accordingly. The permanently low percentage of empty premises (up to 3 %) in warehouse premises market in Kaunas suggests that the offer is not sufficient and the market future potential is bigger than in other two regions.

Prices. Recently the lease prices of modern warehouse premises in all the three regions increased marginally. Considering the currently low percentage of premises vacancies and the fact that in the nearest future a great increase of supply in the regions is not expected, the position of the tenants will increase and this will arouse the tendency of lease prices growth in the nearest future.

Vacancies in logistics centres, 2006-2012, sq. m.



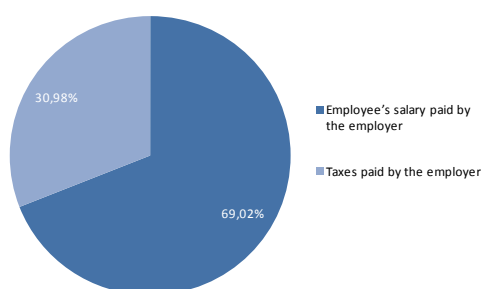
Lease prices of warehouse premises in , LTL/sq. m.



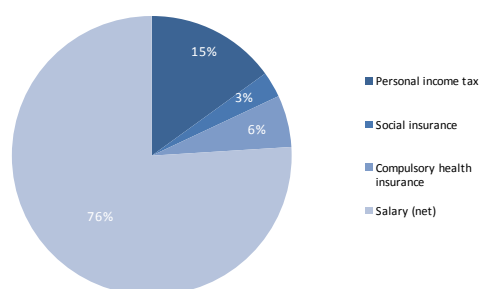
FISCAL AND LEGAL ENVIRONMENT

Employment relationship. Starting from January 2013 minimum monthly salary was increased up to LTL 1,000 and minimal hourly wage currently is LTL 6.06. In 2012 average monthly salary (gross) was LTL 2,171 in Lithuania. Employment agreements shall be stipulated in writing, using a model form. There is a probation for an employee that lasts up to 3 months. A dismissal of an employee initiated by the employer can occur only where there is a valid reason. There must be a warning 2 or 4 months ago. Severance payments range from 1 to 6 average monthly salary according to the length of service.

Cost price distribution of employer's workplace, %



Employee's income distribution, %



Land tax. Land tax payers are land owners, natural and legal persons, as well as collective investment undertaking management companies. Land tax tariff ranges from 0.01 % to 4 % of land fiscal value. Special tax rates are fixed annually by each Municipal Council individually. Moreover Municipal Councils can fix several special tax tariffs which shall be graded only according to one or several criteria.

Criteria influencing land tax tariffs

Main land uses
Method and route of land administration
Land use or set-aside
Land size
Categories of tax payers
Land location in the territory of a municipality

Income tax. Income tax tariff in Lithuania is 15 %. Companies with not more than 10 employees and tax period income not more than LTL 1,000,000 are eligible to a reduced income tax that is 5 %.

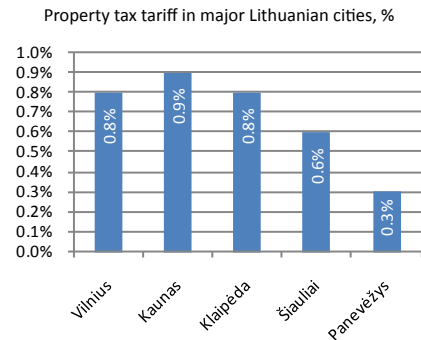
Dividends, which a Lithuanian entity receives from other Lithuanian entities, in which a Lithuanian entity receiving the dividends holds shares attaching at least 10 % votes for at least 12 months without interruption (including the moment of distribution of the dividends), are exempted from income tax and are not included in the income received by such entity.

Dividends, which a Lithuanian entity pays for a foreign entity receiving dividends and holding shares attaching to at least 10 % votes for at least 12 months without interruption, are exempted from income tax except the cases when the entity receiving the dividends is registered or otherwise organized in target territories.

Dividends, which a Lithuanian entity or a permanent establishment receives from foreign entities, in which a Lithuanian entity receiving the dividends or a foreign entity which permanent establishment receives the dividends holds shares attaching at least 10 % votes for at least 12 months without interruption, are exempted from income tax.

Property tax. Starting from 1st January 2012 property tax object shall be an entire property held by natural persons and not only a property used for commercial exploitation. The part of property owned by a natural person or his/her family members (spouses and/or minors) the value of which is not more than LTL 1 million shall be exempted from property tax. The tax from the property value exceeding the exempted value shall be paid by the property owner.

Starting from 2013 there will be changes in property tax tariffs (it will be increased from 0.3 % to 3 %), as they are fixed by municipalities. Municipal Council has the right to fix several special property tax tariffs which shall be graded only according to one or several criteria: property designation, property use, legal status, maintenance condition, tax payers categories (size, legal status or social status) or property location in the territory of a municipality (according to priorities set in strategic planning and territory planning documents).



1. The following property is exempted from a property tax if it is paid by a legal person:
2. Property owned by foreign diplomatic missions and consular authorities, international intergovernmental organizations or their representations;
3. Property owned by state of municipalities;
4. Property owned by companies on free trade zones;
5. Property owned by failed companies;
6. Property owned by traditional religious communities, associations and centres and property (or its part) owned by other religious communities, associations and centres used only for non-commercial designation or production of goods for use in religious ceremonies;
7. Property and objects for general purposes used for environmental protection and fire protection according the list approved by the Government of the Republic of Lithuania;
8. Property (or its part) used for funeral services or located in cemetery territory;
9. Property owned by associations, companies and institutions for disabled people, which members are only disabled people;
10. Property owned by legal persons which receive more than 50% income from agricultural activity during the tax period, as defined in part 281 article 2 of Law on Income Tax of the Republic of Lithuania;
11. Property (or its part) owned by apartment house owners' communities, apartment house building associations, garage exploitation and gardeners associations, used only for non-commercial purposes;
12. Property (or its part) owned by charity and support funds, acting according to the Law on Charity and Support Funds of the Republic of Lithuania, used only for non-commercial purposes;
13. Property owned by scientific and study institutions, listed in the Law on Science and Study of the Republic of Lithuania;
14. Property owned by education institutions, listed in the Law on Education of the Republic of Lithuania;
15. Property owned by institutions providing social services, acting according to the Law on Social Services of the Republic of Lithuania;
16. Property (or its part) owned by trade unions, used only for non-commercial purposes laid down in the articles of trade unions;
17. Property (or its part) owned by legal persons, acting according to the Law on Associations of the Republic of Lithuania, used only for non-commercial purposes;
18. Property owned by Central Bank of the Republic of Lithuania;
19. Property owned by legal persons, acting according to the Law on the Status of Artistic Creators and Artistic Creators Organisations;
20. Property (or its part) used only when providing healthcare services.

VAT on property. Standard VAT tariff in Lithuania is 21%. VAT advantages of 0%, 5%, and 9% are applicable as well.

Land or other type of property shall become the object of applicable value added tax (VAT) in the following case: when the property is supplied (sold or otherwise transferred with ownership) in the territory of the country and it is supplied by taxable person who executed its own economic activity.

Sale or other type of transfer of buildings, constructions or their parts (except new buildings and constructions, new parts of buildings and constructions) is exempted from VAT, when according to the transaction terms the person receiving such property or the third party acquires the right to dispose of such property as the owner.

Sale or other type of transfer of land, when according to the transaction terms the person receiving such land or the third party acquires the right to dispose of such property as the owner, is exempted from VAT.

VAT advantages are not applicable for the following property:

- Land, sold together with new buildings, constructions or their parts;
- Land for construction purposes. Land for construction purposes is a parcel of land that is designed for construction purposes wherever there was improvement works carried out or not. In determining whether a land could be used for construction purposes, the following facts should be assessed: the presence of building authorisation, and the land development laid down in the detailed plans of municipality.

Thus in the cases when the standard 21% VAT tariff is applicable, the following property is taxable: land transferred together with new buildings, constructions or their parts; land for construction purposes; new buildings, constructions and their parts.

It should be noted that services attached to the immovable objects are treated as ones supplied in the territory of the country and are taxable with standard VAT tariff provided that the objects they are attached to are or will be erected in the territory of the country.

Immovable objects lease is taxable with VAT, except the following cases: when hotels, motels, camping sites and similar accommodation services are provided or if the leaser is not a VAT payer.

Property transactions procedure. The seller must inform the customer about all the persons related to the property. Property leasing contract can be stipulated in two ways: a simple written leasing contract or a written leasing contract registered at Centre of Registers. The registration of leasing transaction at Centre of Registers protects both parties from any intervention of a third party. Property owner could sell his/her property together with a tenant provided that the latter has received a prior notice unless otherwise stated in the contract.

Contract of property purchase and sale shall be terminated in the following cases:

1. On request of one of the parties to terminate the contract due to the non-compliance or the acts of the other party violating the law;
2. By mutual agreement between the Parties;
3. In other circumstances referred to in the contract.

VAT advantages applicable in Lithuania

0 %	Tariff is applicable in cases referred to in law when goods and services are supplied by other state member and goods are purchased from other state member.
5 %	Tariff is applicable for the persons which supply and repair medicine and medical aids and when the acquisition costs are compensated totally or partly in accordance with the arrangements set out in Law of Health Insurance.
9 %	Tariff is applicable for thermal energy and hot water supplied for habitation purposes.
9 %	Tariff is applicable for books and non-periodical information publications, newspapers, magazines and other periodical publications; for scheduled routes of passenger transportation services, and luggage transportation services.

Costs associated with real estate sale or purchase. Real estate sale or purchase contract has to be notarized. The notarization of the transaction costs 0.45 % of total transaction amount, but not more than LTL 20,000 for one property unit and not more than LTL 50,000 for more than one property unit of the transaction. Object mortgage is charged from 0.2 to 0.3 % of total transaction amount, but at least LTL 50 and not more than LTL 500. Property registration in Centre of Registers is charged according to the future legal status of the owner, real estate type and average value, but shall not exceed LTL 5,000.

Energy performance certificate. When selling or leasing buildings or their parts (apartments or other type of premises designed for separate use) Energy performance certificate is required. The developer (customer) or the owner has to make available a valid Energy performance certificate or its copy of the building or its part for the potential new tenant or purchaser and to transfer the certificate to the new tenant or purchaser.



ABOUT US

Solid Real Advisors is a professional commercial real estate company which provides services for enterprises and natural persons operating in Lithuania.

We provide a wide spectrum of real estate services starting from comprehensive market research, diverse analysis, all types of real estate brokerage services to consulting on strategic issues and client asset management. Together with our partners we can offer all types of real estate services needed during property life-cycle.

High-quality services and successful long-term cooperation are maintained by our attitude towards our work: we perceive our client's strategic scopes and hence we can offer and implement optimal real estate solutions.



CONSULTING

COMPANY CODE: 148335689
VAT CODE: LT100006311919

BROKERAGE

KALVARIJU STR. 2, VILNIUS
PHONE.: +370 647 90091

ASSET MANAGEMENT

E-MAIL: INFO@SOLIDREAL.LT
V/C LT71 7400 0399 1012 3810



CONTACTS



*UAB Solid Real
Kalvarijų str. 2., Vilnius*

Consulting
Regimantas Kacevičius
+370 647 900 92
regimantas.kacevicius@solidreal.lt

Brokerage
Aurimas Astramskas
+370 609 980 91
aurimas.astramskas@solidreal.lt



*Professional partnership of lawyers
'Bagdanskis iLaw'
Konstitucijos ave. 7, Vilnius*

*Email: info@ilawfirm.lt
Phone +370 5 24 876 70
Fax +370 5 24 876 71*



*UAB 'Nepriklausomas auditas'
Subačiaus str. 15/2-53, Vilnius*

*Email: info@ilawfirm.lt
Phone +370 5 27 915 97
Fax +370 5 27 846 86*



SERVICES

