











Real estate sector of Invalda group

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Real estate sector of Invalda group

Real estate management and administration	Intermediation in buying, selling and renting real estate Property valuation	Facility management	Construction management	Investement in real estate
 <p>INVALDA REAL ESTATE DEVELOPMENT</p>  <p>.....dome par mājām</p>	 <p>NEKILNOJAMASIS TURTAS</p>  <p>NEKUSTAMIE ĪPAŠUMI</p>  <p>АГЕНТСТВО НЕДВИЖИМОСТИ</p>	 <p>INVALDA SERVICE</p>	 <p>Invalda Construction Management</p>	 <p>INVALDOS NEKILNOJAMOJO TURTO FONDAS</p>

Value of real estate portfolio owned by Invalda group

Value of real estate portfolio owned,
year 2007*

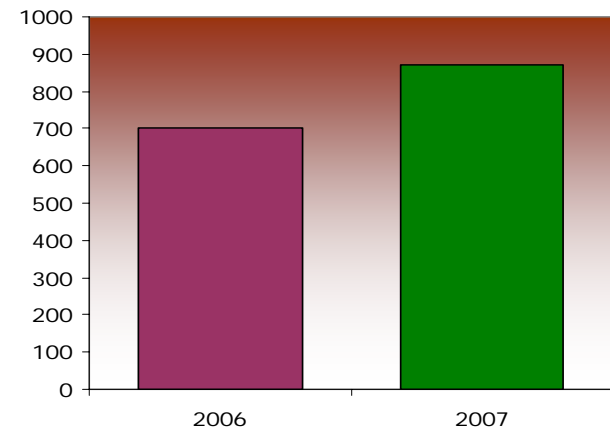
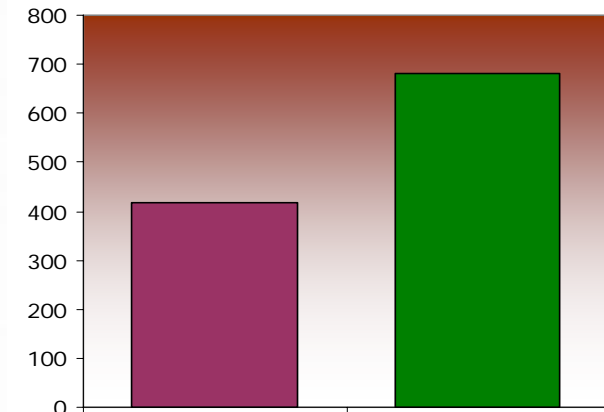
2006.12.31 - **418,1 million LTL**

2007.12.31 - **682,7 million LTL**

Value of the property managed, 2007

2006.12.31 - **701,4 million LTL**

2007.12.31 - **869,3 million LTL**



The reasons of the main changes:

During the reorganization process Invalda obtained 100 per cent of INTF shares (owning 56,21 per cent before);

The increase of unfinished construction of present objects.

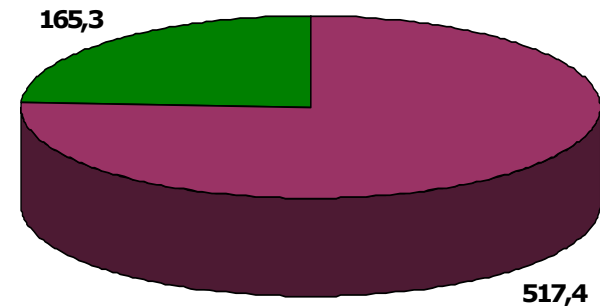
* Property value is presented in proportion to the part owned by Invalda;

The value of the objects under construction is accounted at cost price according to IFRS

Value of real estate portfolio owned by Invalda group

Division of the real estate portfolio into investment/developed property and property for sale (2007.12.31 data) *

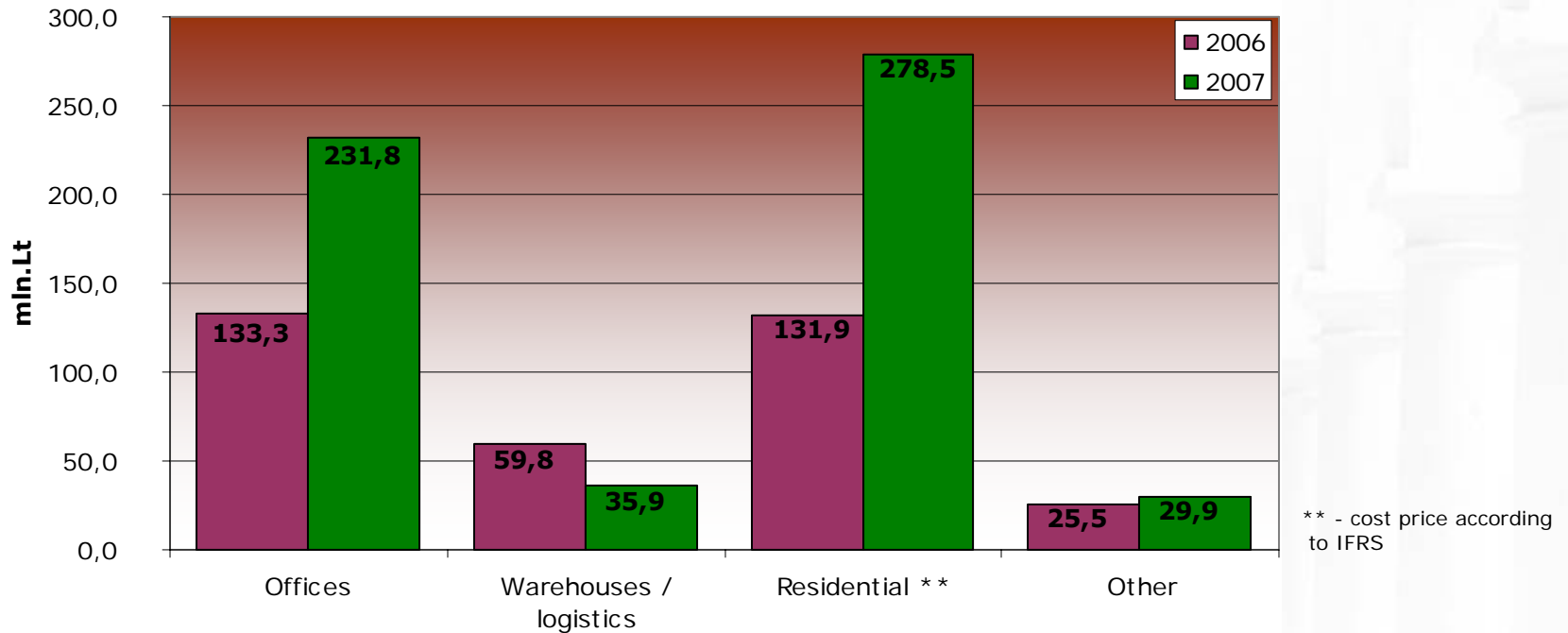
Investment property, million LTL	517,4
Unfinished construction, Property for sale, million LTL **	165,3



* Property value is presented in proportion to the part owned by Invalda;

** cost price according to IFRS; including 81 million LTL for sold property.

The structure of real estate owned by Invalda group in Lithuania*



The reasons of the main changes

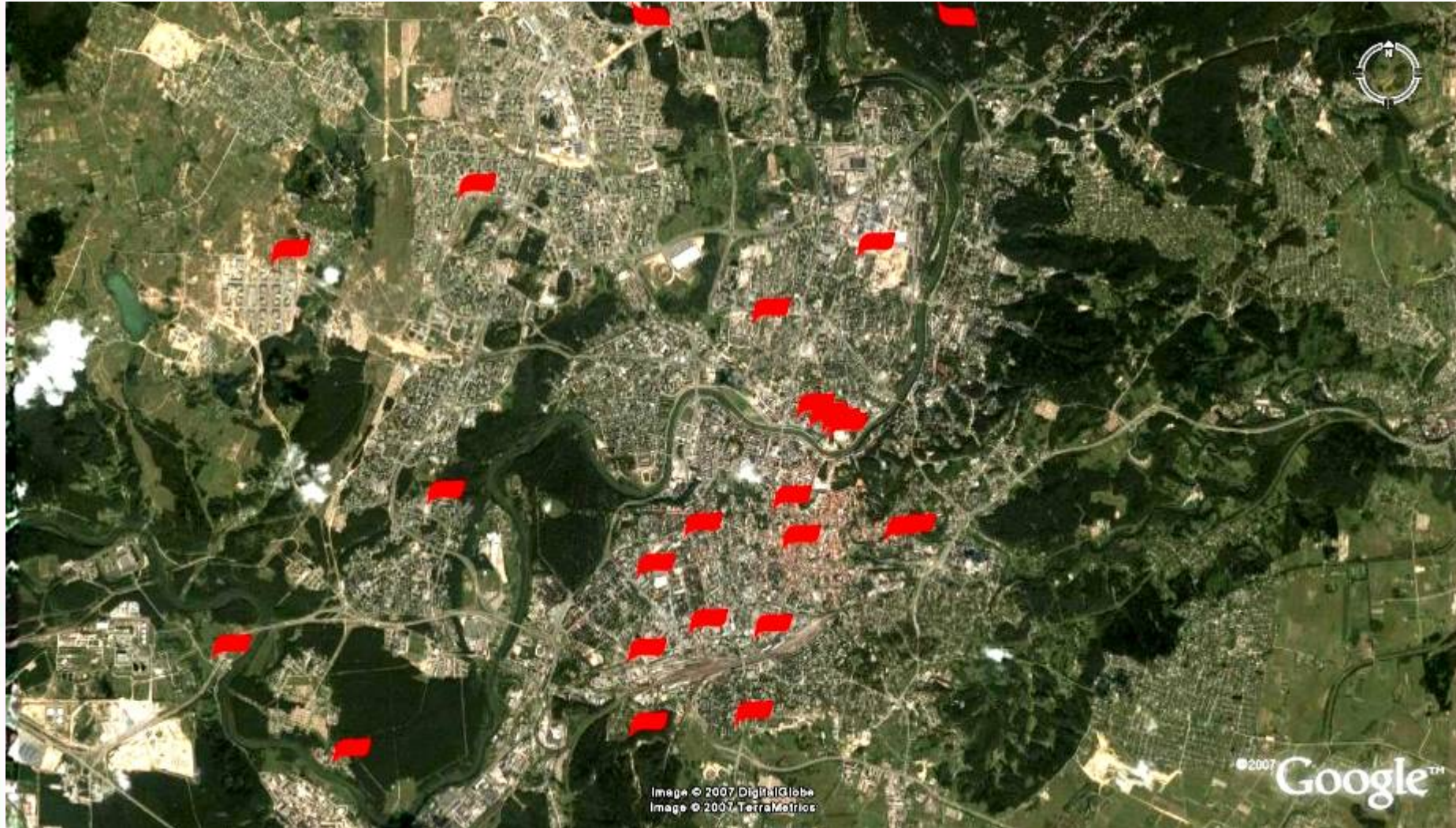
Offices – during the reorganization process Invalda obtained 100 per cent of INTF shares (owning 56,21 per cent before);

Warehouses/logistics centers – part of the property was sold;

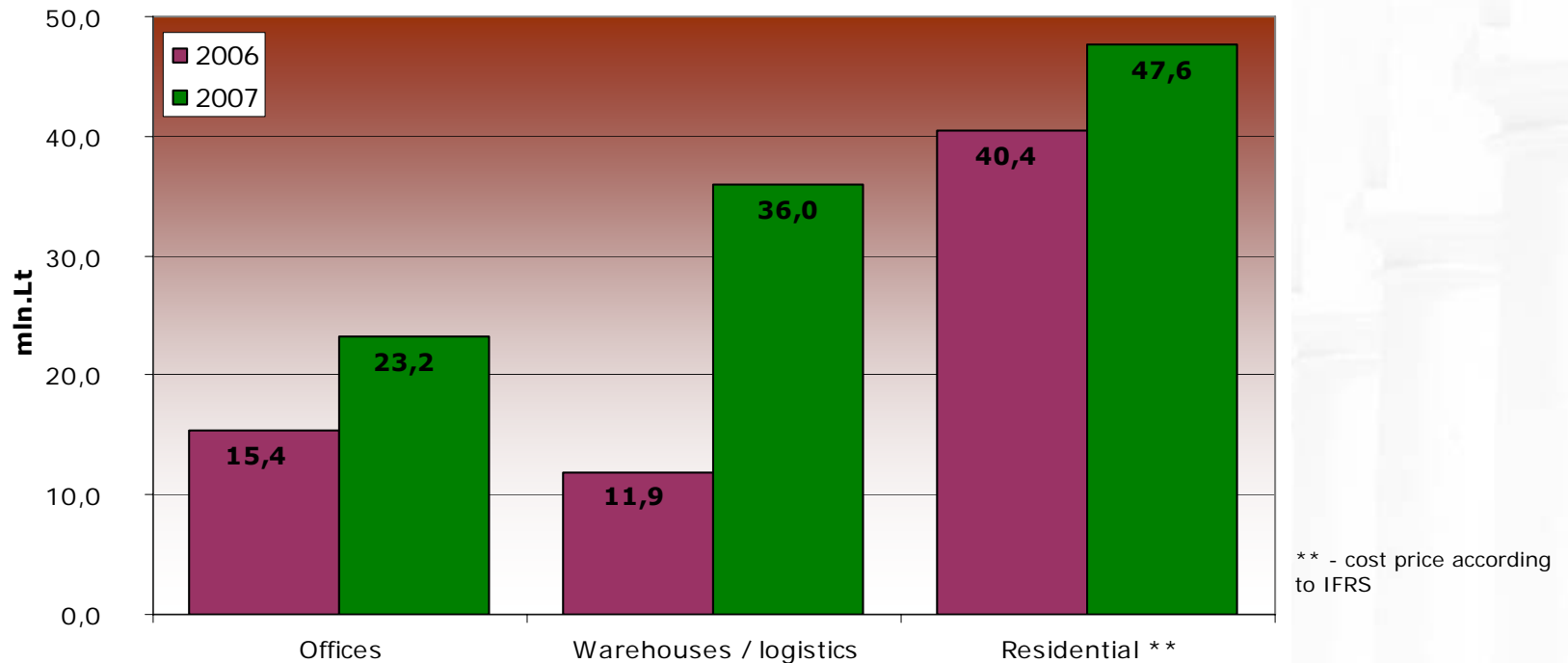
Residential real estate – the increase of unfinished construction of present objects and the purchase of two objects for 52,6 million LTL value;

**Property value is presented in proportion to the part owned by Invalda*

Objects operated by real estate sector of Invalda group in Vilnius



The structure of real estate owned by Invalda group in Latvia*



The reasons of the main changes

Warehouses / logistics centers – the first warehouse of Dommo business park was constructed and leased

* Property value is presented in proportion to the part owned by Invalda

Objects operated by real estate sector of Invalda group in Riga



Balance sheet of real estate sector of Invalda group

	Year 2006, million LTL	Year 2007, million LTL	Change, million LTL	
Investment properties	391.3	401.5	10.1	3%
Objects under development	65.5	105.6	40.1	61%
Other assets	83.1	68.5	-14.5	-17%
Total assets:	539.9	575.6	35.7	7%
Equity	213.4	125.7	-87.6	-41%
Bank loans, leasing liabilities	214.0	286.6	72.6	34%
Other liabilities	112.6	163.3	50.7	45%
Total equity and liabilities:	539.9	575.6	35.7	7%

The reasons of the main changes:

Objects under development – increase due to the construction of residential objects

Equity – decrease due to dividend allocation

Other liabilities – including 67,8 million LTL liabilities for the group companies, deferred tax liability 32,3 million LTL, received advance payments 45,9 million LTL

Net asset value (NAV) of Invalda group real estate sector

Value of Invalda group real estate sector is 199.0 – 233.5 million LTL

* - value of the objects not sold (at present sale prices)

** - value of the objects not sold (conservative plan)

	NAV	NAV
2007 12 31 equity	152.7	152.7
Sale result of the objects under developemnt	39.8**	74.3*
Deferred tax liability	9.8	9.8
Good will	-3.3	-3.3
NAV	199.0	233.5

Valuation of Invalda group real estate sector was carried out according to recommendation of European public real estate association

Profit and loss account of real estate sector of Invalda group

	Year 2006	Year 2007		Change, million LTL		Year 2008 expected, million LTL
	Actual, million LTL	Expected, million LTL	Actual, million LTL			
Change in investment property value	46.1		50.0	3.9	8%	18.9*
Property sales result	6.6		21.6	15.0	229%	55.5
Rental and other revenues	38.6		37.7	-0.8	-2.2%	66.2
Operating expenses	34.4		40.7	6.3	18%	64.4
Financing activities result	-8.3		-15.4	-7.0	-85%	-20.5
Profit part of associates	27.0		6.9	-20.1	-75%	1.8
Profit before tax	75.5		60.1	-15.4	-20%	57.4
Income tax	8.2		7.3	-0.8	-10%	9.0
Net profit	67.3	42.6	52.8	-14.5	-22%	48.5
Profit for minority	11.2	10.1	8.2	-3.0	-27%	3.4
Profit for holding company	56.1	32.5	44.6	-11.5	-21%	45.0

* - due to the main improvements, regarding active actions, value change because of the changing market was not evaluated

The biggest projects sold by Invalda group real estate sector in 2007/2008

Object	Area (sq m)	Price (excl. VAT)
Vilkpedes St 4, Vilnius	27.340	78,9 million LTL
Architektu St 146, Vilnius		
Zirmunu St 141, Vilnius		
Ateities St 45B, Kaunas		
Strazdo St 22, Kaunas		
Vytenio St 55, Vilnius	15.315	36,9 million LTL
Jasinskio St 16 (premises), Vilnius		
Jasinskio St 16 (building), Vilnius		
Traku St 43, Siauliai		
TOTAL	42.656	115,8 million LTL

The biggest projects sold by Invalda group real estate sector in 2007-2008



*Vilkipedes St 4, Vilnius
(area 14.154 sq m)*

Property purchased by foreign investor



*Zirmunu St 141, Vilnius
(area 2.755 sq m)*



*Architektu St 146, Vilnius
(area 3.417 sq m)*



*Ateities St 45B, Kaunas
(area 5.351 sq m)*



*Strazdo St 22, Kaunas
(area 1.663 sq m)*

The biggest projects sold by Invalda group real estate sector in 2007-2008



Vytenio St 55, Vilnius (area 2.219 sq m)



Jasinskio St 16, Vilnius (area 796 sq m)



Jasinskio St 16, Vilnius (area 3.057 sq m)



Traku St 43, Siauliai (area 9.243 sq m)

Priority objectives of real estate sector of Invalda group for the year 2007

Common priorities:

- To guarantee high financial return and well-balanced risk from investment in real estate.
- Purposeful selection of markets and segments.

Investment in real estate:

- To increase turnover of the property presently owned and obtained in Lithuania.
- To increase rental income from property operated.
- To invest in real estate objects in Kiev (only if proportion between expected return and risk is acceptable).

Real estate intermediation:

- To establish new representative offices.

Priority objectives of real estate sector of Invalda group for the year 2008

Common priorities:

- To guarantee high financial return and well-balanced risk from investment in real estate (minimum 33,34 % annual return for equity);
- To ensure competitive and effective (mostly in terms of time and quality) property and project management process.

Investment/property management:

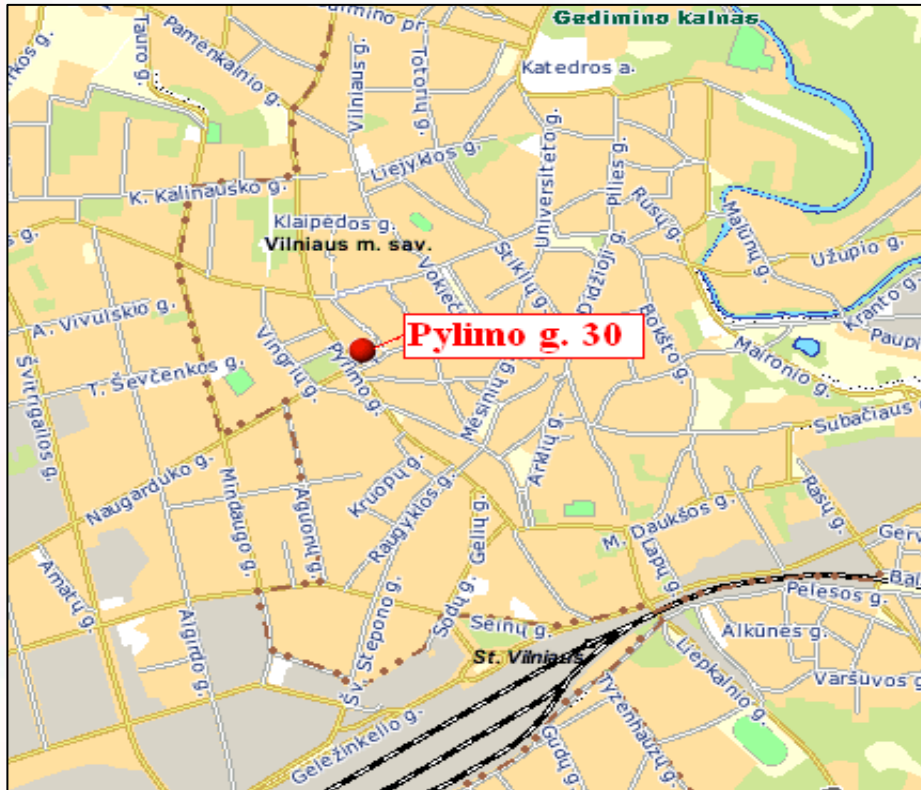
- To restructure asset management service for the clients outside the group. To start managing real estate, not owned by Invalda group (creating real estate funds (in cooperation with FIV)).
- To find new activity and investment possibilities. Lithuania, Latvia, Ukraine.
- To increase turnover of the property presently owned and obtained.
- To provide property management service for non-group clients.
- To improve process and risk management and control system, especially concentrating on reporting. To introduce and keep up to international standards and requirements in the area mentioned above.

Real estate intermediation

- Franchise/cooperation agreement with an international network.

Projects purchased by real estate sector of Invalda group in 2007

Pylimo St 30/2, Vilnius – prestigious multi-dwelling and commerce premises or hotel building



Area of the land plot	44 a
Total area of the buildings	1.066 sq m
Expected area of the buildings	6.000 sq m
Project implementation	Year 2011

Project development stage - detailed plan is being prepared

Projects purchased by real estate sector of Invalda group in 2007

Territory at Visoriu St 20, Vilnius – trade/logistics center buildings, not far from the city center. The territory is surrounded by pine-tree forest, ideally suitable for multi-dwelling houses. Sale price – 35 million LTL excl. VAT (111.500 LTL/a, 700 LTL/total project sq m).

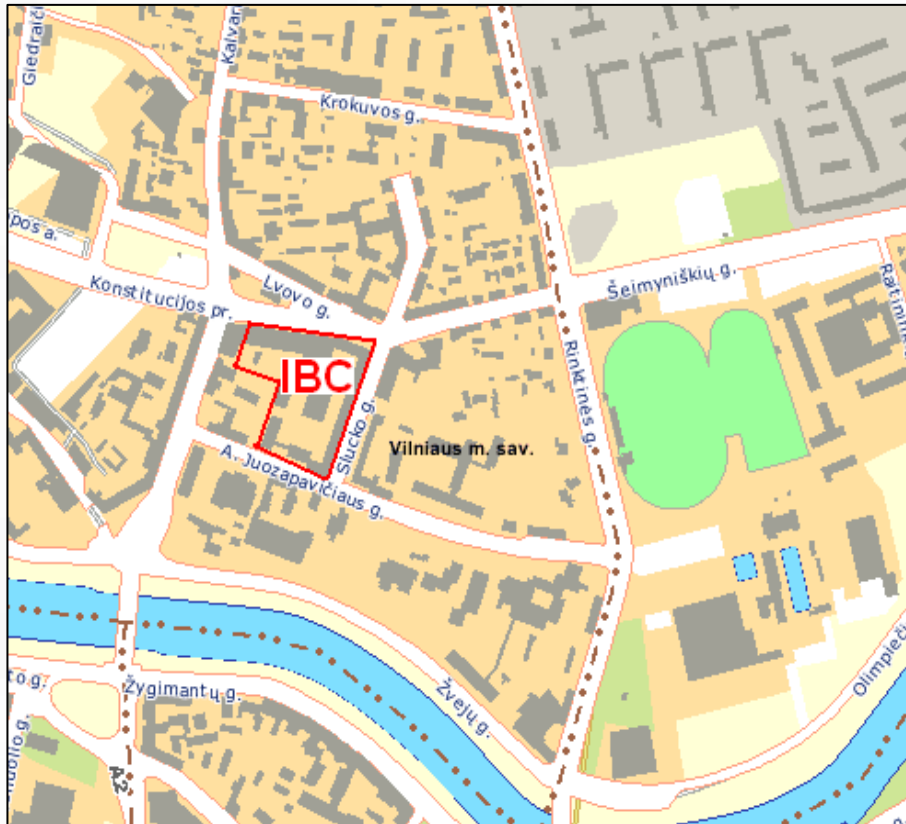


Area of the present buildings	8.703 sq m
Total area of the land plot	3,14 ha
Annual rent flow	1.3 million LTL
Possible area of the buildings (1,6 intensity)	50 thousand sq m

Project development stage – territory concept is being prepared

Projects developed by Invalda group real estate sector

IBC – international business center in the center of Vilnius, strategically good place, on the river Neris right bank



Project development stage – detailed plan is nearly prepared.



Area of the land plot	1,45 ha
Area of the buildings	25.000 sq m
Area at lease	16.000 sq m
Annual rent flow	8 million LTL
Expected area of the buildings	40.000 sq m
Project implementation	Year 2014

Projects sold by Invalda group real estate sector

NIDA – commercial and multi-dwelling building in the center of Vilnius, at A.Juozapaviciaus St 9A on the river Neris right bank, strategically good location.



Total area of the building	25.000 sq m
Area of the land plot	0.6619 ha
The number of flats and premises	183 (143 of them are sold)
Total investment*	78 million LTL
Income, received for the premises sold*	71 million LTL
Expected income for the remaining premises**	35,7 million LTL (excl. VAT)
The building is considered to be appropriate to use	Year 2008, 3 rd quarter

* - excl. VAT

** - expected income is preliminary and may vary depending on market situation.

Projects sold by Invalda group real estate sector

„Valdovų krantas“, Trakai – 26 low-rise high quality individual rest houses with mansards and saunas located on the lake coast in Trakai Historical National Park. Houses are sold with 5 – 17,5 are land plots. www.valdovukrantas.lt



Total area of the buildings	5.896 sq m
Area of the land plot	3,7 ha
Expected income*	55,3 million LTL(excl. VAT)

* - expected income is preliminary and may vary, depending on market situation.

Projects sold by Invalda group real estate sector

Misko St 1, Juodkrante – holiday apartments in a wonderful location in Juodkrante

Area of the land plot	0,2348 ha
Total area	1.470 sq m
Useful area	1.384 sq m
Number of apartments	27 (4 of them are sold)



Total investment	15,3 million LTL
Expected income (according to prelim.s.p.agreements signed)	1,8 million LTL (excl. VAT)
Expected income for the remaining apartments*	15,5 million LT (excl. VAT)
Construction completion	Year 2008

* - expected income is preliminary and may vary, depending on a market situation.

Projects developed by Invalda group real estate sector

Savanoriu St 28, Vilnius – commercial and residential construction in a convenient location, on one of the busiest streets in a city. Project development stage – detailed plan is nearly prepared.



Total area of the present buildings	12.928 sq m
Useful area of the buildings	10.800 sq m
Area of the land plot	1,5 ha
Rent flow	Confidential*
Market price for rent**	30-40 LTL/sq m

Expected total area of the buildings	27.500 sq m
Project implementation	Year 2011

*- due to the contract conditions with a single tenant, rent price is not presented

**- it is indicated, since part of the premises is of technological use

Projects developed by Invalda group real estate sector

Palangos St /Vilniaus St – reconstruction of the building in the center of Vilnius. The stage of the project development – detailed plan is at the beginning of the preparation.



Total area of the present buildings	9.744 sq m
Useful area of the buildings	8.000 sq m
Area of the land plot	0,4933 ha
Rent flow	Confidential*
Market price for rent**	30-40 LTL/ sq m

Total area of the buildings after reconstruction	12-14 thousand sq m
Project implementation	Year 2011

*- due to the contract conditions with a single tenant, rent price is not presented

**- it is indicated, since part of the premises is of technological use

Projects developed by Invalda group real estate sector

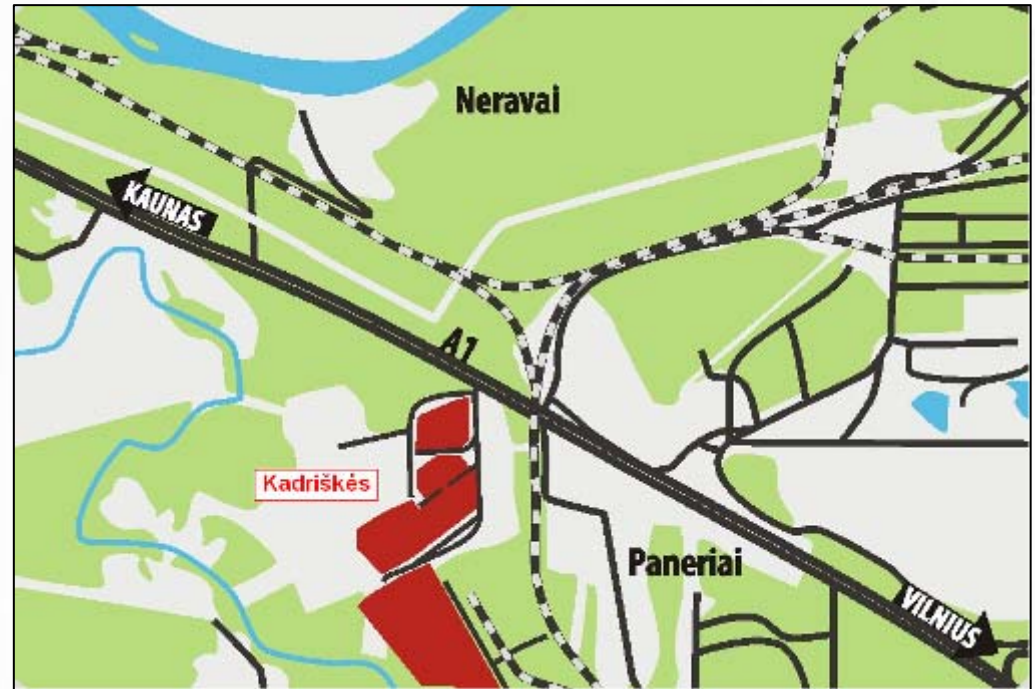
Bukčiai – a quarter of multi-dwelling houses in Bukčiai – west of Vilnius. The territory is surrounded by Bukčiai forest, on one side there is the river Neris. Technical project of the territory is being prepared.



Area of the land plot	3,43 ha
Expected area of the building	33.000 sq m
Expected total investment	132 million LTL (excl. VAT)
Expected sales	166 million LTL (excl. VAT)
Project implementation	Year 2010

Projects developed by Invalda group real estate sector

Kadriskės – 18,87 ha territory of land plots (trade/ warehouses/ commercial use), including 12.000 sq m total area of the buildings, located in the village of Kadriskės (municipality of Vilnius), next to highway Vilnius – Kaunas – Klaipėda, not far from supermarket „Maxima base“.

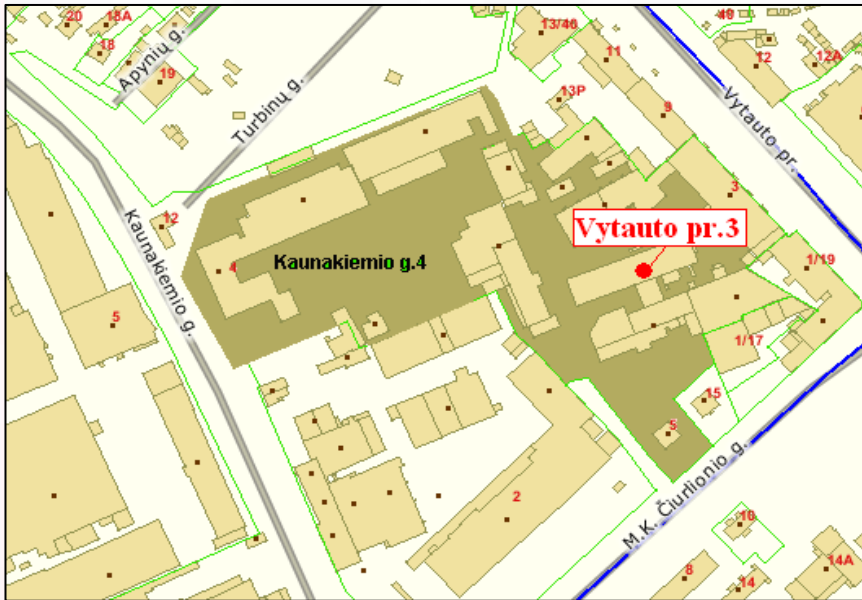


Total area of the present buildings	12.000 sq m
Area of the land plots	18,87 ha
Expected total area of the land plot	30.000 – 40.000 sq m
Sale price	35 million LTL (excl.VAT)

Project development stage- territory concept approved, detailed plan of the territory is being prepared.

Projects developed by Invalda group real estate sector

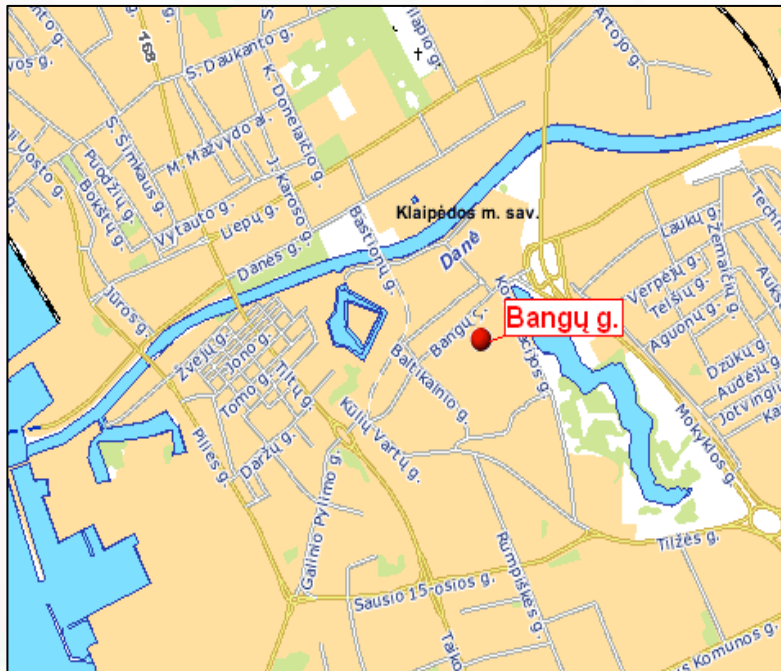
Vytauto St 3, Kaunas – multi-functional building in the center of Kaunas, on the river Nemunas bank. Technical project of the second stage is being prepared.



Plot of land	2,8754 ha
Expected total area of the buildings	40.000 sq m
Sale price	35 million LTL (excl. VAT)

Projects developed by Invalda group real estate sector

Bangu St, Klaipeda – territory in the central part of Klaipeda, in a perfect location. Project development stage – detailed plan of the territory is approved.



Area of the land plot	5,01 ha
Area of the present buildings	36.324 sq m
Expected area of the residential premises	74.434 sq m
Expected area of the commercial premises	4.959 sq m

Projects developed by Invalda group real estate sector in Latvia

„ZIEDONDARZA MAJAS” – multi-dwelling building in the center of Riga



Total area of the premises	10.395,90 sq m
Area of the land plot	0,5835 ha
Number of flats and commercial premises	113 (33 sold)
Total investment*	52,39 million LTL
Income received for the premises sold*	31,6 million LTL
Expected income for the remaining premises**	65,44 million LTL (excl. VAT)

*- the sum indicated excl. VAT

** - expected income is preliminary and may vary depending on a market situation

Projects developed by Invalda group real estate sector in Latvia

DOMMO BUSINESS PARK – trade/warehouses and office premises



Total area of the leased premises	12.422 sq m
Rent income per month	261.2 thousand LTL
Total investment	34,42 million LTL

Projects to be developed by Invalda group real estate sector in Latvia

MUKUSALAS St - 7 ha multi-functional territory in Riga, project implementation year 2008-2015



Function of premises	Area, sq m	% of the total area
Residential	50.000	~ 28
Office	40.000	~ 22
Trade	10.000	~ 5,5
Hotel	10.000	~ 5,5
Parking lot	70.000	~ 39
Total	180.000	100

Work principles of real estate sector of Invalda group

High requirements for financial return and well-balanced risk

Strong knowledge of the local market

Concentration of all real estate services

Instant decision making

High turnover of the projects

Staff of real estate sector of Invalda group

The number of employees in real estate sector of Invalda group – **334**

in real

NEKILNOJAMASIS TURTAS

173 employees, including 16 in Kaunas, 11 in Klaipeda, 4 in Siauliai, 24 in Riga, 92 in Kiev (13 out of them are administration employees)

in red

INVALDA REAL ESTATE DEVELOPMENT

dommo
.....dome par mājām

68 employees, including 7 in Kaunas, 7 in Klaipeda, 11 in Riga

in cm

Invalda Construction Management

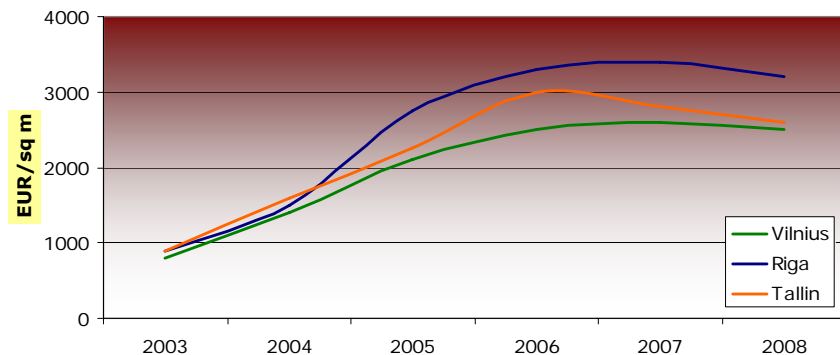
48 employees, including 6 in Kaunas, 4 in Klaipeda

in service
I N V A L D A S E R V I C E

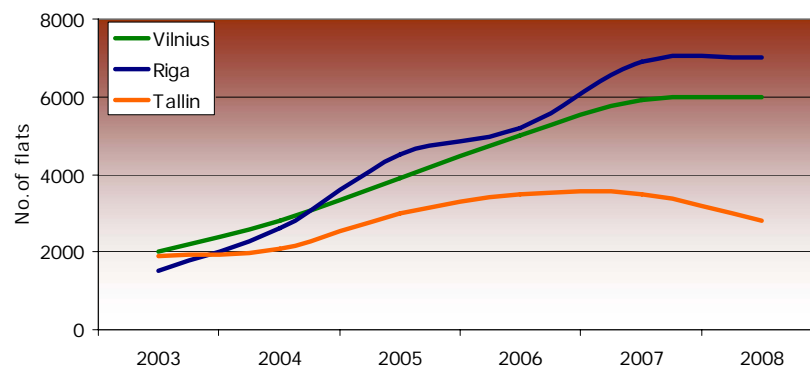
45 employees, including 4 in Kaunas

Real estate market review

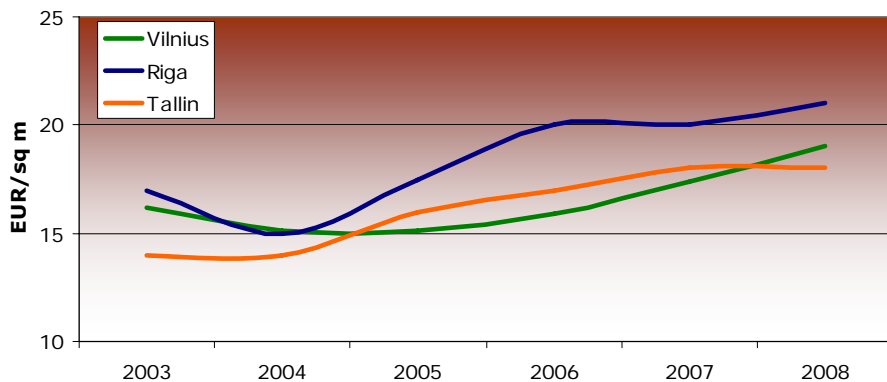
Average price for the flats in the city, EUR/sq m



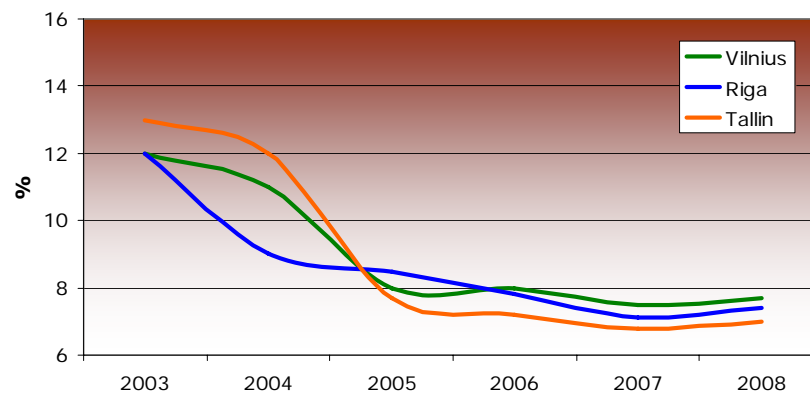
Completed flats



Class A office rents



Class A office investment yields, %



Real estate market tendencies in Vilnius

Residential real estate sector:

- Possible fall of price for new construction flats. Possible ~ 5 per cent price correction in prestigious projects. Price decrease of 10-15 per cent for economical and average class flats.
- Stricter bank loan conditions for the buyers as well as for developers, especially in financing economical class dwelling.
- Expected fall of price for old construction dwelling ~10 per cent.
- Land plots and individual houses market – price correction and market segmentation is expected.
- Possible sale of the land plots, that were purchased by construction companies for development, admitting liabilities to perform only general construction work.

Real estate market tendencies in Vilnius

Commercial real estate sector:

- According to the data presented, by the year 2011 the growth of office market up to ~ 500.000 sq m of rented area is expected. Approx. 65 per cent of this will be made of class B1 and B office centers.
- Because of the expected development of big class B business centers, banks consider their construction at a higher risk level and give loans for the projects, that have concluded exact number of preliminary rent agreements, thus it is expected that not all of the planned projects will be carried out.
- By the year 2011 class A office market will rise up to 120.000-150.000 sq m of rented area, business centers will be of a high quality.
- Rent prices of class A offices are expected to remain in a stable position (except for inflation influence on prices), vacancy will increase up to 7-10 per cent. Rent prices for class B1 and B offices may decrease, while vacancy may increase, depending on the number of the projects carried out.

Real estate market tendencies in Riga

- After carrying out the major planned projects, big supply of class B offices is expected, thus the rent price in this sector should become stable, while vacancies may increase.
- A big part of the planned A class office projects are delayed, so increasing and unsatisfied demand will raise the rent price of modern offices.
- A part of the residential real estate projects that are planned in Riga will not be carried out due to the decreasing demand and low dwelling prices.
- Due to the government and banks' expected decisions, not a high rise in demand is possible, that may influence dwelling prices, especially in more attractive and better located objects.