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Constructus completes construction of new Vilnius Municipal Center

Constructus, one of the largest construction companies in Lithuania, finalized construction of the new Vilnius City Municipal Center in the agreed time and is commencing the process of handing over the buildings to Vilnius City Municipality (through its municipal company Vilniaus kapitalinė statyba) and the Center's new owner – VB Lizingas, leasing subsidiary of Vilnius Bank (Vilniaus Bankas).

The project, worth LTL 70 million (EUR 20 million), is one of the first examples of successful implementation of the *Design&Build* concept in Lithuania. Under the contract, the task of Constructus (then Skanska Statyba) – the winner of the competitive negotiations – has included design, assuring the financing solution and actual construction. The new Municipal Center consists of a 20-story, 76.85 m (252 ft.) tall main building, two adjacent 5- and 3-story buildings (total floor area of the buildings: 15,060 sq.m or 162,000 sq. ft.), an 11,500 sq. m underground parking garage for 344 cars and a new 4,800 sq. m. municipal plaza called Europe Square. The project was completed in less than 2 years.

“That is really a short period. After selection of our company in late 2001 as the winner of the competitive negotiations, further negotiations and harmonization and approval of contracts lasted over half a year. As late as summer 2002, contracts were signed, the initial design was amended and construction started. We are proud of our team and its work in constructing the new Vilnius Municipal Center. This complex of municipal buildings has already become one of the main symbols of modern Vilnius and has stimulated further development of the right bank of the Neris River,” says Dr. Virgaudas Juocevičius, Managing Director and Chairman of the Board of Constructus.

Under the project financing contract, proposed by Constructus and accepted by all negotiating parties, Vilnius Municipality paid 20 percent of the required funds during the construction. The remaining amount was meanwhile paid by Vilniaus Bankas, the financial partner chosen by Constructus. As provided by the contract, upon completion of construction work, another business partner of Constructus – VB Lizingas – is purchasing the Center. Vilnius City Municipality will then pay for the buildings over a period of 10 years.

“For Vilniaus Bankas, this project is significant – first of all – because of its importance for the interests of Vilnius citizens. By guaranteeing the financing, we provided conditions for implementing a vision of more effective city administration and also contributed to the development of a new city center on the right bank of the Neris River,” comments Julius Niedvaras, Board Chairman, President and CEO of Vilniaus Bankas, which controls the largest assets in the Lithuanian banking market. According to Mr. Niedvaras, at the moment of signing the agreement in the summer of 2002 it was the biggest investment project in the Lithuanian market.

According to Aivaras Čičelis, General Manager of VB Lizingas, the leasing subsidiary of Vilniaus Bankas, the mode of financing that was chosen is not only innovative, but also effective and convenient. As far as his company knows, Vilnius Municipality was the first in Lithuania to use financial leasing for a real estate development project.

“Our company’s experience in implementing this kind of project ensures splendid future results from our partnership with Vilnius Municipality and Constructus, for all the other contracting parties and the entire city,” Mr. Čičelis says.

According to Dr. Juocevičius, the head of Constructus, the decision by the Vilnius municipal administration to start cooperation with the tender-winning construction company right from the design stage also ensured outstanding results. “We expect this successful example of implementing the *Design&Build* concept to become a serious stimulus in our country for further development of this globally widespread cooperation model, enabling clients and builders to reduce costs and improve the terms of project implementation. We are pleased that Municipality personnel and all Vilnius citizens will be able to evaluate the project results in the near future,” he said.

About Constructus (www.constructus.lt)

Constructus UAB, formerly Skanska Statyba UAB, is one of the largest construction companies in Lithuania. According to preliminary data, revenue of Constructus in 2003 reached LTL 60 million (EUR 17.3 million) and net profit amounted to LTL 3 million (EUR 0.85 million). Constructus is certified according to ISO 14001 environmental and ISO 9001 quality management systems. The company currently employs 49 people, mostly project and construction managers, engineers and other construction specialists.

About AB Vilniaus Bankas (www.vb.lt)

Vilnius Bank, a subsidiary of the Stockholm-based northern European financial group SEB, earned an unaudited net profit of LTL 132.3 million in 2003.

About VB Lizingas (www.vbl.lt)

At the end of 2003, the leasing portfolio of the company amounted to LTL 976 million. Last year VB Lizingas recovered its position as market leader. In terms of leasing portfolio size, the company holds a 36.2 percent market share. In terms of the value of newly signed agreements, its market share was 38 percent. VB Lizingas is a subsidiary of Vilnius Bank, providing financial and business leasing services throughout Lithuania. It has offices in Kaunas, Klaipeda, Siauliai, and Panevezys. Its customers can also receive service through all branches and customer care departments of Vilnius Bank.

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