

Investment Volume
EUR 172 mln.

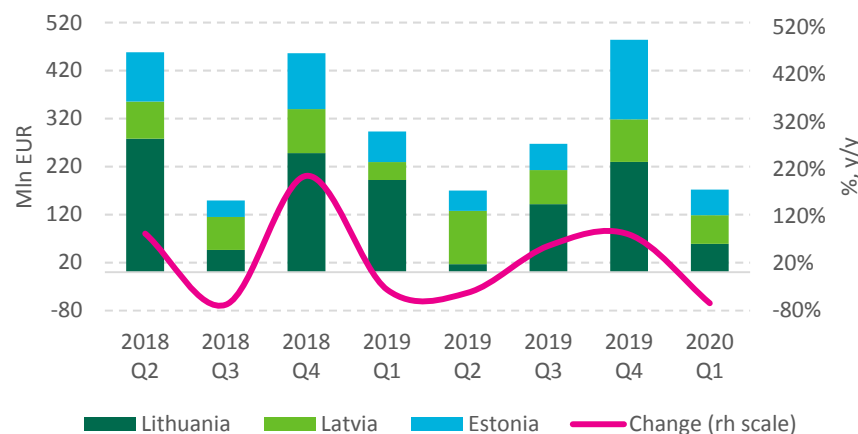
Prime Office Yield
5.85-6.00%

Prime S/C Retail Yield
6.50-7.00%

Prime Logistics Yield
7.25%

*Arrows indicate changes from the corresponding period of previous year

Baltics Commercial Real Estate Investment Volume, Q2 2018 – Q1 2020



HIGHLIGHTS

- Lords LB acquired IBC office campus in Vilnius from INVLT Baltic RE for EUR 33 mln. Other notable transactions were Dominante Park in Riga (1st phase, acquired by Eften fund, EUR 16.5 mln) and Valge Maja office in Tallinn acquired by LHV fund for EUR 14.6 mln.
- The pace of activities' in the Baltics' investment market has decreased compared to the same period a year ago (EUR 172 mln in Q1 2020 vs EUR 292 mln in Q1 2019).
- The office transactions dominated the market and constituted a major share ca 55% of total volume, while retail and industrial were recorded at 19% and 17%, respectively.
- Investors were active in acquiring supermarkets in Latvia, totalling ca. EUR 19 mln in 3 retail assets.

SENTIMENT IN THE MARKET

- The ongoing Covid-19 pandemic is expected to generate a moderate-to-strong negative economic impact.
- It is expected that investors will pay relatively more attention to logistics, prime offices and supermarkets.
- Demand for larger shopping centres and hotels is likely to decline as the lockdown measures have significantly reduced the majority of retail and hospitality industries' operations.
- European institutional investors may postpone their moves in the Baltics in the short term. However, the interest in core office assets remains stable.
- Investment yields are increasing by up to 25 basis points.
- Banks have changed their conditions with regards to the real estate development and acquisitions, as well as temporarily freezing financing for certain sectors (e.g. hospitality industry). This creates uncertainty in the funding of various investment projects.

Total Investment Distribution by Sector in the Baltics, Q1 2020



Yield Comparison in different European countries, Q1 2020

Countries	Prime S/C Retail Yield	Prime Office Yield	Prime Logistics Yield
Lithuania	6.75%	5.85%	7.25%
Latvia	7.00%	6.00%	7.25%
Estonia	6.50%	6.00%	7.25%
Germany	4.25%	2.60%	3.60%
France	3.85%	2.75%	4.00%
Netherlands	5.50%	3.00%	4.00%
Finland	4.75%	3.25%	4.75%
Slovakia	6.00%	5.70%	6.35%

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Note: the source for the figures is CBRE Baltics, 2020. The numbers in the report reflect the pre-Covid-19 market situation.
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