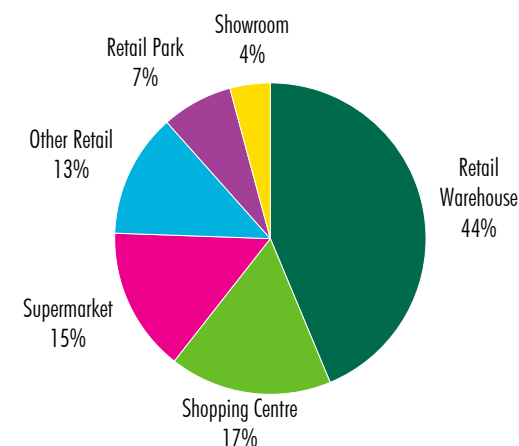


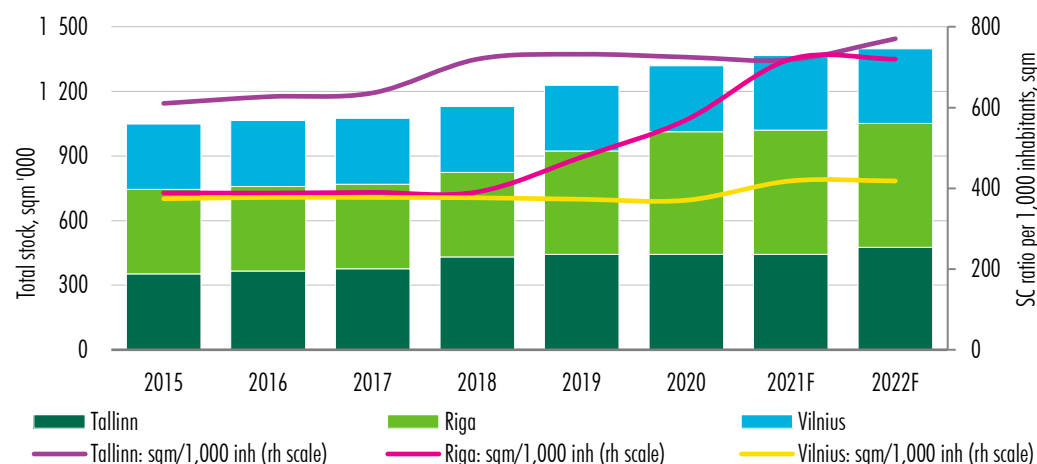
Highlights

- Currently, the total modern retail stock across the Baltics is approaching 3.29 mln sqm with the last addition of ca. 100,000 sqm delivered in H2 2020, including *Saga* (52,00 sqm) and *Via Jurmala Outlet* (13,500 sqm) in the outskirts of Riga, Latvia.
- Total retail investments in the Baltics reached ca. EUR 136 mln in H1 2021, almost 2.5 times more compared to the volumes in H1 2020, with Lithuania being the most active market (65% of all retail transactions). The acquisition of two *DEPO* DIY stores in Vilnius and Klaipeda by *Corum* were marked as the largest retail investment deals in the Baltics throughout H1 2021. The third-largest deal was done by *Lords LB Baltic Fund III* which sold the *Valdeka shopping centre* (12,500 sqm) in Jelgava, Latvia.
- The supermarkets across the Baltics yielded at around 6.50%, while shopping centre prime yields have been estimated at trending upwards at around 7.00-7.25%.
- The most sizeable pipeline development of ca. 40,000 sqm concerns *Vilnius Outlet SC* with commissioning in Q3 2021. Another noteworthy retail big box of ca. 20,000 sqm is *Depo* DIY store in Riga which will open its doors in August 2021.
- Reconstruction, expansion or major improvement projects remain on the main agenda for the retail investors in all three countries. *Europa* in Vilnius, *Mega* (ex. *Banginis*) in Klaipeda, *Domina Shopping* and *Spice* in Riga, *Viru Keskus* and *Postimaja* in Tallinn are just a few examples of ongoing or anticipated upgrades of shopping centres space.
- Safety concerns in terms of physical point of sale have recently resulted in fostering innovations, especially for contactless shopping and footfall meters.
- Anticipated transaction for the next quarter - *Akropolis Group* has signed an agreement with *AMD Holding* for the purchase of the *Alfa* shopping centre (71,000 sqm) in Riga, Latvia, the largest single asset transaction in the Baltics for the last 5 years.

Distribution of Retail Investment by Subsectors | H1 2021



SC Modern Stock in Baltic Capital Cities, 2015-2020 with the Forecast for 2021-2022



Projects' Pipeline 2021-2024F:

Project name	Country	City	Type of Development	Year of completion	GLA, sqm
Vilnius Outlet	Lithuania	Vilnius	New	2021	40,000
DEPO	Latvia	Riga	New	2021	20,000
Mega	Lithuania	Klaipeda	Reconstruction	2022	34,000
Pavilioniu 55	Lithuania	Vilnius	New (format)	2022	33,450
IKEA	Estonia	Tallinn Region	New	2022	30,000
Porto Franco	Estonia	Tallinn	New	2023	32,000
Akropolis Vingis	Lithuania	Vilnius	New	2024	96,770

Notes:

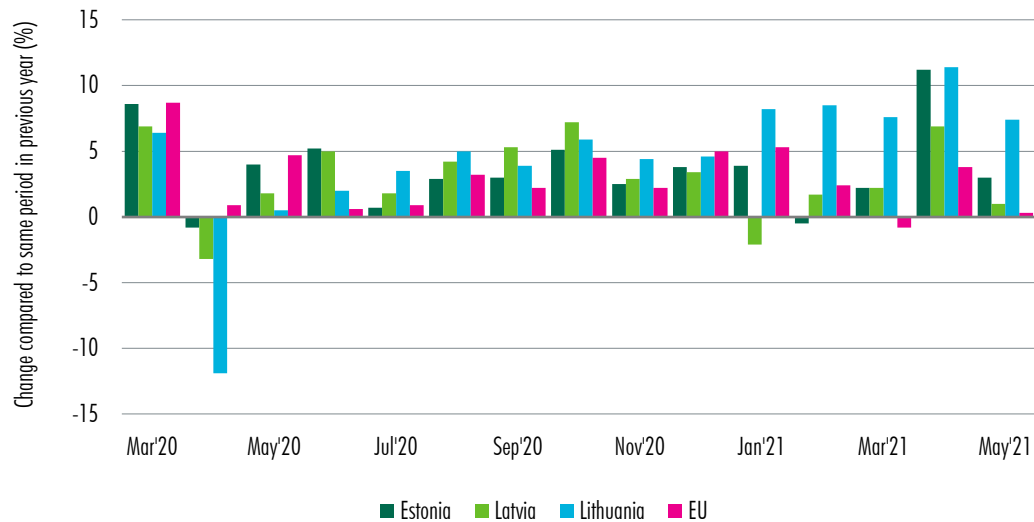
KPI figures show H1 2021 results. Arrows indicate H1 2021/H1 2020 change.

Sources: Eurostat, CBRE Baltics

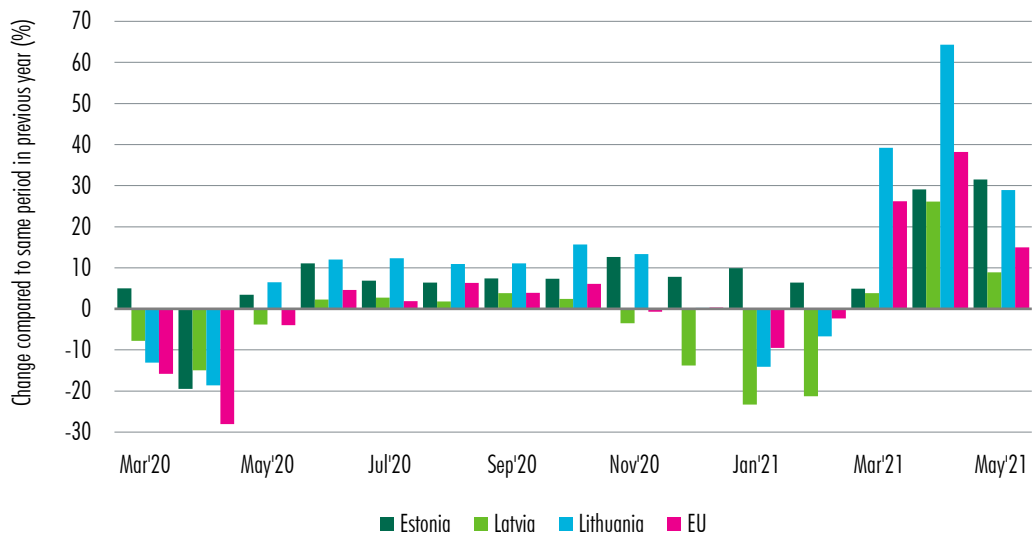
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Retail Sales of Food and Beverages | Change Y-o-M



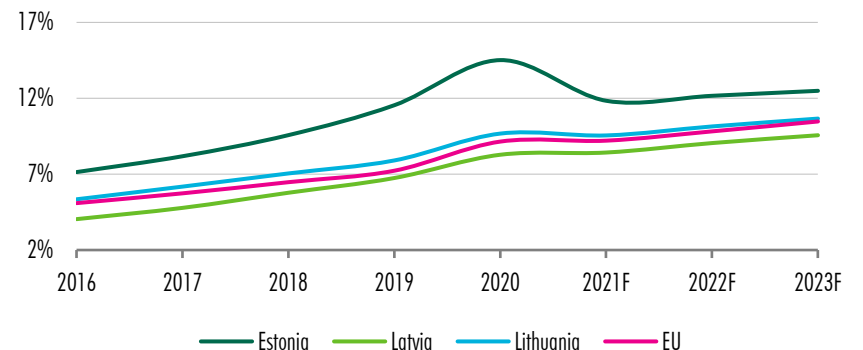
Retail Sales of Non-Food Products | Change Y-o-M



Trends in Retail

- There is a direct correlation between the severity of restrictions, retail sales' volumes and depth of the economic downturn. Retail sales overall decreased the most in April 2020 when the first restrictions came into force. As the second wave of pandemics reached Baltics, approach to the retail premises restrictions varied across the Baltics, even for the food store sales (in Latvia food stores were allowed to trade with the government listed essential goods only). In Lithuania and Estonia the decrease in the overall retail turnover was milder and period of restrictions shorter (see table *Restrictions in Baltics*).
- Governmental measures to curtail the pandemic spread have mainly been focused on the stores trading non-essential goods and stores within the large traditional shopping centres. This, coupled with consumer safety perceptions, facilitated supermarket and retail park popularity among retailers and investors.
- Supermarkets, DIY, stand alone and retail park format home goods, electronics, sports and leisure stores witnessed expanding consumer baskets as the purchasing power was mainly focused on these sub-markets. Turnover and volume of sales in wholesale and retail trade of food, beverages and tobacco experienced an upsurge all over Europe.
- For retail sales of non-food products as well as apparel during the first restriction period, the turnover contraction in the Baltics stayed above the average EU level. A greater impact on the apparel market in the Baltics became apparent during the "second wave" when restrictions became more strict and turnover decreased noticeably however just for short period, rising back above the EU average as the restrictions were eased.

E-commerce penetration | 2016 – 2023F



Notes:

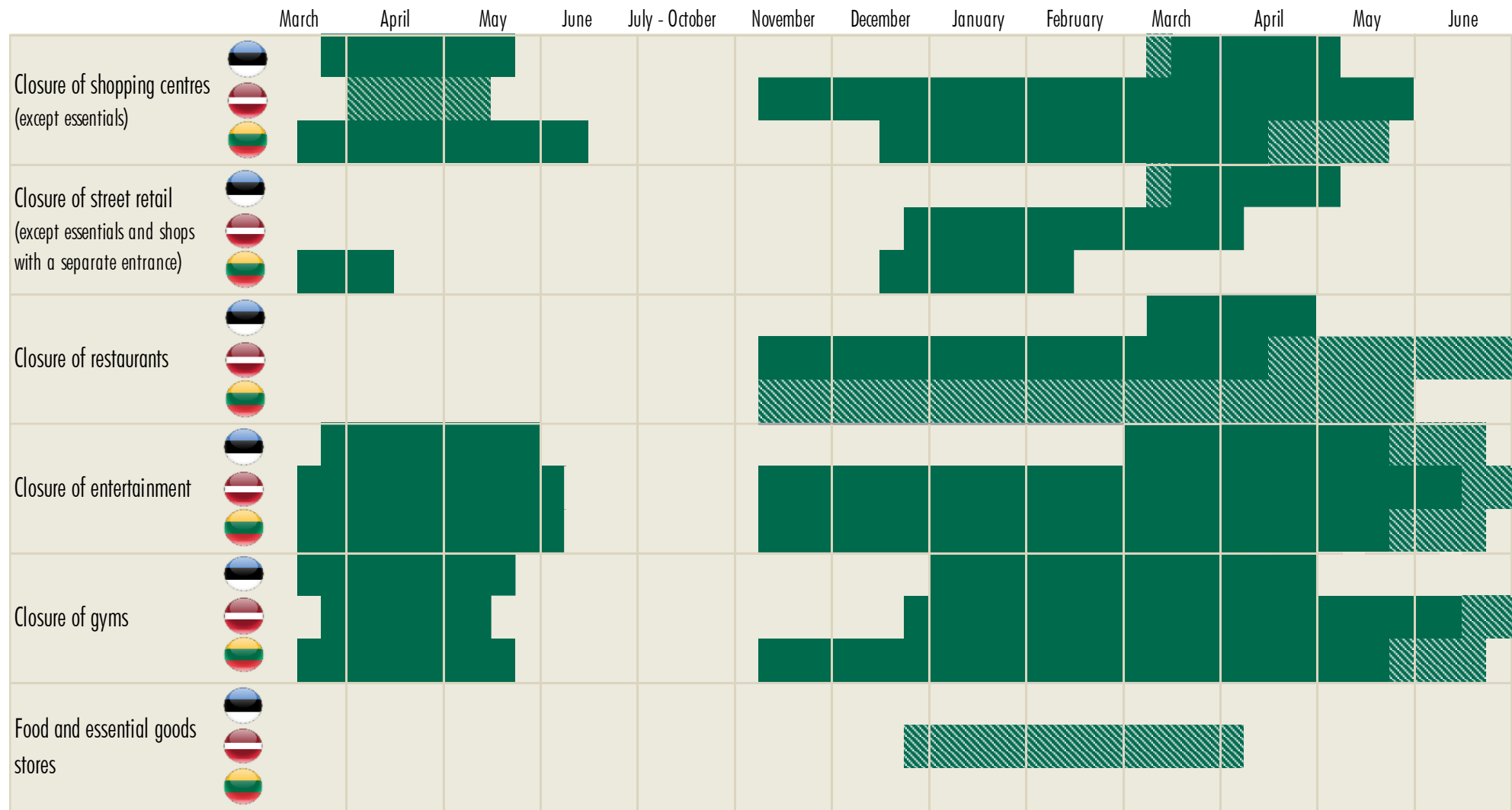
Sources: Eurostat, Euromonitor, Lithuania Statistics Department, Statistics Estonia, Central Statistical Bureau of Latvia, CBRE Baltics

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Restrictions in Baltics | March 2020 – June 2021



Notes:
Source: CBRE Baltics

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