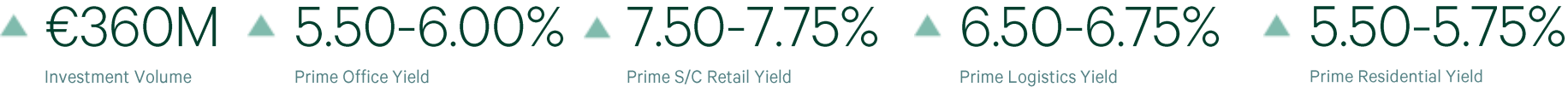


Retail Leads the Baltics, Investors Weather Changes



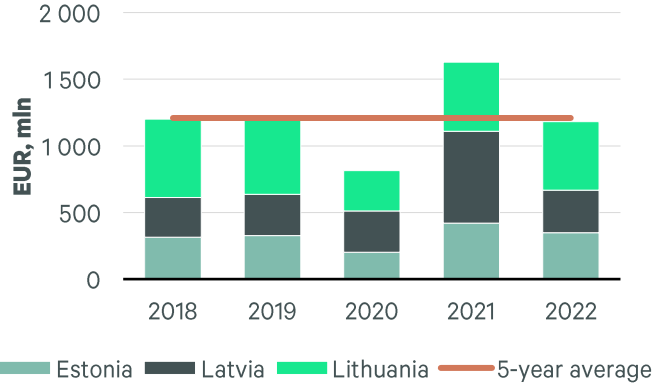
Note: Arrows indicate change from the previous quarter

Total Volumes. The Baltic real estate market saw a decrease in investment activity in 2022, with a total volume of €1.2 billion, representing a 27% decline from the record-high €1.6 billion transacted in 2021. Despite the slowdown, investment activity remained consistent with the average volume recorded over the past five years. In the fourth quarter of 2022, investment volume reached €360 million, a decrease of 35% from Q4 of the previous year (€562 million), but a significant growth of 85% from the preceding quarter (€195 million). The high investment levels in Q4 were largely due to several high-volume acquisitions that had commenced earlier in the year.

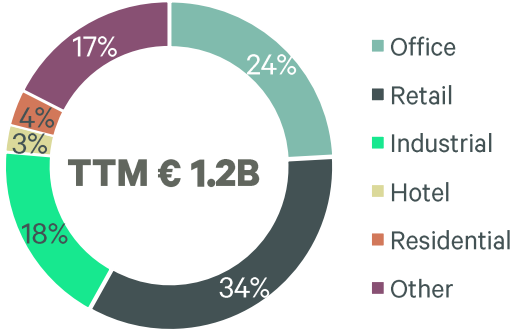
Investment activity in Lithuania was robust, reaching approximately €515 million, unchanged from the previous year. In Latvia, investment volumes declined 55% to reach €320 million, while in Estonia, investment activity decreased by 17% to €350 million.

Asset Classes. The retail sector accounted for the largest portion of investment volume in 2022, at 34%, followed by offices at 24% and industrial and logistics properties at 18%. In Q4 of 2022, investments in the retail sector comprised €127 million (35% of the total), offices accounted for €87 million (24%), and industrial and logistics only €22 million (6%). Retail properties continued to be preferred asset class in the Baltics for the second consecutive year, with Latvia and Lithuania being the preferred locations due to the wider product availability and favorable market fundamentals. Offices were the second most sought-after asset class, driven by a strong occupational market, followed by industrial and logistics properties

Investment Volumes in Baltic States, 2018-2022

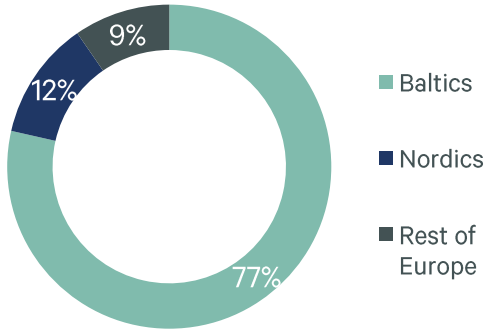


Investment in Baltic States by Sectors, 2022



Note: TTM: Trailing Twelve Months

Investors by Origin Region, 2022



Largest Investment Transactions in Baltics, 2022

Project	Sector	Country	City	Price range	Purchaser	Seller
EECP Retail Properties	Retail	Lithuania		80-100M	NDX Group	EECP Retail Properties
Lvivo 37	Office	Lithuania	Vilnius	40-60M	Lords LB European Property Fund	Lords LB Special Fund
Place Eleven	Office	Latvia	Riga	40-60M	East Capital	Hanner Group
Freedom 36	Office	Lithuania	Vilnius	20-40M	Groa Capital	Galio Group
Wendre Factory	Industrial	Estonia	Pärnu	20-40M	Titanium Baltic Real Estate	Trading House Property
Foorum Centre	Mixed use	Estonia	Tallinn	20-40M	Foorum Keskus (US Invest)	Foorum Invest
Damme SC	Retail	Latvia	Riga	20-40M	Summus Capital	New Agenda Partners
Krasta Auto	Retail	Lithuania	Vilnius	20-40M	Homa Group	AMG Property
Shnelli Ārimaja	Office	Estonia	Tallinn	20-40M	Höbevara	Arealis Holding
Babilonas SC	Retail	Lithuania	Panevėžys	20-40M	Westerwijk	Ogmios Group

Definitions

Investment Volume – the total amount of the value of commercial real estate investment transactions with value over 1 million EUR, that have been completed during the period reported. A property is deemed to be sold only when contracts are signed, or a binding agreement exists.

Yield – represents the income return on an investment after operational costs have been deducted. Yield is determined by first subtracting the property’s annual operational costs from its gross operating income and then dividing this by a sum of the purchase price (PP), not including additional acquisition costs.

Prime Yield – the yield which an investor would receive when acquiring a grade/class A building in a prime location (CBD, for example), which is fully let at current market value rents. Prime Yield should reflect the level at which relevant transactions are being completed in the market at the time but need not be exactly identical to any of them, particularly if deal flow is very limited or made up of unusual one-off deals. If there are no relevant transactions during the survey period a hypothetical yield is quoted, and is not a calculation based on particular transactions, but an expert opinion formed in the light of market conditions. The same criteria on building locations and specifications still apply.

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