EAST CAPITAL
REAL ESTATE

Baltic Property Fund Quarterly Report
January — March 2025

Café in Jewe shopping centre, photo by Heleriin Mölder

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Quarterly comment

The rental revenue for East Capital Baltic Property Fund for the period July 2024 – March 2025 amounted to EUR 3.44m. The average rent across the portfolio at the quarter end in March 2025 was EUR 7.4 sqm/mo. The vacancy level for the fund portfolio stands at 11% at the quarter end in March 2025.

In February 2025, lease agreement with Gym! Sports club for 710 sqm in Jewe shopping centre was signed. Construction works have started and a new sports club will open its doors in autumn 2025. This is the first step in updating Jewe shopping centre´s concept to become a vibrant hub for both business and leisure. Humana second-hand store closed at the end of its lease term in March 2025. Following these two changes, vacancy now stands at 11%, mostly located on the second floor.

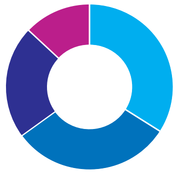
A new family doctors centre, occupying 230 sqm, opened in Jõhvi Tsentraal centre in February 2025. Jõhvi Tsentraal is operating with an all-time low vacancy rate of below 3%. The third Eastern-Estonian property, Kerese Centre in Narva, is operating with 18% vacancy rate. The management team is still in negotiations with a potential tenant for the third floor, covering ca 240 sqm. If this lease agreement is signed, the third floor will be fully occupied, reducing the vacancy rate to 13% of the GLA.

Monthly turnovers of the Tallinn Seaport hotel during July 2024 – March 2025 have been on the same level as during July 2023 – March 2024. The hotel operator is paying turnover rent that is invoiced semi-annually.

New lease agreement to one of the previous Makita building´s was signed in March 2025 in Tänassilma industrial complex. Rental payments will begin in May 2025 for warehouse premises and in June 2025 for the office premises. Vacancy in the complex is now ca 880 sqm in office-premises.

Sector Allocation

(% of gross property values)



Retail	33
Office	31
Industrial/Logistics	23
Hotel	13

Property Allocation

(% of gross property values)

Aiandi 13 office	24
Jewe SC	17
Jõhvi Tsentraal	16
Tänassilma Industrial	16
Seaport Hotel	13
Kerese Centre	7
Metal Industrial	7

Top 10 tenants of the fund

Tenant	**Sector**	**Property**	**Share of total rent**
Maxima Eesti	Wholesale and retail trade	Aiandi 13 office & Jõhvi Tsentraal	11%
Kaubaekspress	Logistics	Tänassilma industrial	10%
Tallinn Seaport Hotel	Accommodation	Seaport hotel	8%
Selver	Wholesale and retail trade	Jewe shopping centre	7%
Baltic Defence & Technology	Defence industry	Metal industrial	4%
Broadcom CA Estonia	Professional services	Aiandi 13 office	4%
Estonian Unemployment Insurance Fund	Public sector	Kerese centre	4%
Swedbank AS	Finance	Jõhvi Tsentraal	3%
Paulig Estonia	Food industry	Aiandi 13 office	3%
LPP Estonia	Wholesale and retail trade	Jõhvi Tsentraal	2%
Total			**56%**

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Financial overview

The Net Asset Value of East Capital Baltic Property Investors AB was EUR 322.27 as of 31 March 2025, increasing by 0.84% during the quarter and by 3.48% year-to-date for the financial year 2024/2025.

The Fund's rental income for the period July 2024 - March 2025 was EUR 3.44m and decreased by 2.2% compared to the period July 2023 – March 2024. The rental income y-o-y increased in Jõhvi Tsentraal as renovation is now completed and new leases are in force and in Metal industrial building as one of the tenant´s increased its area from mid-August 2024. Rental income y-o-y decreased in Jewe shopping centre due to sales of Jewe Furniture house. In Aiandi 13 office building rental income decreased y-o-y due to increased vacancy. Rental income from the remaining properties remained flat or increased slightly due to rent indexations.

The Fund's direct expenses include a loss from the sale and related costs of Zemitana office building in Riga, totalling EUR 0.13m. The Fund's net profit was EUR 1.08m.

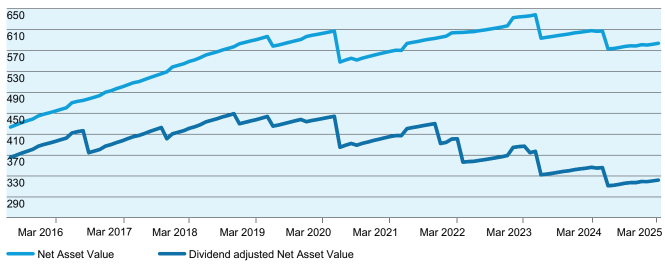
The fund´s portfolio value stands at EUR 50.75m. The loan-to-value of the EPF Neli syndicate loan is 46% as of 31 March 2025.

Net Asset Value 31 March 2025

East Capital Baltic Property Investors AB SE0011788439

NAV (EUR)	% 3 months	% YTD	% Since inception*
322.27	0.84	3.48	16.73

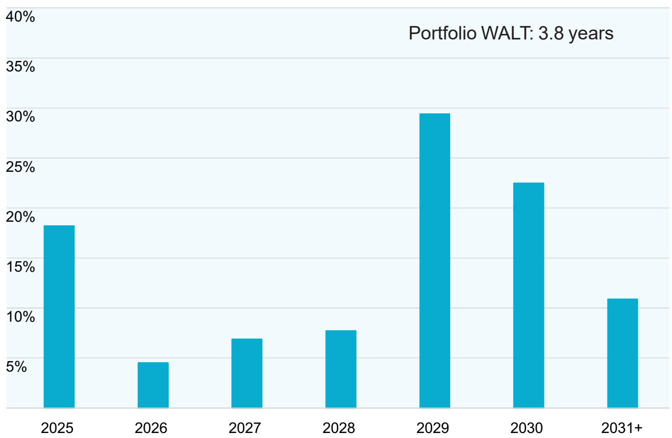
*including dividend payments



Fund Summary

	31 Mar 2025 EUR '000	31 Mar 2024 EUR '000
Fair value of portfolio	51,682	57,375
Other assets	3,963	1,885
Liabilities	-24,627	-25,991
TOTAL NET ASSET VALUE	**31,018**	**33,269**
Net Asset Value East Capital Baltic Property Investors AB	322.27	346.58

Lease maturity



Financials

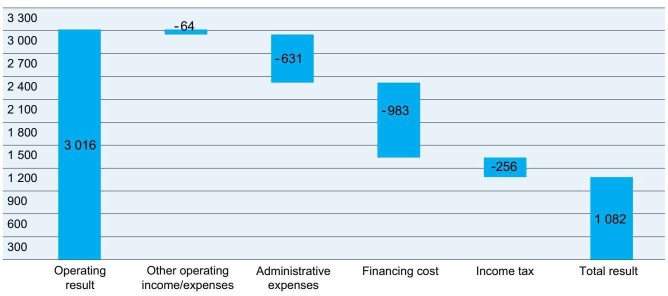
Statement of Comprehensive Income of East Capital Baltic Property Fund AB, unaudited for the period in EUR'000

	Jul 2024 - Mar 2025	Jul 2023 - Mar 2024
Revenue	3,445	3,521
Direct expenses	-429	-438
Gross profit	**3,016**	**3,083**
Administrative expenses	-631	-565
Other operating income/expenses	-64	-
Operating profit/loss	**2 321**	**2,518**
Interest income	18	28
Interest expenses	-1,001	-1,185
Profit/loss before income tax	**1 338**	**1 361**
Income tax	-256	-7
NET PROFIT FOR THE YEAR	**1 082**	**1 354**
Earnings per share - Ordinary shares	196,30	236,86

Statement of Comprehensive Income of East Capital Baltic Property Investors AB (publ), unaudited for the period in EUR'000

	Jul 2024- Mar 2025	Jul 2023 - Mar 2024
Earnings per share - Ordinary shares	10,97	28,28

Result contribution (YTD 2024/2025, EUR´000)



Statement of Financial Position of East Capital Baltic Property Fund AB, unaudited in EUR'000

	31 Mar 2025	31 Mar 2024
ASSETS		
Non-current assets		
Investments properties	51,682	57,375
Equipment	5	5
Total non-current assets	**51,687**	**57,380**
Current assets		
Account receivables - trade	154	186
Other receivables	547	306
Accrued income and prepaid expenses	572	49
Cash and cash equivalents	2,685	1,339
Total current assets	**3,958**	**1,880**
TOTAL ASSETS	**55,645**	**59,260**
EQUITY AND LIABILITIES		
Equity		
Share capital	17	17
Other paid-in capital	38,217	38,217
Retained earnings	-8,298	-6,319
Profit/loss for the period	1,082	1,354
TOTAL EQUITY	**31,018**	**33,269**
Liabilities		
Non-current liabilities		
Interest-bearing liabilities	22,024	23,692
Other liabilities	534	537
Total non-current liabilities	**22,558**	**24,229**
Current liabilities		
Interest-bearing liabilities	1 052	1,039
Accounts payable - trade	764	550
Other liabilities	87	20
Accrued expenses and deferred income	166	153
Total current liabilities	**2,069**	**1,762**
TOTAL EQUITY AND LIABILITIES	**55,645**	**59,260**

Contact

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Economic overview

In 4Q 2024, Estonia's real GDP grew by 1.1% y-o-y, with most activities having a positive impact. The GDP of Latvia decreased by 0.4% y-o-y in 4Q 2024, driven by downturn in construction and transportation and storage. The GDP of Lithuania was positive and stood at 4.0% in 4Q 2024, with the largest positive impact from information and communication and manufacturing.

Average annual inflation increased in all Baltic countries during 1Q 2025. As of March 2025, annual inflation stood at 4.3% in Estonia, 3.5% in Latvia and 3.7% in Lithuania.

In 4Q 2024 the average monthly gross earnings grew by 10.7% y-o-y in Lithuania and 8.3% in Latvia and in Estonia. As of February 2025, the highest registered unemployment rate of the country's working age population was recorded in Lithuania (9.2%), the lowest - in Latvia (5.7%), while in Estonia, it stood at 7.3%.

Real estate market

Investment market

After an impressive 2024 with the third-best all-time result in investment volume, 2025 started the year in Estonia with rather calm activity. 1Q 2025 investment volume reached only 10% of the last year's same period volume, ca EUR 28m. Investment activity remained largely driven by the industrial segment, followed by the office sector. As the market sees increased investor interest since fall 2024, then closing of deals is expected to gain momentum during the rest of the year. Prime yields continue to remain stable, facing limited market evidence.

In 1Q 2025, investment volume in Latvia reached EUR 65m. The most notable deal of the quarter was the divestment of the recently refurbished SC Olimpia by Grinvest, which was acquired by Indexo Real Estate Fund for over EUR 40m. SC Olimpia was the last property directly owned by Grinvest in Latvia. Also, the first sale-and-leaseback transaction involving Lidl in Latvia was finalized in 1Q 2025. A local investor acquired a recently commissioned Lidl store in Riga for EUR 6.9m. Prime yields remain unchanged with no new market evidence from transactions or negotiations.

In Lithuania, the investment segment remained active in 1Q 2025. Total investment volume amounted to almost EUR 150m in the first quarter, which is 5.5 times higher than the same period last year. There were several deals that exceeded the EUR 10m threshold, including two I&L properties bought by Prosperus, followed by the sale of the BC Meraki in Vilnius and SC Arena in Siauliai. Investment activity is driven by domestic capital, with all major investors being of Lithuanian origin.

Office segment

Development in the Tallinn office market remains considerably active with total GLA amounting to 97,200 sqm (11 projects) under construction in March 2025. Q1 2025 saw completion of the unique large-scale BtS office development - Wise moved from the Norra building in the Baltika Quarter to the recently redeveloped premises in Põhja-Tallinn to accommodate over 2,200 employees). Overall, leasing activity remains continually driven by expansions in the healthcare and ICT segments, followed by relocations in the professional and public sectors. Despite increased leasing activity, vacancy in Q1 2025 remained largely unchanged compared to the previous quarter.

2025 in Riga began with the completion of the Class B1 office building at Barona 30A, adding nearly 2,300 sqm of office space. Six more projects, totalling around 28,000 sqm, remain in the pipeline. Although no new large-scale developments have recently entered the construction phase, several developers are actively advancing plans for the next stages of their existing projects - such as Verde and Elemental - as well as for entirely new developments. In contrast to global trends where companies are increasingly requiring employees to return to the office, Latvia has not seen a such pronounced shift. Instead, companies are adopting flexible strategies tailored to their specific operational needs.

No significant changes were seen in the Vilnius office market in 1Q 2025. Tenants focused on cost-saving rather than extensive fit-outs, and landlords seldom offered concessions, keeping rent rates officially stable. Meanwhile, the trend of rising vacancies became more noticeable. Although no new office buildings were completed in 1Q 2025, some tenants are already looking at spaces in buildings under construction rather than older ones. Current stock market and new policies from President Trump have led some tenants to delay lease extensions, opting to wait and see how things unfold.

Retail segment

The development market in the Tallinn metro area remains active, with ongoing projects in Keila totalling over 15,000 sqm (Keila Centre, Vesiveski Centre and Lidl store), and Viimsi Kaubanduskeskus set to expand by 8,000 sqm by 2026. 1Q 2025 saw the opening of 4 new Lidl stores in Estonia, including two stores opened in Tallinn. Sports clubs' operators continue expanding - 1Q 2025 saw the opening of the 24-7 Fitness club in Kiili, while at least 14 more sports clubs should open across Estonia during 2025-1HY 2026. Footfall and sales in Tallinn SCs remained continually uneven in the beginning of the year, although overall seeing a minor increase on average.

New supply in the Latvian retail market remained quite inactive due to overall limited demand. Grocery chains and discounters continue to expand in both Riga and regions. There are signs of increased tenant activity, however, most active are the service segments - healthcare providers, education and sports clubs. Shopping centres continue to adjust their concepts to maintain footfall and fill vacancies, especially on the upper floors. Vacancy and rent rates remain stable. Sentiment is generally positive, but development activity and growth in the retail segment are expected to be slow.

In 1Q 2025, the Lithuanian retail market stood out with several notable developments and a moderate level of activity. A Half Price store opened in Kaunas near the Mega SC, increasing the retail concentration in the area. The Europa SC in Vilnius is undergoing change in tenant mix. From an M&A perspective, the quarter was marked by significant deals: Rimi Baltics was acquired by Salling Group for EUR 1.3bn, and Pet City was purchased by Musti Group for EUR 18.2m. Footfall in all major shopping centres remained stable and vacancy stayed low, reflecting continued tenant demand. Rent rates remained generally stable.

Industrial segment

The industrial segment remains active in Tallinn region with a total area of 148,500 sqm (28 projects) under construction in March 2025. 1Q 2025 saw completion of just 8 new projects with total GLA 30,630 sqm. The pace of stock-office projects development remains notable with ca 11,300 sqm (3 projects) of new stock-office space added to the market during 1Q 2025 and 6 stock-office projects (30,000 sqm) remaining under construction. Due to easing demand, several relocations in the segment and new supply, the vacancy rate in the stock-office sector continued to trend upward, reaching the 9% level. Mini-warehouses / mini-storages - complexes of medium and small storage spaces are gaining popularity.

The start of 2025 saw an active period of development in Riga region, marked by the completion of three projects in the Airport area: the Baltic Cargo Hub by airBaltic, Mārupes Parks Stage II, and Sirin Park Riga West - together adding 43,000 sqm to the market. While the development pipeline remains robust with over 136,500 sqm currently under construction, only one-third of this volume is being developed on a speculative basis. As the next wave of notable supply is expected to reach the market only at the end of 2025 or early 2026, the current supply is unlikely to match current demand. This imbalance is anticipated to put downward pressure on the vacancy rates, which are expected to trend downwards throughout the year.

1Q 2025 reflected a relatively stable but somewhat subdued start for the Lithuanian industrial and logistics sector. Ca 45,000 sqm was commissioned in the Vilnius region during 1Q 2025. While prime locations remain largely occupied, landlords in secondary areas are showing greater flexibility on lease terms and incentives to secure tenants. Indexation is expected to become a more relevant topic again in 2026, as inflation trends stabilize, and landlords begin to factor future adjustments into new contracts. Nevertheless, rent rate remains the key element in lease negotiations with pricing still leading decision-making across most of transactions.