



Quarterly comment

The rental revenue for East Capital Baltic Property Fund for the period July – September 2024 amounted to EUR 1.14m. The average rent across the portfolio at the quarter end in September 2024 was EUR 7.3/sqm/mo. The vacancy level for the fund portfolio stands at 13.5% at the quarter end in September 2024.

On August 28th, Swedbank Estonia opened its new regional office and retail branch at Jõhvi Tsentraal centre. In early October, a lease agreement was signed with a family doctor centre, which will occupy ca 240m² on the second floor of the centre. The opening is planned in the beginning of next year. These new premises support the vision of transforming Tsentraal into a vibrant community hub in Jõhvi and is a valuable addition to the diverse mix of retail, service, and leisure spaces.

The construction works of new sports club in Kerese commercial centre in Narva are now finished, while the construction works of the common areas are still ongoing, with estimated completion by the end of this year. Gym! sports club officially opened its doors on October 17th and was well received by the locals.

The biggest tenant in Metal industrial facility in Tallinn, Baltic Defence & Technology, extended the lease term to August 2029 (+5 years). Along with the extension, 726 sqm of warehouse area was returned, which was subsequently rented by an existing tenant, Rulonäs, at a higher rent. Additionally, Rulonäs upgraded their 80 sqm office area to a larger 300 sqm space, reducing the vacancy from previous 22% to 18%.

Tallinn Seaport Hotel turnover for the period July – September 2024 was ca 2% higher compared to the same period in 2023.

Zemitana office building in Riga, was put up for auction in October with a minimum price of EUR 1.7m. The bids are expected within a month's time and, if successful, the property could be sold by the end of this year.

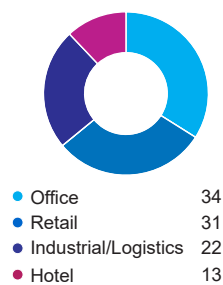
The Fund's Annual General Meeting will take place in 4Q 2024 where the management team will present the results of the 2023/24 financial year.



New Swedbank retail branch in Jõhvi Tsentraal Photo by Swedbank

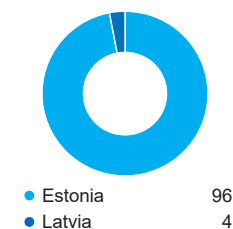
Sector Allocation

(% of gross property values)



Country Allocation

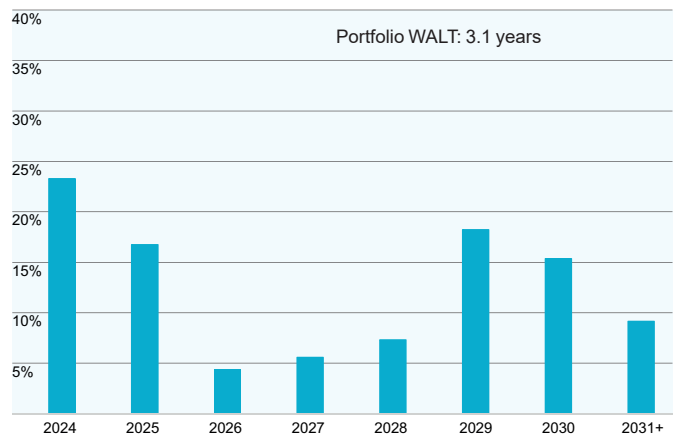
(% of gross property values)



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%
ELP Logistics	Logistics	Tanassilma industrial	9%
Tallinn Seaport Hotel	Accommodation	Seaport hotel	8%
Selver	Wholesale and retail trade	Jewe shopping centre	7%
Baltic Defence & Technology	Defence industry	Metal industrial	5%
Broadcom CA Estonia	Professional services	Aiandi 13 office	4%
Estonian Unemployment Insurance Fund	Public sector	Kerese centre	3%
Swedbank AS	Finance	Jõhvi Tsentraal	3%
Paulig Estonia	Food industry	Aiandi 13 office	2%
LPP Estonia	Wholesale and retail trade	Jõhvi Tsentraal	2%
Total			54%

Lease maturity



### Financial overview

The Net Asset Value of East Capital Baltic Property Investors AB was EUR 316.14 as of 30 September 2024, increasing by 1.51% during the quarter, from EUR 311.43 on 30 June 2024.

The fund's rental income for the period July-September 2024 was EUR 1.14m and decreased by 3.6% compared to the period July – September 2023. The rental income y-o-y increased in Jõhvi Tsentraal as renovation is now mostly completed and new leases are in force. Rental income y-o-y decreased in Metal industrial property and Jewe shopping centre due to sales of Metal B building and Jewe Furniture house. In Aiandi 13 office and Tännassilma industrial complex 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 net profit concluded at EUR 0.45m.

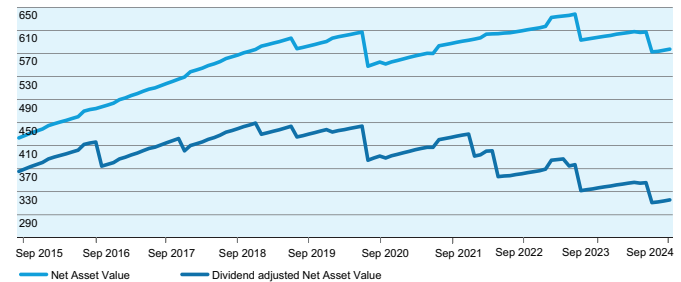
The fund's portfolio value stands at EUR 52.94m. The loan-to-value of the EPF Neli syndicate loan is 47% as of 30 September 2024, considering only Estonian properties as collaterals as per the loan agreement.

### Net Asset Value 30 September 2024

#### East Capital Baltic Property Investors AB SE0011788439

NAV (EUR)	% 3 months	% YTD	% Since inception*
316.14	1.51	1.51	15.51

\*including dividend payments



### Fund Summary

	30 Sep 2024	30 Sep 2023
	EUR '000	EUR '000
Fair value of portfolio	52,983	56,883
Other assets	2,443	1,996
Liabilities	-25,039	-26,536
<b>TOTAL NET ASSET VALUE</b>	<b>30,387</b>	<b>32,343</b>
Net Asset Value East Capital Baltic Property Investors AB	316.14	336.97

### Financials

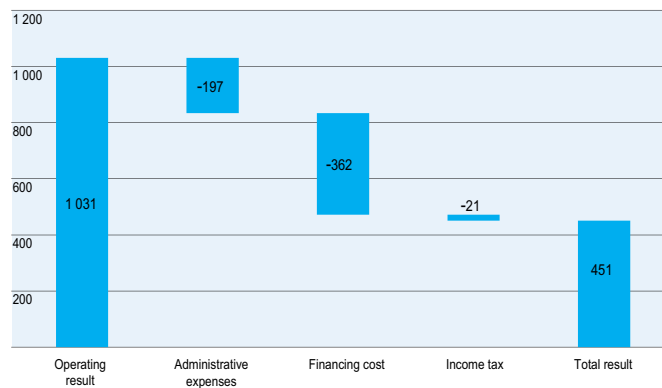
#### Statement of Comprehensive Income of East Capital Baltic Property Fund AB, unaudited for the period in EUR'000

	Jul 2024 - Sep 2024	Jul 2023 - Sep 2023
Revenue	1,136	1,178
Direct expenses	-105	-171
<b>Gross profit</b>	<b>1,031</b>	<b>1,007</b>
Administrative expenses	-197	-170
<b>Operating profit/loss</b>	<b>834</b>	<b>837</b>
Interest income	3	-
Interest expenses	-365	-402
<b>Profit/loss before income tax</b>	<b>472</b>	<b>435</b>
Income tax	-21	-7
<b>NET PROFIT FOR THE YEAR</b>	<b>451</b>	<b>428</b>
Earnings per share - Ordinary shares	81,62	77,80

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

	Jul 2024- Sep 2024	Jul 2023 - Sep 2023
Earnings per share - Ordinary shares	4,56	4,41

#### Result contribution (Q3 2024, EUR'000)



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

	30 Sep 2024	30 Sep 2023
<b>ASSETS</b>		
<i>Non-current assets</i>		
Investments properties	52,983	56,883
Equipment	5	5
<b>Total non-current assets</b>	<b>52,988</b>	<b>56,888</b>
<i>Current assets</i>		
Account receivables - trade	181	195
Other receivables	366	328
Accrued income and prepaid expenses	20	29
Cash and cash equivalents	1,871	1,439
<b>Total current assets</b>	<b>2,438</b>	<b>1,991</b>
<b>TOTAL ASSETS</b>	<b>55,426</b>	<b>58,879</b>

#### EQUITY AND LIABILITIES

<b>Equity</b>		
Share capital	17	17
Other paid-in capital	38,217	38,217
Retained earnings	-8,298	-6,319
Profit/loss for the period	451	428
<b>TOTAL EQUITY</b>	<b>30,387</b>	<b>32,343</b>

#### Liabilities

<i>Non-current liabilities</i>		
Interest-bearing liabilities	22,559	24,137
Other liabilities	533	616
<b>Total non-current liabilities</b>	<b>23,092</b>	<b>24,753</b>

<i>Current liabilities</i>		
Interest-bearing liabilities	1,049	1,039
Accounts payable - trade	660	311
Other liabilities	43	16
Accrued expenses and deferred income	195	417
<b>Total current liabilities</b>	<b>1,947</b>	<b>1,783</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>55,426</b>	<b>58,879</b>

### Contact

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### Economic overview

In 2Q 2024 GDP (in real terms) decreased in Estonia by 1.0% y-o-y, mainly due to the dampening effect of trade and construction. The GDP of Latvia increased by 0.5%, driven by upturn in information and communication, agriculture and public administration and defence. The GDP of Lithuania was also positive and stood at 1.7% in 2Q 2024, with the largest positive impact from information and communication, financial and insurance activities, construction and manufacturing.

Average annual inflation in September 2024 is remaining under 2% target in Latvia and Lithuania, 1.6% and 0.4% accordingly. In Estonia, the annual inflation stood at 3.2% in September 2024.

In 2Q 2024 the average monthly gross earnings grew by 9.8% y-o-y in Lithuania, 9.6% in Latvia and 7.2% in Estonia. As of February 2024, the highest registered unemployment rate of the country's working age population was recorded in Estonia (7.7%) and Lithuania (7.4%), the lowest in Latvia (6.9%).

### Real estate market



#### Investment market

Estonian investment market remained expectedly calm since 1Q 2024, with a total investment volume during Q2-Q3 not even exceeding the EUR 100m level. Medium size deals closed in Q3 included the sale of Medicum property in Tallinn to the French fund, new player on the market and the sale of the Tāhesaju Hortes building by EFTEN Capital to Kinnisvara Info (end-user deal, property will be used as a Konverter Furnishing Centre). The market awaits closing of several large deals in 4Q 2024. Prime yields continue to remain stable, facing limited market evidence, while real (known) yields in Estonia largely varied from 7% up to 14%.

The investment market in Latvia remains inactive with total investment volume almost reaching EUR 90m in the first three quarters of 2024. The largest deal in Q3 involved Grinvest's divestment of the current SEB HQ, a Class B office building on the outskirts of Riga, which was acquired by Booking Group and Chemispec for their own use. After almost two years of landlord unwillingness to sell, several large properties are entering the market and attracting interest from potential buyers. With two years of no prime transactions and a downward trend in EURIBOR, the theoretical yield level remained unchanged.

In Lithuania, the YTD investment volume (ca EUR 140m) decreased by 42% from the corresponding period last year. Local players continue to dominate the market with the UNA SC deal (est. price worth to be around EUR 30m) signalling a positive tone of recovering interest and growing investors' appetite. More deals are anticipated in Q4, which is expected to be the most active quarter of the year. Following the trends of the last half year, the investment activity is evenly distributed among all major sectors.

#### Office segment

Development in the Tallinn office market remains considerably active with total GLA amounting to 100,000 sqm (10 projects) under construction in September 2024. The last quarter of the year should see the start of construction works of several new projects, incl. Class A City Plaza 2 (anchor tenant LHV Bank,

planned completion in Q1 2028). Despite a slight increase in number of enquiries in September (especially in the segment of premises up to 300 sqm), demand continues to remain somewhat subdued with leasing activity continually driven by relocation and optimisation in the ICT sector. Vacancy continued to trend slightly upwards, reaching the 10% threshold in Class A segment and almost 11% level in Class B1.

No large-scale office projects entered the Riga market during 3Q 2024. Developers who would be willing to initiate construction continue to look for an anchor tenant. Take-up activity remains at around 12,000 sqm per quarter, reaching a total of over 37,000 sqm so far in 2024. While most of the activity is seen in Class A stock, it is observed that some tenants prefer premises in Class B buildings with finished fit-out, which require minimum investments and allow for a shorter moving-in period. Decreasing vacancy in recently completed buildings and new construction at higher cost result in increasing upward pressure on asking rates.

In 3Q 2024, catering and health centres remained among the most active tenants in Vilnius business-centres. The vacancy rate may see a slight rise due to the completion of the Yellowstone, contributing ca 9,500 sqm of GLA to the total stock. No new major companies have announced their entry into Lithuanian market. The public sector remains engaged in searches and enquiries in the market. Fit-out costs remained stable quarter-over-quarter, ensuring consistency in investment expectations for tenants and landlords alike. Overall, market activity slowed down during the peak vacation months of July and August, but it appears to be picking up momentum in September.

#### Retail segment

Development market in Tallinn region remains continually driven by the activity in the grocery segment. 3Q 2024 saw the opening of 3 new grocery stores in Tallinn region, incl. Selter's new supermarket at the Rocca al Mare SC. Footfall in Tallinn shopping centres remains uneven, seeing minor increase in several locations (e.g., City Centre, positively driven by tourist season) as well as some decline in other centres across the city. Despite challenging times and growing (financial) difficulties in the segment, vacancy continues to remain surprisingly low.

At the end of August 2024, already third department store with a new concept reopened in Riga - former Elkor Plaza reopened as the neighbourhood shopping centre Teika Plaza. Three new brands entered the Latvian market during the quarter - JD Sports opened in SC Akropole Alfa, Boggi Milano opened in SC Spice and Dan John opened in SC Akropole Alfa and SC Jelgavas Pasāža. Despite the new entrances, overall demand is limited, and tenants are only willing to expand to strategic locations. Rent growth is slow as agreements in the prolongation process are renewed in many cases not on the accumulated rental level but on the current market rent.

3Q 2024 saw the start of construction work of PC Pikas, a new shopping centre on the busy Ukmergės Street in Vilnius. It will feature key tenants like IKI, Lemon Gym and Montis Magia, which plans to open the largest climbing gym in the Baltics. Gym operators continue their fast-paced growth in Lithuania, notably with Gym+ opening 3 sports clubs in September. Fast fashion brands are expanding and actively searching for new locations. The newly constructed UNA shopping centre was sold by VPH, developer, to EFTEN Capital.

### Industrial segment

The industrial segment remains active in Tallinn region with a total area of 175,800 sqm (27 projects) under construction in September 2024. 3Q 2024 saw the completion of 5 speculative and 8 B-t-S projects, including Paemurru 1 LC (17,800 sqm) in Maardu and Härgmäe 8 (8,000 sqm; tenant ELP Logistics) in Tallinn. Take-up activity is driven by logistics companies and distributors. Considerably low vacancy keeps asking rates at a high level (above EUR 5/sqm), although larger tenants (3,500+ sqm) continue to look for, negotiate and sign leases in existing buildings below the EUR 5/sqm barrier. The pace of stock-office projects development remains notable with ca 31,300 sqm (8 projects) of stock-office space under construction.

Riga development market remains active with Piche and Sirin continuing to develop their parks. Both companies are also expanding their land portfolios. As Riga industrial market is driven by local demand, with the stagnant economic development in Latvia, the market is struggling. There is a notable hidden vacancy on the market, at least as high as current total vacancy. With a strong tenant market, negotiation power is in hand of tenants and in many cases. In addition, landlords are ready to renew leases at current market rents rather than at the accumulated rental level to avoid a risk of potential vacancy.

Active development in Lithuania is experiencing slower demand due to the summer season, making the quarter challenging for landlords. Interest in land plot acquisitions remains strong among developers and end-users. However, transaction volumes are steady, limited by a lack of quality supply. Current market conditions favour tenants, leading to negotiations on the lower end of asking rent rates.

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