

### Quarterly comment

On 19 April 2022, an Extraordinary General Meeting of the East Capital Baltic Property Investors (publ.) AB was held and an extension of the term of the shareholders' agreement relating to the East Capital Baltic Property Fund AB ("the Fund") for up to five years until July 2027 was approved. The Fund extension is required to enable orderly exit of all properties and the key focus for the extended term are further exits and dividend distributions. The extended Fund term will also enable to procure new bank funding resulting in improved conditions for free cash flow and dividend capacity.

A dividend distribution of EUR 45 per share in East Capital Baltic Property Investors was also approved and will be distributed in April 2022. Together with the dividend distributed to investors in December 2021 this adds up to a total distribution of EUR 85 per share during financial year 2021/22, equal to 20% of 30 June 2021 Net Asset Value.

In January 2022, the Fund completed the sale of Gospa hotel in Saaremaa to an operator related buyer close to current book value.

In February 2022, the Fund agreed and completed the sale of Jin office property in Vilnius. The property was sold for EUR 5.791m, a 13.5% premium to its latest appraised value EUR 5.1m. The Net Asset Value as of 31 March 2022 includes the net sales result adjusted with brokerage and transaction fees as well as the income tax liability on distributions to the Fund.

The fund now has eight assets remaining in the fund with a current total fair value of EUR 57.04m.

The rental revenue for East Capital Baltic Property Fund for the period July 2021 - March 2022 amounted to EUR 4.26m and increased by 5% on a comparable basis versus the same period in financial year 2020/21 (eliminating for divested properties).

The Fund properties maintain a stable tenant mix, but the Fund's overall vacancy rate has increased slightly to 10% considering that properties recently divested have been fully or largely occupied.

The Fund is progressing with the Jõhvi Tsentraal upgrade project. Jõhvi Tsentraal centre remains one of the properties which has not been significantly updated since its acquisition in 2007. The current renovation will modernize both the concept, the building and the surrounding areas. The works, financed by internally accumulated liquidity, will be completed in stages and the total investment budget is to be finalized.

As part of this process, a new Jysk store was opened on ca 1,000 sqm in August 2021. Another lease with Sinsay was signed in 1Q 2022 and the new store will be opened during 2022 after premises are prepared.

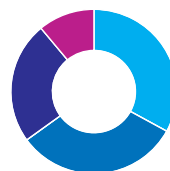
The currently known direct impact of the war in Ukraine on the properties is limited. Tallinn Seaport Hotel saw an exceptionally high turnover due to accommodation of Ukrainian refugees in March. Two tenants, affected by the war, have left from the furniture house adjacent to Jewe Centre which led to a higher vacancy. Main advisory and valuation companies in the Baltics (Colliers and Newsec) do not currently indicate a change in property valuations as they have no facts supporting a change in the market conditions or market participants view on the market.

### Fund Summary

	31 Mar 2022	31 Mar 2021
	EUR '000	EUR '000
Fair value of portfolio	57,040	81,970
Other assets	16,335	6,224
Liabilities	-28,737	-43,485
<b>TOTAL NET ASSET VALUE</b>	<b>44,638</b>	<b>44,709</b>
Net Asset Value East Capital Baltic Property Investors AB	401.17	405.33

### Sector Allocation

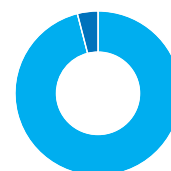
(% of gross property values)



Office	33
Retail	32
Industrial/Logistics	24
Hotel	11

### Country Allocation

(% of gross property values)



Estonia	96
Latvia	4

### Financial overview

The Net Asset Value ("NAV") of East Capital Baltic Property Investors AB was EUR 401.17 as of 31 March 2022, increasing by 2.31% during the quarter from 31 December 2021 and by 4.93% for the y-t-d financial year 2021/22 from 30 June 2021.

The NAV includes the net sale result of Gospa property and Jin property under other operating income. The NAV also includes the income tax paid on Jin sale.

The fund's rental income for the period July 2021 - March 2022 was EUR 4.26m. The rental income of the portfolio, excluding divested properties, amounted to EUR 3.37m and increased by 5% compared to the period same period in 2020, with rental income increases in most properties y-o-y.

The fund's net profit concluded at EUR 2.47m.

After the sale of Gospa hotel in January 2022 and Jin office in February 2022, the portfolio now includes eight properties. The portfolio gross value of these assets amounts to EUR 57.04m.

After a one-off loan repayment upon Gospa sale, the Fund's loan portfolio stands at EUR 26.86m and the corresponding loan-to-value ratio is 47% as of 31 March 2022. There was no external financing directly linked to Jin office property, therefore all net sale proceeds remain for future distributions.

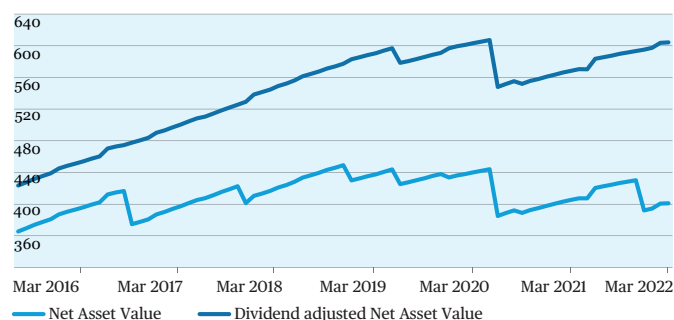
As of 31 March 2022, the Fund has EUR 15.8m of cash and cash equivalents, including the sale proceeds of Gospa and Jin properties. The cash balance includes reserves for the income tax liability connected to the dividend payments and a cash buffer for necessary investments mainly in Jõhvi Tsentraal property.

### Net Asset Value since inception

East Capital Baltic Property Investors AB SE0011788439

NAV (EUR)	% 3 months	% YTD*	% Since inception*
401.17	+2.31	+4.93	20.83

\*Performance adjusted with dividend payments. Financial year July-June.



### Financials

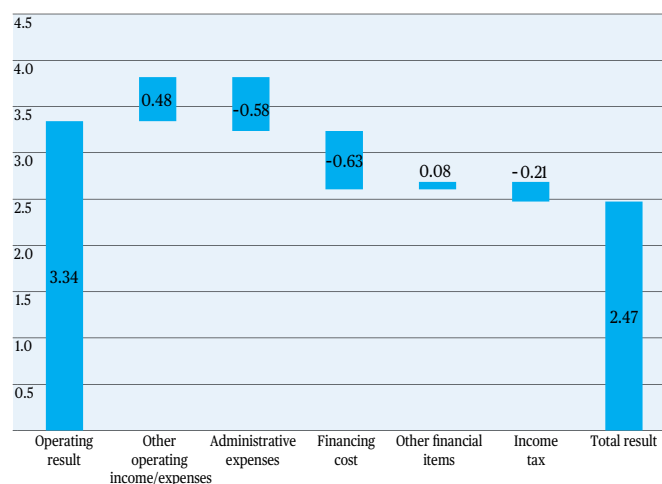
#### Statement of Comprehensive Income of East Capital Baltic Property Fund AB, unaudited for the period in EUR'000

	Jul 2021 - Mar 2022	Jul 2020 - Mar 2021
Revenue	4,255	5,120
Direct expenses	-912	-712
<b>Gross profit</b>	<b>3,343</b>	<b>4,408</b>
Administrative expenses	-583	-729
Other operating income/expenses	475	-
<b>Operating profit/loss</b>	<b>3,235</b>	<b>3,679</b>
Interest expenses	-630	-788
Fair value adjustment of interest rate swap	80	69
<b>Profit/loss before income tax</b>	<b>2,685</b>	<b>2,960</b>
Income tax	-212	96
<b>NET PROFIT FOR THE YEAR</b>	<b>2,473</b>	<b>3,056</b>
Earnings per share - Ordinary shares	448,86	554,62

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

	Jul 2021 - Mar 2022	Jul 2020 - Mar 2021
Earnings per share - Ordinary shares	20,72	25,64

#### Result contribution (year-to-date financial year 2021/22, EURm)



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

	31 Mar 2022	31 Mar 2021
<b>ASSETS</b>		
<i>Non-current assets</i>		
Investments properties	57,040	81,970
Other long-term assets	7	13
Equipment	5	6
<b>Total non-current assets</b>	<b>57,052</b>	<b>81,989</b>
<i>Current assets</i>		
Account receivables - trade	161	335
Other receivables	263	377
Accrued income and prepaid expenses	50	47
Cash and cash equivalents	15,849	5,446
<b>Total current assets</b>	<b>16,323</b>	<b>6,205</b>
<b>TOTAL ASSETS</b>	<b>73,375</b>	<b>88,194</b>

#### EQUITY AND LIABILITIES

Equity		
Share capital	17	17
Other paid-in capital	33,798	38,217
Retained earnings	8,250	3,419
Profit/loss for the period	2,473	3,056
<b>TOTAL EQUITY</b>	<b>44,538</b>	<b>44,709</b>

#### Liabilities

Non-current liabilities		
Interest-bearing liabilities	-	36,088
Derivatives	93	74
Other liabilities	645	664
Deferred tax liabilities	-	601
<b>Total non-current liabilities</b>	<b>738</b>	<b>37,427</b>

Current liabilities		
Interest-bearing liabilities	26,864	4,374
Accounts payable - trade	261	1,085
Derivatives	7	282
Other liabilities	537	47
Accrued expenses and deferred income	430	270
<b>Total current liabilities</b>	<b>28,099</b>	<b>6,058</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>73,375</b>	<b>88,194</b>

### Contact

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Tel: +46 8 505 88 505

### Economic overview

In 4Q 2021 GDP of Estonia grew by 8.6% y-o-y (main driver was manufacturing), 3.5% in Latvia y-o-y (main drivers were financial and insurance activities, information and communication) and 9.4% y-o-y in Lithuania (main drivers were manufacturing financial and insurance activities, information and communication).

Average annual inflation in February 2022 accelerated to 11.6% in Estonia, 8.8% in Latvia and 14.0% in Lithuania.

In 4Q 2021 the average monthly gross earnings grew by 7.3% y-o-y in Estonia, 12.4% in Latvia and 10.2% in Lithuania. In February 2022, the highest registered unemployment rate of the country's working age population was recorded in Lithuania (10.0%), the lowest - in Latvia (6.8%), while in Estonia, it stood at 6.9%.

### Real estate market

#### Investment market

2021 resulted in record-high investment volumes in Baltics, amounting to EUR 1.95 bn. Total investment volume in the Baltics is expected to exceed the EUR 1 billion threshold also in 2022, forecasts still hold after the war started. Investors have targeted more defensive assets, such as offices, logistics and grocery-led retail, as well as new / niche investment products (residential rental, student and senior housing, and data centres), instead of development or conversion opportunities. Yield decrease may pause, but yields are not expected to rise due to the war (based on the capital availability, competition, availability of financing).

After a record high investment volume achieved in 2021, the capital market in Estonia started the year with considerable activity, total investment volume amounted to ca EUR 95m in 1Q 2022. The year started with the sale of the GoSpa hotel building in Kuressaare by East Capital to a company related to the operator of the hotel. Fausto Group sold its retail portfolio (4 locations across Estonia) to Capital Mill and Restate sold Tähesaju Twins Stock Offices in the Tähesaju area of Tallinn. The end of 2021 saw continual yield compression toward 5.5% in office segment and 6.7% in industrial segment.

In Latvia, total investment volume exceeded EUR 75m, with several notable investment transactions and half of the activity again observed in the retail segment. Green Formula Capital acquired the K-3 Mall of Imanta, while Lords LB sold Rimi HM to Hili Properties for EUR 20m and DINO ZOO Pasaule big-box on Krasta str. The rental residential segment continues to gain momentum - LHV acquired 5 rental apartments with more than 100 apartments in total for EUR 9m. Significant activity was also observed in the development segment with more than EUR 35m spent on development properties. Investor interest in grocery-led retail objects and sale-leaseback transactions remains high. Yields currently remain unchanged.

1Q 2021 in Lithuania with total investment volume EUR 100m was highly volatile. The beginning of the year enjoyed a good start in terms of investors' interest and acquisitions. The largest share of investment volume was formed by the industrial segment (ca 45%). In Vilnius, the retail sector also witnessed one of the largest transactions: the sale of the Mandarin SC by Lords LB Baltic Fund III to PREF III for EUR 11m. Yields on core investments remained unchanged.

However, situation changed when Russia started military action in Ukraine. Investors have started to look more carefully at the properties they buy. Nevertheless, several transactions were completed after the beginning of the war. According to disclosed information these transactions have been concluded at the same market yield levels and conditions as pre-war. Also, the abundance of capital, witnessed in 2021, has not disappeared and still real estate is seen as a good investment to shield for inflation.

Main advisory and valuation companies in the Baltics (Colliers and Newsec) do not indicate a change in property valuations, as there is not a reason for drastic changes having no facts supporting a change in the market conditions or market participants view on the market. Also, the international valuation associations have not yet issued any special instructions regarding war situation as was produced for COVID-19. The market remains active, after a very short pause in the beginning of the war and also so far, the market yield expectations have not moved.

The major financing banks (incl. Scandinavian banks Swedbank, SEB, Luminor and local banks such as LHV) have also not indicated a major change in financing terms nor availability. The banks' focus is on counterparty evaluation, and strong experienced companies should not face financing difficulties.

#### Office segment

Development in the Tallinn office market remains continually active as 17 projects with leasable area of almost 150,000 sqm are under construction in March 2022. In 1Q 2022, the asking rental level for new premises / premises under construction increased by an additional 1-2 EUR/sqm/month compared to 2021 and this trend is expected to continue. Vacancy continues to fluctuate around 7%, seeing some continuing decline in Class A buildings.

In Riga, development activity remains high with more than 160,000 sqm of office space under construction. Due to large pipeline, geopolitical situation, and rising construction costs, we might see fewer than expected new projects starting in the foreseeable future. Increasing costs are also putting further pressure on rent rates both for pre-lease agreements and for agreements in existing projects that require fit-out. The market is also seeing enquiries from companies with a view to relocating their offices from countries affected by war or sanctions; however, no notable transactions have yet happened.

Vilnius office market was boosted by the completion of 3 business centres, adding 36,707 sqm of leasable area to the office market in 1Q 2022. Development activity is also high at 184,300 sqm, out of which 114,200 sqm is expected to be completed this year and the rest in 2023. Companies from Belarus and Russia are actively looking for office space to relocate and it can be assumed that the vacancy rate might decrease soon.

#### Retail segment

The retail sector in Tallinn remains inactive with no new remarkable additions expected during 2022. Some development activity is seen in Tallinn neighboring municipalities, but similarly to other sectors, due to rising construction costs, some projects will be delayed/postponed. The most significant market entry in 1Q 2022 was the opening of the first 8 LIDL stores in Estonia, incl. 5 stores opened in Tallinn. Shopping centres continue diversification of their tenant mix. Viru Keskus SC announced the addition of a wellness, beauty, and aesthetic medicine centre to its tenant mix in 2022.

No new retail projects were added to Riga retail market in 1Q 2022. However, professional retail objects continued to change owners and improve their strategies. K3 Imanta Mall was acquired by Green Formula Capital, while the recently acquired SC Alfa was renamed as SC Akropole Alfa (the existing SC Akropole is now SC Akropole Riga). There is a small increase in SC vacancy in 1Q though mostly due to some planned tenant changes. Most demand still comes from discounters with their remaining interest in expanding outside Riga, as well as increased interest in being located close to or within office complexes and other mixed-use projects that are currently being developed.

In 1Q 2022, retail stock in Vilnius remained same and no new projects were announced. However, as expected, existing retail facilities are now focusing on refurbishments and major improvements. IKI Vilnius reopened after reconstruction and Europa SC opened food court. SC Ozas



continues to focus on leisure & entertainment and opened a new 3,500 sqm interactive entertainment centre: “Action! by Apollo”. Additionally, SC Pupa and SC Panorama received BREEAM certificates after completion of improvement works. Vacancy in prime shopping centres in Vilnius slightly decreased, while rent rates remained stable. However, increased utility costs are becoming a major challenge for restaurants and coffee shops.

### Logistics segment

The industrial development segment remains active in the Tallinn region, with a total of 142,700 sqm leasable area under construction in March 2022 and several large-scale projects in pipeline. However, due to rising construction and utility costs, some developments will be delayed and/or put on hold. As a result, existing buildings are starting to gain some advantages due to buoyant demand and plans by various companies to expand, resulting in upward movement of asking rent rates. Development of stock-office premises continues to trend upwards with at least 60,050 sqm remaining under construction.

In Q1 2022, the Riga industrial market has been quiet, no new projects were started, and no notable projects finished. For now, construction of development projects (GLA >180,000 sqm) continues, while no new developments were planned to start. Even so, notable developers increased their land bank - Piche acquired 2 land plots in Marupe, and Sirin acquired a land plot in the same area. As expected at the beginning of the year, vacancy is decreasing and currently remains below the 2% level. Increasing construction costs together with a lack of supply continue to put upward pressure on rent rates.

In Q4, the Vilnius warehouse market grew by GBA of 20,000 sqm (IV stage of Liepkalnio Industrial Park) and construction works of J55 LC (2nd part of stage II) started. Some 61,700 sqm remained under construction, of which over 82% consists of speculative projects. Due to rising construction costs some projects at the planning stage were put on hold. Occupier activity has been predominantly driven by lease renewals from retail trade companies and new pre-leases from shipping and last-mile delivery logistics, which was reflected in the total take-up of over 27,200 sqm. Rents remained stable, but under upward pressure due to rising construction costs.

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### Important notice

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