



Rimi grocery store was opened in August 2016 in Keresé commercial centre in Narva.

Macro overview

GDP in Estonia increased by 0.8% in 2Q 2016 y-o-y, driven mostly by increased value added in the trade and information and communication sectors. GDP in Latvia increased by 2.1% y-o-y in Q2, mainly still driven by growth in manufacturing and trade activities. The GDP growth in Lithuania was 1.9% y-o-y in 2Q 2016.

Unemployment remains low in Estonia, with recorded unemployment of 6.5% in Q2. The unemployment rate decreased in Latvia and Lithuania, reaching 9.5% and 8.0% respectively.

In 2Q 2016, inflation (HICP) in Estonia was still low, at 0.1%. Negative inflation is being witnessed in Latvia, with a -0.7% change in harmonised prices in Q2. Inflation also remains modest in Lithuania, at 0.4% in Q2.

The Economic Sentiment Indicator (ESI) in Estonia has increased by 1.6 points since May 2016, and stood at 103.1 points in August 2016, driven by gains in industry and among consumers. The ESI in Latvia has worsened by 1.2 points since May, to 103.1 points in August 2016, driven by worsened sentiment in all business sectors, except for construction. In Lithuania, the ESI improved to 106.0 points in August 2016 (+1.9 points since May), driven by the improvement in sentiment in industry, construction and among consumers.

Key economic figures 2Q 2016	Estonia, %	Latvia, %	Lithuania, %
GDP growth	0.8	2.1	1.9
Unemployment	6.5	9.5	8.0
Inflation (HICP)	0.1	-0.7	0.4

Property market

Development on the Tallinn office market remains active, with a total area of approximately 110,000 sqm under construction or in the completion phase in September 2016. Despite this frenetic pace, several new development projects have been started or announced lately. Most of the new buildings are occupied by either IT companies needing additional space or companies looking for 100-150 sqm premises offering more contemporary solutions. Rental rates in 3Q 2016 remained stable, although the upper margin of asking rents is showing an upward trend.

By the end of 3Q 2016, the total Riga office space was supplemented by three office buildings with total leasable area of 6,000 sqm, and five additional speculative office projects with total leasable area of 46,500 sqm are currently under. Moreover, the reconstruction of an historical building into a speculative Class A office building has started at Brīvības Street 21. Demand remains stable, with the finance, banking, insurance and IT sectors as drivers of the leasing market. Rental rates remain stable, while vacancy slightly decreased compared to Q2.

During 3Q 2016, the Vilnius office market experienced a 7% increase in supply compared to the previous quarter, at 500,810 sqm. Two stages of the Quadrum Business Centre (33,159 sqm), with the anchor tenant DNB Bank (11,500 sqm), were opened. As Quadrum BC is still ca 25% vacant, Class A segment market vacancy increased to 5.2%. By the end of the year, the Vilnius office market is expected to further expand by more than 31,000 sqm of new space. In October, East Capital Explorer announced the start of

the construction of 3 Bures' third tower. The new building will comprise approximately 13,000 sqm of leasable floor space and will be anchored by Swedbank. The building is expected to be the first in Lithuania to receive a Platinum LEED certification for environmental sustainability. The completion of this project is planned for 2Q 2018. Rental rates in Q3 remained stable, but a decrease in rental rates is expected in the near future, due to the high amount of new supply and increasing competition among developers.

In 3Q 2016, the Tallinn retail market remained reasonably active, with the expansion works of Norde Centrum SC in Tallinn harbour area and construction of the Tāhesaju Selver supermarket (3,150 sqm) in Lasnamäe city district commencing. Sikupilli SC completed its interior refurbishment and changes in the tenant mix, while SportsDirect opened its third store, of 1,400 sqm, in Tallinn Kristiine Centre in summer 2016. Additionally, the first Zara Home store (495 sqm) in Estonia was opened in Ülemiste Centre in September.

There were no developments on the Riga retail market. However, the demand for shopping centre premises remains strong, and vacancy low, while the leading grocery chains are working on further development plans. The first Baltic COS brand store was opened in SC Galleria Centre, where a revamped H&M is also anticipated to be opened by the end of 2016. SC Domina continued reconstruction work on its the grocery department. Rumours are rife about IKEA's plans to open its first store in Riga, although the exact date of the opening is not yet known.

The Vilnius retail market remained positively stable during 3Q 2016, with most activity occurring among grocery retailers. Following the successful opening of 15 stores in Lithuania in June 2016, the German discount grocery chain Lidl has continued its expansion, and in September 2016 introduced a new store in Vilnius Old Town, which is already the 8th store in Vilnius and 21st in Lithuania. Facing the increased competitive pressure, retail chain Maxima also opened a new Maxima XX store (4,500 sqm), and Rimi expanded its chain by opening a Rimi Hypermarket (3,700 sqm) at Ukmergės St.

The industrial segment remains active in Tallinn and its suburbs in terms of new developments, with a total area of approximately 128,500 sqm under construction in September 2016, driven by several large-scale projects and numerous stock office projects. During the summer, several projects were completed, and construction work has started on a new warehouse building (7,500 sqm) in the Lookivi logistics park. As the warehouse stock has constantly increased over recent years, the owners of slightly older premises are becoming more flexible in terms of pricing for attracting new tenants, and are offering rental levels ranging between EUR 3.5

Market tendencies 2Q 2016	Estonia Retail Office		Latvia Retail Office		Lithuania Retail Office	
Construction	→	→	→	→	→	→
Supply	→	→	→	→	→	→
Demand	→	→	→	→	→	→
Rental rate	→	→	→	→	→	→
Vacancy	→	→	→	→	→	→
Yield	→	→	→	→	→	→
Total investment volume	→		→		→	

and 4.0/sqm/month on average, whilst rental rates of new premises are around 4.5 to 4.8 EUR/sqm/month.

In Riga, the speculative property, Balt Cargo Solution's 2nd phase, with GLA of 15,000 sqm, was completed in 3Q 2016, with 72,200 sqm remaining under construction and 105,200 sqm in the planning process. The total take-up of 20,200 sqm during the quarter was driven by local distribution and 3PL companies. The projects currently under construction are either leased out or are in the lease negotiation process. Rental rates remained stable, while vacancy experienced a decrease. Similar trends are expected until the end of 2016.

After an active 1H 2016, the Vilnius industrial market remained stable in Q3, with warehouse stock at approximately 540,000 sqm. Nevertheless, there are several warehouse projects in the development stage (~38,700 sqm), which are planned to be finished over the year. Since new supply is carefully planned and new warehouse projects are covered by the pre-lease agreements, the vacancy rate remains low, amounting to 2.1% in Q3, reflecting continuously strong demand for industrial premises.

The most notable deal in 3Q 2016 in Tallinn was the acquisition of Hilton Hotel by East Capital for EUR 48m. The Hilton Tallinn Park Hotel and Olympic Park Casino were opened in June 2016. Also in Q3, Baltic Horizon acquired G4S HQ, with a yield estimated around 7.5%, and Colonna acquired the Scala City business centre. Prime yields remain under pressure as supply of core assets is scarce. The investment market is very active, with funds and institutional investors constantly looking for investments over the EUR 10m threshold, and smaller investors looking for properties worth up to EUR 5m.

In 3Q 2016, total investment volume in Latvia exceeded EUR 210m, comparable with the previous year. Prime yields remained at Q2 levels. The most notable deals include the acquisition of SC Riga Plaza and Eften Capital acquiring SC Domina Shopping. Also, Baltic Horizon acquired Class B1 office project, Upmalas Biroji.

The investment activity in Lithuania slowed down in 3Q 2016, with most acquisitions remaining under the EUR 10m threshold. In Vilnius, Aukso Toliai acquired a 5,754 sqm warehouse building from Nuomos Verslas and Helios Group acquired the administrative building of DNB Bank (2,910 sqm) in the Old Town for EUR 4.3m, to develop V18, a new commercial centre. In the secondary cities, Nevezio Nekilnojamosis Turtas acquired Maxima XX, located in Kaunas, and a 2,700 sqm industrial complex in Klaipeda LEZ was sold for EUR 4.3m.

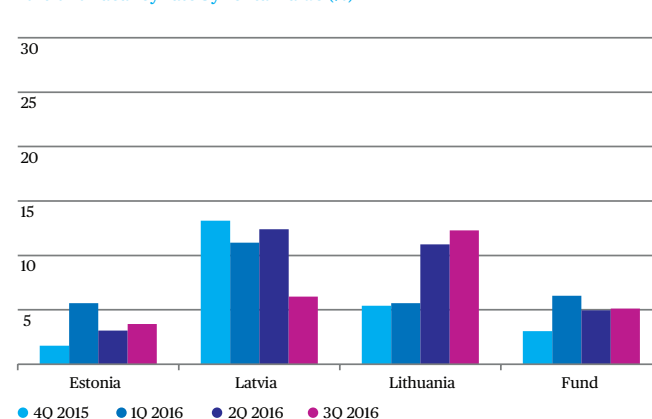
with a new maturity of 12 years. This area extends to 900 sqm in total. Increased rental income will commence from December 2016 after extended areas have been prepared for the tenant. The one-off construction expenses related to the changes, and in turn, only partial rental income from new leases, negatively affected the net asset value as of 30 September 2016.

In the Jewe property in Jõhvi, the management team successfully negotiated the buyout of the parking area previously used under a servitude agreement. The transaction, which established full ownership of the parking lot, was executed in September 2016. All open court cases in relation to this were also settled during the course of the transaction.

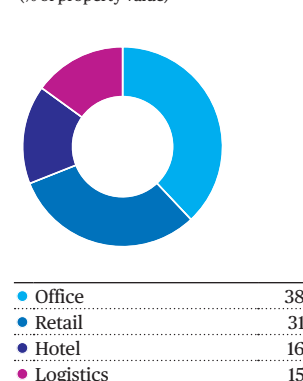
The extraordinary general meeting of the fund, held on 13 September 2016, approved the proposal board's proposal for the repayment of shareholders' contribution totalling EUR 5.07m (11% of NAV). The extraordinary repayment corresponds to the net proceeds of the Nurmenuku sale transaction completed in 4Q 2015.

The annual general meeting (AGM) of the fund will be held prior to the AGM, including portfolio performance, forecast 2016/17 and exit strategy update.

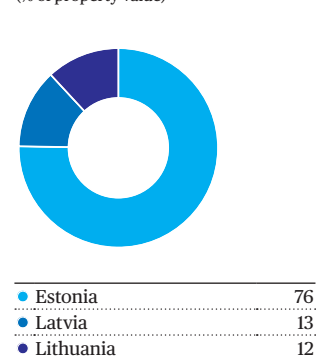
Portfolio vacancy rate by rental value (%)



Sector Allocation
(% of property value)



Country Allocation
(% of property value)



Portfolio activities

The properties in the fund portfolio continue their stable operations. The average rental level for the first quarter of the 2016/17 financial year remained at the EUR 6.6/sqm level, and portfolio vacancy at 5%.

In the Kerese commercial centre in Narva, a smaller format Rimi grocery store was opened in August 2016, after reconstruction of the former Selver grocery areas. The majority of the remaining new retail units have been leased out, including leases signed after quarter end. Rental income will improve in the coming quarters as a result of these recent changes. Also, a lease with a key office tenant, the state institution Unemployment Insurance Fund, was prolonged

Financial overview

The net asset value of East Capital Baltic Property Investors AB (publ.) was EUR 374.65 as of 30 September 2016, a decrease of 9.10% compared to EUR 412.16 on 30 June 2016. The negative quarterly NAV performance is due to the payment accruals from the EUR 45 per share repayment to shareholders. Performance excluding the repayment to shareholders is +1.82% for the quarter, in line with previous periods.

The rental income for the period July to September 2016 was EUR 2.3m. Rental revenue on a comparable basis (excluding divested properties) decreased by 5% y-o-y, affected most by ongoing tenant changes at the Kerese commercial centre in Narva, Estonia. Operating profit for the first quarter of the financial year 2016/17 was EUR 1.2m, influenced by one-off expenses related to reconstruction at Kerese. Net profit for the period amounts to EUR 0.94m.

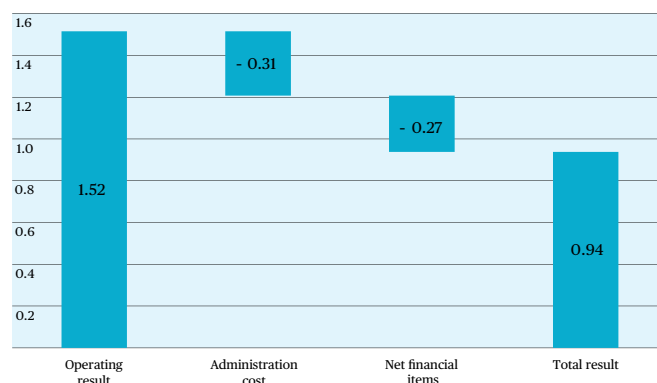
Interest costs totalled EUR 0.37m during the quarter and decreased by 20% compared to the same period last year, benefitting from negative floating rates on the market. The fund has one continuing swap agreement representing 9% of the loan portfolio.

The investment properties as of 30 September 2016 totalled EUR 104.9m. The fund had EUR 70.0m in bank loans, representing a loan-to-value of 67%.

The fund has EUR 4.8m of cash and cash equivalents as of 30 September 2016 (of which approx. EUR 1.4m is reserved for outstanding accounts payable and accrued current liabilities).

As a result of the decision of the extraordinary general meeting of the fund held on 13 September 2016, a EUR 5.07m repayment of shareholders' contribution was distributed from the fund during the quarter.

Result contribution (YTD, EURm)



Properties in the portfolio

Property	Type	Location	GLA (m²)
Estonia			84,357
Jõhvi Tsentraal	Retail & office	Jõhvi	8,445
Jewe Retail & Furniture Centre	Retail	Jõhvi	11,887
Kerese Commercial Centre	Retail & office	Narva	5,311
Papiniidu Commercial Centre	Retail & office	Pärnu	17,267
Tammsaare Business Park	Office	Tallinn	8,771
Go Spa Hotel	Hotel	Kuressaare	6,610
Tallinn Seaport Hotel	Hotel	Tallinn	4,225
Tanassilma	Logistics	Tallinn	13,348
Favor Industrial Facility	Industrial	Maardu	8,493
Favor Industrial Facility	Industrial	Maardu	8,493
Latvia			11,784
Zemitana Centrs	Office	Riga	4,539
Duntes Nami	Office	Riga	7,245
Lithuania			14,924
Laracija Office	Office & retail	Klaipeda	6,964
Deco Furniture and Interior Centre	Retail	Klaipeda	4,355
Jin Centre	Office	Vilnius	3,605
All properties			111,065

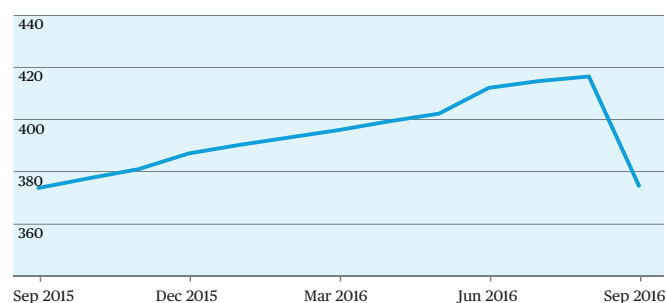
EAST CAPITAL

Baltic Property Fund
Quarterly Report
July - September 2016

Net Asset Value 12m rolling (EUR)

East Capital Baltic Property Fund Investors AB (30.09.2016)

NAV (EUR)	% 1 month	% 3 months	% YTD*	% 12 months	% Since start
374.65	-10.06	-9.10	-9.10	0.21	-25.07
Perf. excl. repayment to shareholders	0.74	1.82	1.82	12.24	-16.07



* Financial Year July 1 - June 30

NAV

Indicative NAV is published on East Capital's website on the 15th day of every month. For more information please refer to www.eastcapital.com

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Fund overview

Investment profile	Value added/opportunistic
Manager	East Capital Baltics AS, a company fully owned by East Capital (Domicile: Estonia)
Auditor	KPMG
Fund size	EUR 55.1m. The fund is closed for further subscriptions
Launch date	July 7, 2005
ISIN	SE0001467572
Management fee	1.75% on net asset value
Structure	Closed-end fund structured as a Swedish limited liability company. The fund is prolonged until June 2017.
Redemption	No
Liquidity	Limited. An investment in the fund shall be regarded as a long-term investment. OTC trading of the shares of Investor Consortium is facilitated by Pareto Securities AB.

Baltic Property Fund
Quarterly Report
July - September 2016

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

	Jul 2016- Sep 2016	Jul 2015 - Sep 2015
Revenue	2,292	2,472
Direct expenses	-777	-274
Gross profit	1,515	2,198
Administrative expenses	-308	-542
Operating profit/loss	1,207	1,656
Interest income and similar profit/loss items	96	106
Interest expenses and similar profit/loss items	-365	-454
Profit/loss before income tax	938	1,308
Income tax	0	0
NET PROFIT/LOSS FOR THE YEAR/ TOTAL COMPREHENSIVE INCOME FOR THE YEAR	938	1,308
Earnings per share - Ordinary shares	170,16	237,36

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

	Jul 2016 - Sep 2016	Jul 2015 - Sep 2015
Earnings per share - Ordinary shares	8,35	11,78

Baltic Property Fund
Quarterly Report
July - September 2016

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

	30 Sep 2016	30 Sep 2015
ASSETS		
<i>Non-current assets</i>		
Investments properties	104,940	109,900
Other long-term assets	220	0
Equipment	6	9
Other receivables	0	12
Total non-current assets	105,166	109,921
<i>Current assets</i>		
Accounts receivable - trade	361	403
Other receivables	178	109
Accrued income and prepaid expenses	88	76
Cash and cash equivalents	4,787	4,210
Total current assets	5,414	4,798
TOTAL ASSETS	110,580	114,719
EQUITY AND LIABILITIES		
Equity		
Share capital	17	17
Other paid-in capital	44,846	49,915
Retained earnings	-8,115	-14,519
Profit/loss for the period	938	1,308
TOTAL EQUITY	37,686	36,721
Liabilities		
<i>Non-current liabilities</i>		
Interest-bearing liabilities	38,820	42,037
Derivatives	0	103
Other liabilities	446	527
Deferred tax liabilities	807	761
Total non-current liabilities	40,073	43,428
<i>Current liabilities</i>		
Interest-bearing liabilities	31,198	33,229
Accounts payable - trade	1,049	248
Derivatives	182	524
Other liabilities	30	321
Current tax liabilities	0	9
Accrued expenses and deferred income	362	239
Total current liabilities	32,821	35,570
TOTAL EQUITY AND LIABILITIES	110,580	114,719

Baltic Property Fund
Quarterly Report
July - September 2016

Consolidated Statement of Change in Equity of East Capital Baltic Property Fund AB, unaudited for the period in EUR'000

	Share capital	Other paid in capital	Retained earnings incl. profit/loss for the period	Total equity
Balance at 30 June 2015	17	49,915	-14,519	35,413
Total comprehensive income			1,308	1,308
BALANCE AT 30 SEPTEMBER 2015	17	49,915	-13,211	36,721
Balance at 30 June 2016	17	49,915	-8,115	41,817
Repayment of shareholders contribution		-5,069	0	-5,069
Total Comprehensive Income			938	938
BALANCE AT 30 SEPTEMBER 2016	17	44,846	-7,177	37,686
Reconciliation to Net Asset value				
Consolidated Equity above				37,686
Revaluation of property values to loan values				3,551
Interest swap not in NAV balance, net of tax				182
NET ASSET VALUE AT 30 SEPTEMBER 2016				41,419

Disclosure for segments - July 2016 - September 2016 - geographical areas in EUR'000

	Estonia	Latvia	Lithuania	Unallocated	Group
Total gross income	1,592	375	325	0	2,292
Income from sales	1,592	375	325	0	2,292
Depreciation of tangible fixed assets	0	-2	0	0	-2
Operating profit/loss	1,040	208	171	-212	1,207
Net financial income/expenses					-269
Profit/loss before tax					938
Income tax					0
PROFIT/LOSS FOR THE PERIOD					938
Assets	84,198	13,495	12,690	197	110,580
- where of Investment properties	79,450	13,250	12,240	0	104,940
Liabilities	44,068	17,356	10,738	732	72,894

Baltic Property Fund
Quarterly Report
July - September 2016

Consolidated Cash Flow Statement of East Capital Baltic Property Fund AB, unaudited for the period in EUR'000

	Jul 2016 - Sep 2016	Jul 2015 - Sep 2015
<i>Cash flows from operating activities</i>		
Operating profit/loss for the period	1,207	1,656
Interest received	1	0
Interest paid	-365	-451
Income tax paid	-74	-98
Cash flows from current operations before changes in working capital	769	1,107
Increase (-)/decrease (+) in accounts receivables	283	208
Increase (-)/decrease (+) in other current receivables	-61	41
Increase (+)/decrease (-) in accounts payable	-6	-473
Increase (+)/decrease (-) in other current op. liabilities	-49	-7
Cash flows from operating activities	936	876
<i>Cash flows from investing activities</i>		
Investment on fixed assets	-220	0
Cash flows from investment activities	-220	0
<i>Cash flows from financing activities</i>		
Repayment of borrowings	-766	-856
Repayment of shareholders contribution	-5,069	0
Cash flows from financing activities	-5,835	-856
Cash flow for the year	-5,119	20
Cash and cash equivalents at beginning of the year	9,906	4,190
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	4,787	4,210

Fund Summary

	Sep 30, 2016 EUR '000	Sep 30, 2016 % Committed Capital	Sep 30, 2015 EUR '000	Sep 30, 2015 % Committed Capital
CAPITAL COMMITTED	55,094	100	55,094	100
Capital contributed	55,094	100	55,094	100
Total remaining available for drawdown	0	0	0	0
Potential draw downs for next reporting period	-	0	-	0
Fair value of portfolio	108,711		114,046	
Other assets	5,374		4,818	
Liabilities	-72,666		-77,370	
TOTAL NET ASSET VALUE	41,419		41,494	

Important Notice

Full information on East Capital's funds, such as the prospectus and financial reports can be obtained free of charge from East Capital, from our local representatives and are available on East Capital's website. Every effort has been made to ensure the accuracy of the information in this document but it may be based on unaudited or unverified figures or sources. Availability of East Capital's funds may be limited or restricted in some countries. Detailed information about where the funds are registered for distribution and what types of distribution are permitted can be obtained at East Capital. The information herein is only directed at those investors located where this information may be distributed, and is not intended for any use which would be contrary to local law or regulation. Investment in funds always involves some kind of risk. Fund units may go up or down in value up and may be affected by changes in exchange rates. Investors may not get back the amount invested. East Capital's Private Equity and Real Estate Funds (Special Fund Products) are directed at institutions and other professional investors. The Special Fund Products are not UCITS-regulated funds and as a result are not adapted for retail investors in the same way as East Capital's Public Equity Funds.