



Jewe shopping centre extension is in preparation stages.

Macro overview

GDP growth in 2Q 2018 was 3.7% in Estonia compared to 2Q 2017, driven most by construction activity for the sixth quarter in row. GDP growth in Latvia was 5.3% in Q2, boosted also by growth in construction, as well as manufacturing, trade activity and IT sector. The GDP growth of 3.8% in Lithuania was influenced similarly by fast growth in construction sector.

In 2Q 2018, the highest unemployment rate among the potential workforce of 15-74 years was recorded in Latvia (7.7%), the lowest in Estonia (5.1%), while in Lithuania it stood at 5.9%.

Inflation (HICP) in Estonia stood at 3.3% in 2Q 2018, compared with 3.2% in 1Q 2018. In Latvia it rose to 2.4% in Q2 from 2.0% in 1Q 2018 and in Lithuania declined to 2.5% from 3.1% during that same time.

| Key economic figures 2Q 2018 | Estonia, % | Latvia, % | Lithuania, % |
|------------------------------|------------|-----------|--------------|
| GDP growth | 3.7 | 5.3 | 3.8 |
| Unemployment | 5.4 | 7.7 | 5.9 |
| Inflation (HICP) | 3.3 | 2.4 | 2.5 |

Property market

Development on the Tallinn office market remains active, as 14 projects, with total area of approximately 100,900 sqm, are under construction as of September 2018. In Tallinn CBD, the 30-storey Maakri 19/21 office building was commissioned in the summer, and the Alexela HQ and Rävälä 2 office building expansions (+1,725 sqm) in Q3. Also, during the 3Q 2018, the built-to-suit headquarters of eu-LISA in the Põhja-Tallinn city district was commissioned. Take-up activity in Tallinn is mainly driven by ICT companies, followed by the professional, scientific and technical services sectors. The vacancy rate in Class A buildings increased due to the completion of the Maakri 19/21 office building, leading to an overall vacancy increase, which is however expected to be absorbed shortly.

Riga's office market remained largely stable in 3Q 2018, with no new additions to stock. Approximately 98,930 sqm of total leasable speculative Class A and Class B1 office space is in the active construction stage; however, these are not expected to be completed in 2018. Following the acquisition of a land plot in the Skanste area, Capitalica Asset Management announced plans to invest EUR 50m in developing an office complex of ca 45,000 sqm. Total take-up of professional office space exceeded 6,000 sqm during the quarter, with half of it leased by shared service centres. In Q3, vacancy decreased to 3.4% in Class A and 8.5% in Class B1 buildings, while rents showed an upward movement, resulting in pressure on yields to decrease.

In 3Q 2018, the 3 Bures BC extension of 11,000 sqm leased to Swedbank and Visma was completed in Vilnius CBD. 14 other projects, with total GLA of 141,500 sqm, remained under construction. The largest take-up deals in Q3 included pre-lease of the whole Green Hall BC stage III (GLA 2,600 sqm) by an international e-commerce company, and Teleperformance, a global leader in providing omnichannel customer experiences, occupying 2,300 sqm in the Business Stadium West BC. The co-working market continued to grow in Vilnius, as the fourth Regus centre (1,200 sqm) was opened

at City BC. Rental rates remained stable compared to the previous quarter, while vacancy increased slightly due to relocation of tenants from older to newer office properties.

Tallinn's retail market remained stable during 3Q 2018, but the construction of T1 Mall of Tallinn and Porto Franco centre, as well as the expansion of Ülemiste Centre, continue. New tenants in Ülemiste Centre include a Vapiano restaurant and O'Learys sports bar, as well as Imaginarium, Matinique and Calvin Klein brand stores. The highly-anticipated opening of the T1 Mall of Tallinn in November 2018 is expected to sharply intensify industry rivalry, resulting in a redistribution of footfall and affecting retailer profitability.

In 3Q 2018, the first IKEA store (33,600 sqm) was opened in Riga. Anticipating the opening of Akropole SC in 1Q 2019, nearby Galerija Azur was closed for renovation, which will add 6,000 sqm of new leasable space. Galerija Azur is changing its concept and will have two anchor tenants - a Rimi hypermarket and a K-Senukai DIY store - after the reconstruction of the shopping centre. EfTEN Capital started the expansion of the Domina Shopping centre, and will redevelop part of the parking area into an entertainment area, with an additional 7,000 sqm of area. VIA Jurmala (13,500 sqm), the first outlet centre concept in Latvia, is also under construction and is expected to open in the second half of 2019. Vacancy is decreasing, although some increase in the vacancy rate can be expected after the opening of Akropole SC.

The retail market in Vilnius remained stable during 3Q 2018, with no new developments commissioned or started. Vacancy in major shopping centres remains low and rental levels unchanged. Apranga announced the opening of the Sandro and Maje affordable luxury brand stores on the Didzioji high street in Lithuania. MG Valda revealed its new health club chain, opening three clubs in 2019, with the first situated in Business Triangle.

The industrial segment remains active in Tallinn and its suburbs in terms of new developments, with total area of approximately 85,000 sqm under construction as of September 2018. During Q3, the Peterburi tee 49 Eolane production building (11,000 sqm), the Omniva logistics centre (14,350 sqm) and several stock office projects (Kadaka tee 4, Mureli 3, Treiali tee 2/4) were completed. Rental rates are continuously under downward pressure, although vacancy decreased after 16,000 sqm of vacant space was occupied in Kawe Logistics building. Companies continue to look for vacant land plots for built-to-suit developments, confirming the current owner-occupier trend in the sector.

During 3Q 2018, the Riga industrial market was supplemented with the first phase of the VGP logistics park (34,000 sqm, fully leased). The second stage, expected to be commissioned at the beginning of 2019, has also secured pre-leases for full occupancy.

| Market tendencies 2Q 2018 | Estonia Retail Office | | Latvia Retail Office | | Lithuania Retail Office | |
|---------------------------|--------------------------|----|-------------------------|----|----------------------------|----|
| Construction | → | → | → | →↗ | → | →↗ |
| Supply | → | →↗ | → | →↗ | →↗ | →↗ |
| Demand | →↘ | → | → | → | → | → |
| Rental rate | → | → | → | → | → | →↗ |
| Vacancy | →↗ | → | →↘ | ↗ | → | →↘ |
| Yield | → | → | → | → | → | → |
| Total investment volume | → | | → | | ↗ | |

Four projects with ca 58,500 sqm of industrial space are under construction, of which the LNK project of 9,000 sqm is expected to be added to the market during 2018. Vacancy decreased from 2.5% in Q2 to 1.6% in Q3, and only a few relatively small premises are currently available on the market for lease.

Vilnius' industrial market was rather calm during 3Q 2018, although 51,200 sqm of mostly speculative gross building area remains under construction. Furthermore, the construction of stage III of Liepkalnio Industrial Park, with 29,800 sqm of speculative area, is expected to commence during 2018. Although key market indicators remained stable during the quarter, an upward correction in the vacancy rate is expected in the coming quarters in connection with vast new speculative supply.

Total known investment volume in Estonia amounted to only EUR 32m during 3Q 2018, of which the most notable was the sale of Pirta Spa Hotel (267 hotel rooms) in Tallinn for EUR 13m. Prime yields remained stable in Q3.

Investment volume in Latvia exceeded EUR 70m, of which ca half comprised transactions in the office segment. LNK Properties sold the LNK Centre office building to Baltic Horizon Fund (EUR 17m) and East Capital sold the Dantes office building to SG Capital (second purchase of their 2017 vintage SG Capital Partners Fund I). In other notable deals, Radisson Blu Daugava Hotel in Riga changed ownership and the Kurzeme shopping centre in Liepaja was sold for more than EUR 7m. In total, investment volume in Latvia in the first three quarters of 2018 has exceeded 2017 full-year results by one-third. Prime yields remained stable, with a slight compression recorded in the office segment.

The Lithuanian investment market remained buoyant, with investment volume of ca EUR 109m in 3Q 2018, driven strongly by the office segment. DAO Family Office acquired two newly-constructed Class A office centres - Arka BC in Kaunas for EUR 20m and Park Town BC stage I in Vilnius for EUR 19m - and concluded a pre-agreement for the acquisition of Park Town BC stage II, due to be completed in 2019. Lords LB acquired the Lietuvos Energija HQ in Vilnius for EUR 20m. As a result, prime office yields compressed by 25 bps, while other real estate segments recorded calmer investment activity and maintained stable yields.

Portfolio activities

The properties in East Capital Baltic Property Fund (the fund) continue their stable operations.

The average rent across the portfolio for the first quarter of financial year 2018/19 was EUR 6.3/sqm/mo. The average rent is slightly volatile during the year due to turnover rents paid by the hotels in Q2 and Q4, and is expected to conclude on average at EUR 6.7/sqm/mo in the current financial year, similar to last year excluding divested properties.

The aggregated economic vacancy rate ended at 8%. Most properties in the fund continue to operate with low vacancy, and vacancy is somewhat higher only in secondary locations, where demand from tenants is weaker. The management team is working to restore close to full occupancy levels in the Tammsaare and Jin office buildings, where vacancy has temporarily increased after decreased area or lease maturity of key tenants.

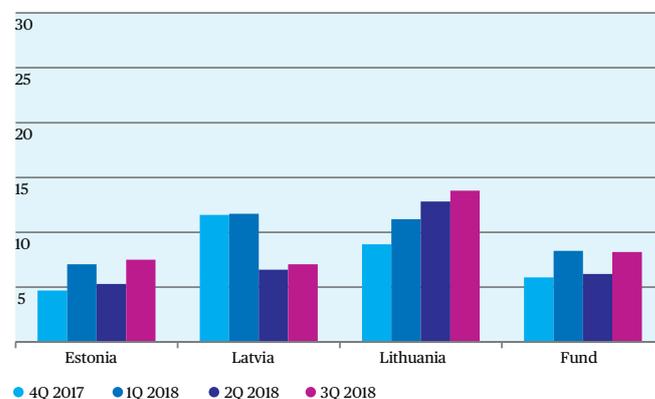
The fund's Annual General Meeting will take place on 9 November 2018. The management team will present the 2017/18 financial year results, the goals for the next financial year as well as the longer strategy until fund maturity in 2022.

The Board of Directors of the fund proposes a dividend distribution of EUR 2.76m to the Annual General Meeting, enabling a dividend of EUR 25 per share of 5% of initially-committed equity in East Capital Baltic Property Investors.

The management team continues the divestment preparations of Latvian and Lithuanian properties, in line with the strategic target to focus on the Estonian portfolio. For the Estonian portfolio focus is on lease out activity including renewal of leases to decrease the vacancy and increase the net operating income of the portfolio.

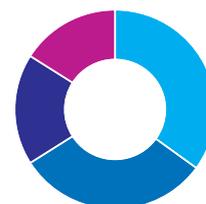
The largest investment plan in the coming financial year is Jewe shopping centre extension, including also all-over refreshment of common areas, improvement of internal layout (especially accessibility to second floor) and strengthening the tenant mix. The planned extension of gross leasable area is approximately 1,000 sqm with expected increase in rental income of +10%, but the key goal of the works is to modernize the shopping centre and maintain attractiveness.

Portfolio vacancy rate by rental value (%)



Sector Allocation

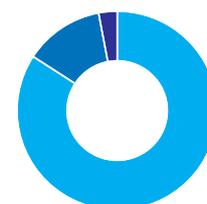
(% of property value)



| | |
|-------------|----|
| ● Retail | 35 |
| ● Office | 31 |
| ● Hotel | 18 |
| ● Logistics | 16 |

Country Allocation

(% of property value)



| | |
|-------------|----|
| ● Estonia | 85 |
| ● Lithuania | 13 |
| ● Latvia | 3 |

EAST CAPITAL

Baltic Property Fund
Quarterly Report
July – September 2018

Financial overview

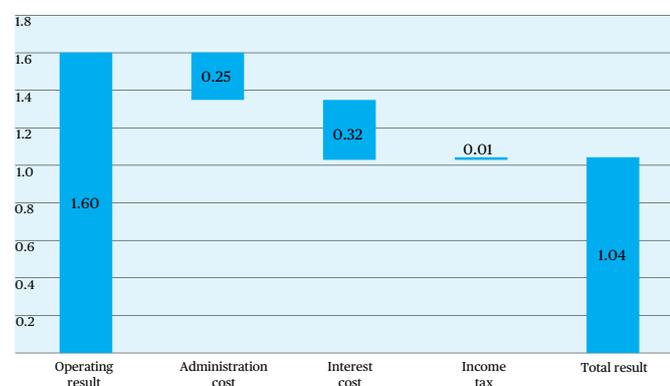
The net asset value of East Capital Baltic Property Investors AB (publ.) was EUR 443.19 as of 30 September 2018, an increase of 2.25% for the period July – September 2018, the first quarter of financial year 2018/19.

The rental income for the period was EUR 1.9m, remaining flat against same period a year ago (excluding divested properties). The gross profit concluded at EUR 1.6m. The administrative expenses are stable, at EUR 0.25 for the quarter. Interest costs totalled EUR 0.32m during the period. The syndicated loan covering the Estonian portfolio has a fixed interest rate until loan (and fund) maturity in 2022, increasing interest costs slightly in short term, but eliminating interest rate risk. The net profit for the period concluded at EUR 1.04m.

The investment properties as of 30 September 2018 totalled EUR 94.9m and the loan-to-value ratio of the portfolio concluded at 54% given the bank loan balance of EUR 51m.

The fund has EUR 6.6m of cash and cash equivalents as of 30 September 2018, of which EUR 2.76m is proposed to be paid out as dividend during 4Q 2018.

Result contribution (July – September 2018)



Properties in the portfolio

| Property | Type | Location | GLA (m ²) |
|------------------------------------|-----------------|------------|-----------------------|
| Estonia | | | 84,932 |
| Jõhvi Tsentraal | Retail & office | Jõhvi | 8,800 |
| Jewe Retail & Furniture Centre | Retail | Jõhvi | 11,887 |
| Kereše Commercial Centre | Retail & office | Narva | 5,067 |
| Papiniidu Commercial Centre | Retail & office | Pärnu | 17,280 |
| Tammsaare Office | Office | Tallinn | 8,771 |
| GOSPA Hotel | Hotel | Kuressaare | 6,610 |
| Tallinn Seaport Hotel | Hotel | Tallinn | 4,225 |
| Tanassilma Industrial Park | Logistics | Tallinn | 13,349 |
| Metal Industrial Facility | Industrial | Maardu | 8,943 |
| Latvia | | | 4,539 |
| Zemitana Centrs | Office | Rīga | 4,539 |
| Lithuania | | | 14,907 |
| Laracija Office | Office & retail | Klaipėda | 6,964 |
| Deco Furniture and Interior Centre | Retail | Klaipėda | 4,340 |
| Jin Centre | Office | Vilnius | 3,603 |
| All properties | | | 104,378 |

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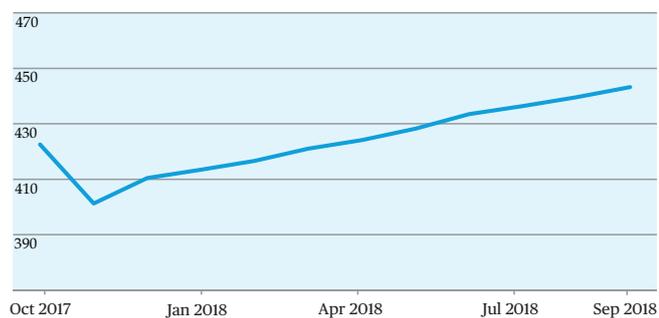
Baltic Property Fund
Quarterly Report
July – September 2018

Net Asset Value 12m rolling (EUR)

East Capital Baltic Property Fund Investors AB (30.09.2018)

| NAV (EUR) | % 3 months | % YTD* | % 12 months* | % Since start* |
|-----------|------------|--------|--------------|----------------|
| 443.19 | 2.25 | 2.25 | 11.77 | 14.24 |

* Dividend adjusted performance, 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 | 1.25% on net asset value from July 1st 2017 |
| Structure | Closed-end fund structured as a Swedish limited liability company. The fund is prolonged until July 2022. |
| 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 2018

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

| | Jul 2018 - Sep 2018 | Jul 2017 - Sep 2017 |
|--|---------------------|---------------------|
| Revenue | 1,902 | 2,173 |
| Direct expenses | -301 | -392 |
| Gross profit | 1,601 | 1,781 |
| Administrative expenses | -253 | -263 |
| Operating profit/loss | 1,348 | 1,518 |
| Interest income and similar profit/loss items | 1 | 1 |
| Interest expenses and similar profit/loss items | -319 | -265 |
| Profit/loss before income tax | 1,030 | 1,254 |
| Income tax | 14 | - |
| NET PROFIT/LOSS FOR THE YEAR/ TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 1,044 | 1,254 |
| Earnings per share - Ordinary shares | 189,43 | 227,52 |

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

| | Jul 2018 - Sep 2018 | Jul 2017 - Sep 2017 |
|--------------------------------------|---------------------|---------------------|
| Earnings per share - Ordinary shares | 9,73 | 11,44 |

Baltic Property Fund
 Quarterly Report
 July – September 2018

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

| | 30 Sep 2018 | 30 Sep 2017 |
|--------------------------------------|----------------|----------------|
| ASSETS | | |
| <i>Non-current assets</i> | | |
| Investments properties | 94,928 | 105,149 |
| Equipment | 14 | 16 |
| Total non-current assets | 94,942 | 105,165 |
| <i>Current assets</i> | | |
| Accounts receivable - trade | 416 | 436 |
| Other receivables | 223 | 441 |
| Accrued income and prepaid expenses | 65 | 84 |
| Cash and cash equivalents | 6,657 | 6,807 |
| Total current assets | 7,361 | 7,768 |
| TOTAL ASSETS | 102,303 | 112,933 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 17 | 17 |
| Other paid-in capital | 42,084 | 44,846 |
| Retained earnings | 5,902 | -3,015 |
| Profit/loss for the period | 1,044 | 1,254 |
| TOTAL EQUITY | 49,047 | 43,102 |
| Liabilities | | |
| <i>Non-current liabilities</i> | | |
| Interest-bearing liabilities | 38,124 | 16,449 |
| Derivatives | 96 | - |
| Other liabilities | 585 | 478 |
| Deferred tax liabilities | 692 | 895 |
| Total non-current liabilities | 39,497 | 17,822 |
| <i>Current liabilities</i> | | |
| Interest-bearing liabilities | 13,193 | 51,245 |
| Accounts payable - trade | 289 | 257 |
| Other liabilities | 33 | 30 |
| Current tax liabilities | - | 67 |
| Accrued expenses and deferred income | 244 | 410 |
| Total current liabilities | 13,759 | 52,009 |
| TOTAL EQUITY AND LIABILITIES | 102,303 | 112,933 |

Baltic Property Fund
Quarterly Report
July – September 2018

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 2017 | 17 | 44,846 | -3,015 | 41,848 |
| Total comprehensive income | | | 1,254 | 5,100 |
| BALANCE AT 30 SEPTEMBER 2017 | 17 | 44,846 | -1,761 | 43,102 |
| Balance at 30 June 2018 | 17 | 42,084 | 5,902 | 48,003 |
| Total Comprehensive Income | | | 1,044 | 1,044 |
| BALANCE AT 30 SEPTEMBER 2018 | 17 | 42,084 | 6,946 | 49,047 |
| Reconciliation to Net Asset value | | | | |
| Consolidated Equity above | | | | 49,047 |
| SWAP | | | | 96 |
| NET ASSET VALUE AT 30 SEPTEMBER 2018 | | | | 49,143 |

Disclosure for segments - July 2018 - September 2018 - geographical areas in EUR'000

| | Estonia | Latvia | Lithuania | Unallocated | Group |
|---------------------------------------|--------------|-----------|------------|-------------|--------------|
| Total gross income | 1,497 | 92 | 313 | - | 1,902 |
| Income from sales | 1,497 | 92 | 313 | - | 1,902 |
| Depreciation of tangible fixed assets | - | - | 2 | - | 2 |
| Operating profit/loss | 1,285 | 31 | 133 | -101 | 7,039 |
| Net financial income/expenses | | | | | 1,721 |
| Profit/loss before tax | | | | | 8,760 |
| Income tax | | | | | 157 |
| PROFIT/LOSS FOR THE PERIOD | | | | | 8,917 |
| Assets | 86,689 | 2,687 | 12,376 | 551 | 102,303 |
| - where of Investment properties | 80,478 | 2,580 | 11,870 | - | 94,928 |
| Liabilities | 40,875 | 2,501 | 9,822 | 58 | 53,256 |

Baltic Property Fund
Quarterly Report
July – September 2018

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

| | Jul 2018 - Sep 2018 | Jul 2017 - Sep 2017 |
|---|---------------------|---------------------|
| <i>Cash flows from operating activities</i> | | |
| Operating profit/loss for the period | 1,348 | 1,518 |
| Depreciation | -2 | 1 |
| Interest paid | -270 | -265 |
| Cash flows from current operations before changes in working capital | 1,076 | 1,255 |
| Increase (-)/decrease (+) in accounts receivables | 263 | 159 |
| Increase (-)/decrease (+) in other current receivables | 70 | 26 |
| Increase (+)/decrease (-) in accounts payable | 166 | 57 |
| Increase (+)/decrease (-) in other current op. liabilities | -173 | -6 |
| Cash flows from operating activities | 1,402 | 1,491 |
| <i>Cash flows from investing activities</i> | | |
| Repayments of borrowings | -645 | -671 |
| Repayment of shareholders contribution | - | - |
| Cash flows from investment activities | -645 | -671 |
| Cash flow for the year | 757 | 820 |
| Cash and cash equivalents at beginning of the year | 5,900 | 5,987 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 6,657 | 6,807 |

Fund Summary

| | 30 Sep, 2018 EUR '000 | 30 Sep, 2018 % Committed Capital | 30 Sep, 2017 EUR '000 | 30 Sep, 2017 % 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 | 94,928 | | 108,437 | |
| Other assets | 7,375 | | 7,784 | |
| Liabilities | -53,256 | | -69,831 | |
| TOTAL NET ASSET VALUE | 49,047 | | 46,390 | |

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.