



Bauhof DIY store in Pärnu
Papiniidu centre.

Macro overview

Year-on-year GDP growth in 4Q 2018 was 4.2% in Estonia, 5.7% in Latvia and 2.4% in Lithuania, driven mostly by growth in the construction sector across the Baltic countries.

The unemployment rate among the potential workforce aged 15-74 continues to mostly decrease, and shrank to 4.4% in Estonia and 6.9% in Latvia. The unemployment rate slightly increased - up 0.1% - to 6.6% in Lithuania.

The harmonised index of consumer prices in Estonia increased to 3.7% in 4Q 2018, compared to 3.5% in the previous quarter. In Latvia, it remained stable at 2.9% and in Lithuania it concluded at 2.3%.

Key economic figures 4Q 2018	Estonia, %	Latvia, %	Lithuania, %
GDP growth	4.2	5.7	3.7
Unemployment	4.4	6.9	6.0
Inflation (HICP)	3.7	2.9	2.3

Property market

Development in the Tallinn office market remains active, with 16 projects totalling an area of 119,550 sqm under construction in March 2019. Ovaal House (6,000 sqm) in the Veerenni area of the city centre was completed during 1Q 2019. Co-working is gaining momentum in Tallinn - Workland announced the opening of the 800 sqm Workland Maakri centre in summer 2019 and 2,400 sqm of co-working premises in Porto Franco BC in 2020. Additionally, a brand-new workspace, UMA Maakri, will also open its doors during the summer of 2019, in the Tallinn CBD. Rental rates remained largely stable, while vacancy continued to slightly decrease.

The Riga office market remained largely stable in Q1, with no new additions to stock. Demand for office space is low, with Class B2 office buildings commissioned during 2018 still remaining vacant. Pre-lease activity also remained lower than anticipated. Co-working space continued to expand here too, as Workland announced the opening of co-working premises of 1,400 sqm in the Telegraph office building in 2Q 2019. Asking rental rates for Class B1 office premises under construction in Riga are close to the rental level of existing Class A premises, forcing tenants to choose between a central location or newer and higher quality premises.

The Vilnius office market witnessed a busy start to the year, seeing the completion of two Class A business centres in the CBD - S7 (stage II) and Asgaard Keys, while 13 projects, with GLA of 156,500 sqm, remained under construction at the end of the quarter. Bentley Systems, a global software supplier, occupied 2,700 sqm in Uptown Park BC, and MarkMonitor and Tia Technology occupied 1,700 sqm and 1,500 sqm in Park Town BC respectively. Rental rates remained stable compared to the previous quarter, while vacancy slightly declined.

The opening of the T1 Mall of Tallinn SC in November has intensified industry rivalry and resulted in decreasing footfall. Shopping centres are increasing the share of leisure and food & beverage tenants to enhance their retail offering (e.g. the new food court concept in Kristiine Centre). PEPCO, a Polish low-cost clothing and household chain, continues to expand, opening a new store in Kristiine Centre in February 2019 and planning further openings

across Estonia during the year. The opening of new-format smaller grocery stores is gaining momentum in Tallinn, with the Melon Rimi Express store opening its doors in the CBD in March 2019, while Maxima announced the opening of its Maxima Express store in Old Town for summer 2019. IKEA finally announced it was entering the Estonian market - an IKEA showroom and pick-up point with a total area of ca 6,000 sqm will open in Tallinn at Peterburi tee 66 during autumn 2019.

The Riga retail market remained active during 1Q 2019, preparing for the opening of the long-awaited Akropole shopping centre, which opened in April with more than 170 tenants, including many new brands. Until the completion of the extension to the Alfa shopping centre, Akropole will be the largest shopping centre in Latvia. In Q1, VPH announced plans to build a home & lifestyle shopping centre next to Riga's IKEA. The grocery segment also remains active - Rimi opened its seventh Rimi Express store on Gertrudes street and reopened its supermarket in a newly-built premises in the Purvciems district (also anchored by MyFitness). Maxima opened a Maxima XXX hypermarket on Grostonas street (in the former Prisma premises) and announced plans to build a store next to the State Revenue Service office complex.

Preparation work for the Vilnius Outlet construction commenced in 1Q 2019. The shopping centre is due to be completed in 2020, and has been successfully signing pre-leases with various tenants, including Rimi, Apranga and Lemon Gym. In addition, reconstruction work on GO9 SC started in Q1, while renovation work continued on the Akropolis shopping centre. New brands will enter the market this year - the first COS store will open in GO9 SC and the first O'Learys sports bar and restaurant the Akropolis shopping centre. Strong demand for retail premises kept vacancy at major shopping centres at a low level, and rental rates also remained stable.

The industrial segment remains reasonably active in Tallinn and its suburbs in terms of new developments, with a total area of approx. 84,040 sqm under construction in March 2019, driven by construction of the new Eugesta LC (9,960 sqm), the Module Tech production facility and several stock offices. At the same time, demand for stock office space is seen to somewhat weaken due to active development and high asking rental rates. Rental rates continue to fluctuate between 3.5 and 4.8 EUR/sqm while vacancy stood at 4.1% in 1Q 2019. The vacancy rate is expected to grow as Baltika Group has announced plans to close production units in Estonia, vacating premises in Tallinn.

Riga industrial stock remained unchanged in 1Q 2019, although three projects are expected to be added to the market in Q2. Vacancy remains on a low level, resulting in a slight increase in rents for new

Market tendencies 1Q 2019	Estonia Retail Office	Latvia Retail Office	Lithuania Retail Office
Construction	→↓ →↑	→↑ →	→↑ →
Supply	→ →↑	↑ →	→ →↑
Demand	→ →	→ →↓	→ →
Rental rate	→↓ →↑	→ →↑	→ →
Vacancy	→↓ →↓	→↓ →↑	→ →↓
Yield	→ →	→ →	→ →
Total investment volume	→	→	↑

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premises. LNK announced plans to invest EUR 12m in stock office project Dienvidu Vārti, with construction work expected to start this year.

The Vilnius warehouse market was quite tranquil. Two projects with GBA of 46,700 sqm were under construction at the end of the quarter. Vacancy in the Vilnius region shrank further, proving strong demand for modern warehouse premises. Nevertheless, rental rates continued to fluctuate within the same range, maintaining a competitive advantage over new large speculative volumes supplementing the market later this year.

Total known investment volume in Estonia amounted to ca EUR 65m in 1Q 2019, driven strongly by the industrial segment, which makes up more than two-thirds of total Estonian investment volume. The Harmet production facility (28,000 sqm, completed in 2017) in Harku parish was sold to Corum in a sale-leaseback deal. Other notable deals included the acquisitions of DPD & Onninen Logistics Park in Põrguvälja Industrial Park by United Partner. Prime yields remained rather stable in Q1, although tougher financing conditions are putting pressure on the yields and may have an even bigger impact in the near future.

The Latvian investment market remained active, with the acquisition of the speculative industrial project Elipse BLC in Marupe by Mariner Capital Limited (part of Hili Company) and the sale of the neighbourhood Rimi-anchored retail centre in the Imanta district to Lumi Capital. The development market also remains active, especially the residential segment, with LNK Properties acquiring the Ezerparka Nami II project, Vastint acquiring 17.8 ha of land, Bonava acquiring three land plots with a total area of 3.4 ha., and YIT acquiring a 5.4 ha. land plot. Prime yields remained stable.

Total transaction volume in the Lithuanian investment market surpassed EUR 170m in 1Q 2019. The sale of the 42,500 sqm GLA S7 office park to Eastnine for EUR 128.3m represented most of this volume. This, the largest ever deal in the Lithuanian office segment, was concluded at a 5.8% yield, and as a result, prime office yields compressed by 20 bps. Other segments remained calmer in terms of investment activity and prime retail and industrial yields remained stable compared to year-end 2018.

Portfolio activities

The properties in East Capital Baltic Property Fund (the fund) continue their stable operations. The average rent across the portfolio for the period January - March 2019 was EUR 6.1/sqm/mo.

The average vacancy across the property portfolio was 9%, with higher vacancy mostly in properties in secondary locations.

In the Tammsaare office building, a 550 sqm vacant unit has been remodelled into smaller 20-50 sqm offices (with some loss of rental area to common areas), which have been quickly almost fully let out. The management team is in negotiations with tenants for the larger office units as well. At the Jin offices, negotiations are under way to let out the area freed after lease maturity with the key tenant during 2Q 2019.

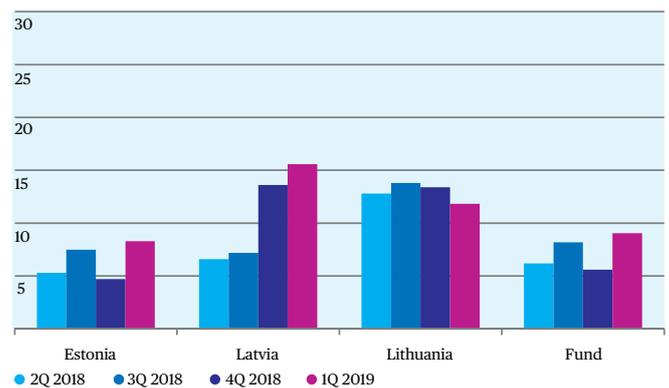
The management team continues the divestment preparations for Latvian, Lithuanian and some Estonian properties, in line with the strategic target to optimise the portfolio and focus on properties primarily in Estonia. For the Estonian portfolio, the focus is on

investing where needed to add value and secure and maximise the future cash flow of existing properties.

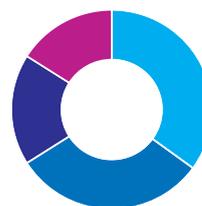
The Jewe shopping centre extension and upgrade project will be started shortly after the necessary permits have been obtained. The Selver grocery store, which is under a long-term lease agreement, will be extended by ca 500 sqm as previously agreed. The management team is negotiating with existing and new tenants to secure an attractive tenant mix for the centre going forward.

East Capital held a second liquidity event in 1Q 2019, in which investors interested in buying or selling shares in East Capital Baltic Property Investors AB were matched on a best effort basis at EUR 355 per share. A total of 900 shares (-1% of total) was matched in the event.

Portfolio vacancy rate by rental value (%)

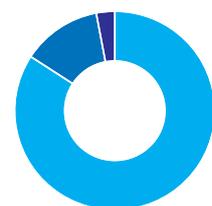


Sector Allocation
(% of property value)



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

Country Allocation
(% of property value)



● Estonia	85
● Lithuania	13
● Latvia	3

Financial overview

The net asset value of East Capital Baltic Property Investors AB (publ.) was EUR 437.61 as of 31 March 2019, an increase of 1.79% for the period January - March 2019 and 6.72% y-t-d from July 2018, adjusted by the dividend payment in 4Q 2018.

The rental income for the period was EUR 6.14m, a slight decrease compared to the same period a year ago (excluding

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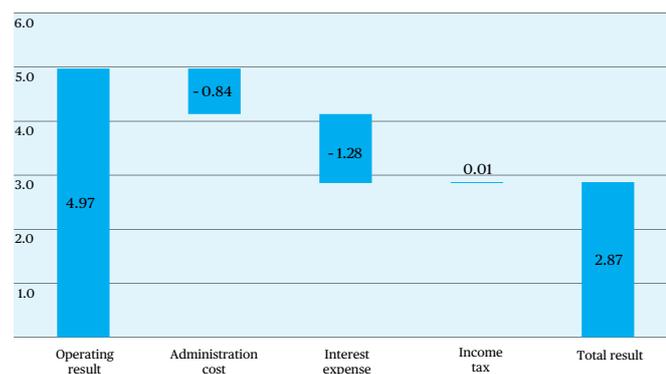
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divested properties), due to temporary vacancies in some properties. Gross profit concluded at EUR 4.97m. The administrative expenses of the fund and property companies remain in line with the previous year. Interest costs were EUR 1.28m during the 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 the short term, but eliminating interest rate risk. The net profit for the period concluded at EUR 2.87m

The value of investment properties as of 31 March 2019 was EUR 94.9m and the loan-to-value ratio of the portfolio concluded at 53% given the bank loan balance of EUR 50.0m.

The fund had EUR 4.98m of cash and cash equivalents as of 31 March 2019.

Result contribution Financial year 2018/19 (July 2018-March 2019)



Properties in the portfolio

Property	Type	Location	GLA (m ²)
Estonia			84,668
Jõhvi Tsentraal	Retail & office	Jõhvi	8,800
Jewe Retail & Furniture Centre	Retail	Jõhvi	11,887
Kerese Commercial Centre	Retail & office	Narva	4,979
Papiniidu Commercial Centre	Retail & office	Pärnu	17,280
Tammsaare Office	Office	Tallinn	8,595
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	Riga	4,539
Lithuania			14,907
Laracija Office	Office & retail	Klaipeda	6,964
Deco Furniture and Interior Centre	Retail	Klaipeda	4,340
Jin Centre	Office	Vilnius	3,603
All properties			104,114

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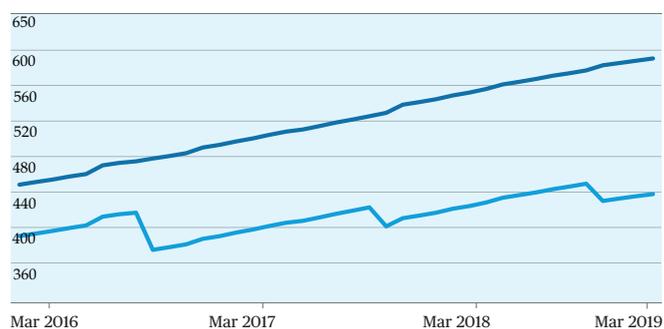
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Net Asset Value 12m rolling (EUR)

East Capital Baltic Property Fund Investors AB (31.03.2019)

NAV (EUR)	% 3 month*	% YTD*	% Since start*
437.61	1.79	6.72	18.12

* All 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.

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

	Jul 2018 - Mar 2019	Jul 2017 - Mar 2018
Revenue	6,144	7,101
Direct expenses	-1,171	-1,307
Gross profit	4,973	5,794
Administrative expenses	-842	-879
Operating profit/loss	4,131	4,915
Interest income and similar profit/loss items	1	-
Interest expenses and similar profit/loss items	-1,276	-843
Profit/loss before income tax	2,856	4,072
Income tax	14	182
NET PROFIT/LOSS FOR THE YEAR/ TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,870	4,254
Earnings per share - Ordinary shares	520,69	771,92

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

	Jul 2018 - Mar 2019	Jul 2017 - Mar 2018
Earnings per share - Ordinary shares	29,15	38,58

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

	31 Mar 2019	31 Mar 2018
ASSETS		
<i>Non-current assets</i>		
Investments properties	94,928	105,149
Equipment	13	14
Total non-current assets	94,941	105,163
<i>Current assets</i>		
Accounts receivable - trade	563	655
Other receivables	187	223
Accrued income and prepaid expenses	83	255
Cash and cash equivalents	4,982	5,284
Total current assets	5,815	6,417
TOTAL ASSETS	100,756	111,580
EQUITY AND LIABILITIES		
Equity		
Share capital	17	17
Other paid-in capital	39,322	42,084
Retained earnings	5,902	-3,015
Profit/loss for the period	2,870	4,254
TOTAL EQUITY	48,111	43,340
Liabilities		
<i>Non-current liabilities</i>		
Interest-bearing liabilities	37,108	16,452
Derivatives	314	53
Other liabilities	616	573
Deferred tax liabilities	692	694
Total non-current liabilities	38,730	17,772
<i>Current liabilities</i>		
Interest-bearing liabilities	12,920	49,943
Accounts payable - trade	582	391
Derivatives	137	-
Other liabilities	18	73
Current tax liabilities	6	-
Accrued expenses and deferred income	252	61
Total current liabilities	13,915	50,468
TOTAL EQUITY AND LIABILITIES	100,756	111,580

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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
Repayment of shareholders contribution		-2,762	-	-2,762
Total comprehensive income			4,254	4,254
BALANCE AT 31 MARCH 2018	17	42,084	1,239	43,340
Balance at 30 June 2018	17	42,084	5,902	48,003
Repayment of shareholders contribution		-2,762	-	-2,762
Total Comprehensive Income			2,870	2,870
BALANCE AT 31 MARCH 2019	17	39,322	8,772	48,111
Reconciliation to Net Asset value				
Consolidated Equity above				48,111
SWAP				450
NET ASSET VALUE AT 31 MARCH 2019				48,561

Disclosure for segments - July 2018 - March 2019 - geographical areas in EUR'000

	Estonia	Latvia	Lithuania	Unallocated	Group
Total gross income	4,883	264	997	-	6,144
Income from sales	4,883	264	997	-	6,144
Depreciation of tangible fixed assets	-	-	1	-	1
Operating profit/loss	3,998	61	515	-443	4,131
Net financial income/expenses					-1,275
Profit/loss before tax					2,856
Income tax					14
PROFIT/LOSS FOR THE PERIOD					2,870
Assets	84,317	3,384	12,670	385	100,756
- where of Investment properties	80,478	2,580	11,870	-	94,928
Liabilities	40,729	2,468	9,603	260	53,060

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

	Jul 2018 - Mar 2019	Jul 2017 - Mar 2018
<i>Cash flows from operating activities</i>		
Operating profit/loss for the period	4,131	4,915
Depreciation	-1	3
Interest paid	-872	-790
Cash flows from current operations before changes in working capital	3,258	4,128
Increase (-)/decrease (+) in accounts receivables	116	-60
Increase (-)/decrease (+) in other current receivables	88	73
Increase (+)/decrease (-) in accounts payable	459	45
Increase (+)/decrease (-) in other current op. liabilities	-143	-156
Cash flows from operating activities	3,778	4,030
<i>Cash flows from financing activities</i>		
Repayments of borrowings	-1,934	-1,971
Repayment of shareholders contribution	-2,762	-2,762
Cash flows from investment activities	-4,696	-4,733
Cash flow for the year	-918	-703
Cash and cash equivalents at beginning of the year	5,900	5,987
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	4,982	5,284

Fund Summary

	31 Mar, 2019 EUR '000	31 Mar, 2019 % Committed Capital	31 Mar, 2018 EUR '000	31 Mar, 2018 % 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	5,651		6,160	
Liabilities	-52,018		-67,916	
TOTAL NET ASSET VALUE	48,561		46,681	

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