

East Capital launches new Baltic real estate fund ... and carries out a large property acquisition in Tallinn

Taking advantage of the potential in the Baltic real estate market, East Capital is launching its second Baltic Property Fund. In connection with the fund's inception a modern logistics centre in Tallinn has been purchased. This transaction is one of the largest in the Baltics since 2010.

The Baltic countries have all recovered well since the financial crisis with Estonia leading the way. On the back of this recovery, the real estate market has stabilized and provides investment opportunities in properties with strong cash flow and sustainable rental terms.

"There is an opportunity to invest in the Baltic real estate market at attractive yields. The outlook for the property market is positive in the medium term and the trend is for institutional investors to increase the weight of real estate assets in their asset allocation" said Biljana Pehrsson, Head of East Capital Real Estate.

In order to capitalize on the potential in the Baltic real estate market, East Capital is launching its second Baltic real estate fund - East Capital Baltic Property Fund II. The strategy of the fund is to build a high quality portfolio of commercial properties in the Baltic region, primarily shopping centres and retail properties, as well as logistics and office properties. The main focus will be properties with well-established tenants and sustainable rental terms in attractive locations in and around Tallinn and also Vilnius.

On behalf of the new fund, East Capital has contracted to purchase a newly built and modern logistics property of 40,000 sqm in Tallinn. The property is situated in Tallinn's largest industrial and logistics area, Tännassilma, and is fully leased to large and well known companies with long rental contracts at reasonable rental levels. The seller of the property is VGP, a leading real estate company specialised in the development, leasing and management of semi-industrial parks and logistics complexes in Central and Eastern Europe. The expected closing date is May 15, 2012.

"The acquisition fits well with the fund's strategy to acquire properties in prime locations, primarily in Tallinn, with stable income. We have had good experience with industrial and logistics properties in Tännassilma through previous acquisitions", said Biljana Pehrsson.

East Capital Baltic Property Fund II targets institutional and professional investors. The fund's term is seven years with a possible extension of three years. East Capital Explorer has committed to invest EUR 10 million in the first closing of the fund.

East Capital Baltic Property Fund II – [fund information](#)

Contact information

Biljana Pehrsson, Head of Real Estate and Deputy CEO East Capital Private Equity AB
+46 70 601 24 54, biljana.pehrsson@eastcapital.com

Anna Sönne, Press Contact, East Capital
+46 70 601 48 53, anna.sonne@eastcapital.com

About East Capital

East Capital is the leading independent asset manager specializing in the emerging markets of Eastern Europe and China. The company, founded in 1997, bases its investment strategy on thorough knowledge of the markets, fundamental analysis and frequent company visits by its investment teams. East Capital actively manages EUR 3,4 billion in public equity, private equity and real estate. It is headquartered in Stockholm with offices in Hong Kong, Kyiv, Moscow, Oslo, Paris, Shanghai and Tallinn. www.eastcapital.com