

*This is an unofficial translation of the Swedish original. In case of any discrepancies between the Swedish original and this English translation, the Swedish original shall prevail.*

**The board of directors' proposal to resolve on (A) a share split, (B) a reduction of the share capital with redemption of shares and (C) an increase of the share capital by way of a bonus issue**

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The board of directors' proposals pursuant to sections (A) – (C) below are conditional upon each other and are therefore to be resolved upon as one resolution. The resolution is valid if supported by shareholders holding no less than 2/3 of both the votes cast and the shares represented at the annual general meeting.

The board of directors also proposes that the annual general meeting authorises the managing director of the company, or such person appointed by him, to make such minor adjustments of the below resolutions that may be required in connection with the registration of the resolutions with the Swedish Companies Registration Office and Euroclear Sweden AB.

Documents pursuant to Chapter 20, Sections 8 and 14 of the Swedish Companies Act are enclosed hereto.

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Stockholm in October 2018

**East Capital Baltic Property Investors AB (publ)**

*The board of directors*

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### **(A) Share split**

The board of directors proposes that each of the company's ordinary shares and shares of series B are split (share split) into two shares (1:2), of which one share is to be named redemption share and redeemed as set out in section (C) below. The record date for the share split is on Friday 23 November 2018.

Following completion of the share split, the quota value of each share (irrespective of share class) will be changed from EUR 1 to EUR 0.50. The share split will not affect the share capital of the company.

### **(B) Reduction of the share capital with redemption of shares**

The board of directors proposes that the share capital of the company is reduced by EUR 67,696 with automatic redemption of 80,392 ordinary shares and 55,000 shares of series B. The shares that are to be redeemed are those that, following the share split pursuant to section (A) above, are named redemption shares. The record date for the redemption of redemption shares is Wednesday 12 December 2018.

The purpose of the reduction is repayment to shareholders of ordinary shares and, with respect to the redemption of shares of series B, transfer to a fund to be used pursuant to a resolution adopted by the general meeting. Consequently, EUR 40,196 of the reduction amount of EUR 67,696 will be used for repayment to shareholders of ordinary shares and the remainder of EUR 27,500 will be transferred to a fund to be used pursuant to a resolution adopted by the general meeting.

For each redeemed ordinary share a redemption price of EUR 25 will be paid. The redemption price exceeds the quota value of an ordinary share with EUR 24.50. The part of the redemption price that exceeds the quota value of an ordinary share will be transferred from the non-restricted equity of the company. Payment of the redemption price will be made no later than ten banking days after the resolutions on the share split pursuant to section (A) above, the reduction of the share capital pursuant to this section (B) and the increase of the share capital by way of a bonus issue pursuant to section (C) below have been registered with the Swedish Companies Registration Office. No redemption price will be paid for redeemed shares of series B.

Following completion of the reduction, the share capital of the company will amount to EUR 67,696 divided among 80,392 ordinary shares and 55,000 shares of series B. Other than this, the reduction will neither affect the restricted shareholders' equity of the company nor the quota value of each share (irrespective of share class) of EUR 0.50.

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**The board of directors' report pursuant to Chapter 20, Section 13 of the Swedish Companies Act**

The reduction can be effected without obtaining the authorisation of the Swedish Companies Registration Office or a court of general jurisdiction, as the company, at the same time, carries out a bonus issue pursuant to section (C) below, resulting in no reduction of the restricted shareholders' equity of the company or its share capital.

The effects of the reduction of the share capital and the bonus issue on the restricted shareholders' equity of the company and its share capital are described, as regards the reduction, in this section (B) and, as regards the bonus issue, in section (C) below.

Shares of series B do not carry any rights to dividend or other value transfers as defined in the Swedish Companies Act and therefore, the redemption of such shares is effected without repayment to the shareholders.

*Miscellaneous*

The company's unappropriated earnings as per 30 June 2018 amounted to EUR 34,767,943 and the disposable amount available to the annual general meeting pursuant to Chapter 17, Section 3, first paragraph of the Swedish Companies Act is EUR 34,767,943.

**(C) Increase of the share capital by way of a bonus issue**

The board of directors proposes that the share capital of the company is increased by way of a bonus issue. The share capital is to be increased by EUR 67,696 by way of transfer of EUR 67,696 from the non-restricted equity of the company. No new shares are to be issued in connection with the increase of the share capital.

Following completion of the bonus issue, the share capital of the company will amount to EUR 135,392 and the quota value of each share (irrespective of share class) will be changed from EUR 0.50 to EUR 1. Other than this, the bonus issue will not affect the restricted shareholders' equity of the company.

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## **The board of directors' report pursuant to Chapter 20, Section 8 of the Swedish Companies Act**

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With reference to the board of directors' proposal for a resolution on a reduction of the share capital pursuant to section (B) of such proposal, the board of directors submits the following report pursuant to Chapter 20, Section 8 of the Swedish Companies Act.

The board of directors considers the proposed repayment to be justified taking into consideration the requirements with respect to the size of the shareholders' equity, which are imposed by the nature, scope and risks associated with the operations of the company, and the company's need to strengthen its balance sheets, liquidity and financial position in general. In this regard, the board of directors has considered the company's financial situation as stated in the most recent annual report as well as other relevant circumstances known to the board of directors.

When considering the justifiability of the proposed repayment, the board of directors has also taken the following into consideration. The proposed repayment corresponds to approximately 5,76 per cent of the shareholders' equity pursuant to the most recently adopted balance sheet. Before the repayment, the equity/assets ratio of the company amounts to approximately 99,6 per cent pursuant to the most recently adopted balance sheet. After the repayment, the equity/assets ratio of the company will amount to approximately 99,54 per cent pursuant to the most recently adopted balance sheet. On the basis of the present information, the board of directors is of the opinion that it can be assumed that the company, also after the repayment, should be able to fulfil its obligations in the short and the long term taking into consideration possible necessary investments.

In the most recent annual report, assets or liabilities have been valued at fair value pursuant to Chapter 4, Section 14a of the Swedish Annual Reports Act. The unrealised effect of assets valued at fair value pursuant to Chapter 4, Section 14a of the Swedish Annual Reports Act represents approximately 11.88 % of the company's equity and approximately 11.88 % of the group's equity.

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Stockholm in October 2018

**East Capital Baltic Property Investors AB (publ)**

*The board of directors*