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East Capital Baltic Property Investors AB
(publ.)

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Fund Manager's Comment

Forecast 2016/17 vs 15/16

Amounts in €	15/16 forecast	16/17 forecast
Profit/loss before tax	5 245 000	5 500 000
Loan amortization	-3 410 000	-2 100 000
Investments	-300 000	-200 000
Tax	-100 000	-100 000
Free cash flow	1 435 000	3 100 000

- Distribute Nurmenuku proceeds in Q3 2016 – approximately €45/share
- Distribute free cash flow from 2016/17 financial year in Q3 2017 - €25-30/share

Return on equity	= ~15%
- Amortization	= ~ 5%
- Investments	= ~0.5%
- Tax	= ~0.25%
<u>- Mgmt fee</u>	<u>= 1.75%</u>
Free cash flow	= ~7-8%

- Lithuanian and Latvian properties: individual exits or possibly Lithuanian portfolio as one deal
- Estonian properties: portfolio exit preferred
- Sale to third party creating permanent vehicle - enabling investors to "follow" into new vehicle
- Straight sale to locally active direct RE investors – no possibility for current investors to "follow"
- Change the shareholders agreement – either extend maturity or change into permanent vehicle, possibly also seek listing

- The target is to actively divest properties, individually or as a portfolio, as and when market timing allows
- Complete entity restructuring by mid 2016
- Distribute excess fund liquidity and capital through redemption program(s)
- Operationally, the management team strives to strengthen tenant quality and improve operating income further through rent increases and reduced vacancy
- Focus on properties in smaller regional centers with less active rental market

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Thank you!

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