

Management update December 2022

East Capital Baltic Property Investors AB (publ.)

Baltic Property Fund

- Baltic Property Fund is a company that invests in commercial properties across the three Baltic states
- The portfolio was built to focus on both the capital but also regional cities and all segments of the commercial real estate market
- The fund was launched in 2005 and originally the portfolio was made up of 17 properties of which 9 have been divested.
- Currently there are 8 properties of which 7 are located in Estonia
- The current focus is to:
 1. invest in the existing properties when needed to protect or renew rental income and their future value
 2. pay out excess cash flow from operations to its investors
 3. exit properties, when possible, at attractive prices
- The term of the fund is up until July 2027



Diversified portfolio across different sectors

A13 Office



Sector	office
GLA, sqm	8,577
Share of gross portfolio value	23%

Tallinn Seaport Hotel



Sector	hotel
GLA, sqm	4,225
Share of gross portfolio value	12%

Tänassilma Industrial Park



Sector	industrial
GLA, sqm	13,349
Share of gross portfolio value	16%

Metal Industrial Facility



Sector	industrial
GLA, sqm	8,943
Share of gross portfolio value	8%

Kerese Commercial Centre



Sector	office
GLA, sqm	4,942
Share of gross portfolio value	8%

Jewe Retail Centre



Sector	retail
GLA, sqm	12,142
Share of gross portfolio value	19%

Jõhvi Tsentraal Commercial Centre



Sector	retail
GLA, sqm	8,031
Share of gross portfolio value	10%

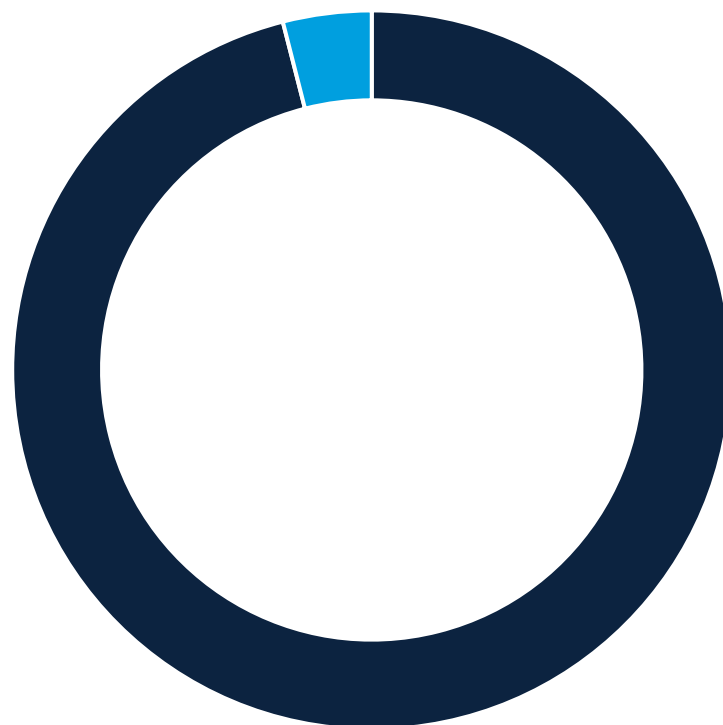
Zemitana Office



Sector	office
GLA, sqm	4,644
Share of gross portfolio value	4%

Continued property concentration to Estonia

Country allocation, % of property gross value



■ Estonia ■ Latvia

Sector allocation, % of property gross value



■ Office ■ Retail ■ Hotel ■ Industrial

Key events for financial year 2021/22

- Revaluation at year end resulted in an increased portfolio value for the fund which contributed to the net asset value increase of 5.4% during the year
- The value of the eight remaining properties amounts to EUR 57.4m
- The management team renegotiated the terms of the syndicate loan that covers the Estonian portfolio (provided by Swedbank and SEB). The loan was prolonged for five years until June 2027 at the same interest rate margin as for previous year and lowering the amortization rate to 4% p.a. from May 2022
- Loan balance as of June 2022 was EUR 26.5m, equivalent to a loan-to-value of 46%
- Cash and cash equivalent at financial year end was EUR 10.19m that includes reserves for necessary investments, mainly in Jõhvi Tsentraal property, and a tax reserve for income tax on future distribution of profits
- The fund's rental income for the period July 2021 to June 2022 amounted to EUR 5.5m and increased by 8% for the comparable portfolio versus the financial year 2020/21
- The exit process has continued – Go Spa hotel in Kuressaare was sold in January 2022 and Jin office building in Vilnius in February 2022

Delivery on the set strategy 2021/22

- Divestment of two properties; Go Spa hotel in Estonia sea-side resort Kuressaare and Jin office in Vilnius
 - Go Spa was sold at book value and Jin Office property at 13.5% premium to book value
- Preparing properties for further exits:
 - Occupancy improved and rental income increased in several properties, most importantly:
 - ✓ Sinsay agreement signed for ca 15% of area and 24/7 Fitness sports club agreement signed for ca 7% of area in Jõhvi Tsentraal
 - ✓ Sales of Tallinn Seaport Hotel have picked up from July 2021, however, 2022 HY1 turnover has remained lower than in 2019 prior to Covid
 - ✓ The fund is progressing with the Jõhvi Tsentraal upgrade project, during which the concept, the building and the surrounding areas will be modernized
- Strong dividend(s):
 - ✓ 40 EUR dividend in December 2021 for the financial year 2020/2021
 - ✓ 45 EUR dividend of proceeds from sale of Go Spa Hotel
 - ✓ 45 EUR planned profit distribution for the financial year 2021/2022



Go Spa Hotel
– sold January 2022



Jin Office
– sold February 2022

The upgrade of Jõhvi Tsentraal is progressing according to plan

Project: To upgrade the Jõhvi Tsentraal property and adopt it for new anchor tenants and new uses. The aim is to secure long term tenants, higher operating income and a generally more modern and attractive property.

Timeline of significant events

- Adaptation of retail space and outdoor retail area for new anchor tenant Jysk
- New Sinsay store on 1,180 sqm opened in November 2022
- Completion of new co-working and serviced offices
- Upgrade of ca 30% of GLA is now completed
- Negotiations with new grocery anchor tenant, expected opening April 2023
- Facade and public areas upgrade ongoing
- Planning the potential upgrade of the remaining third floor
- Expected completion of the project at the end of 2023

New office hotel



Upgraded 2nd floor public area



New JYSK store



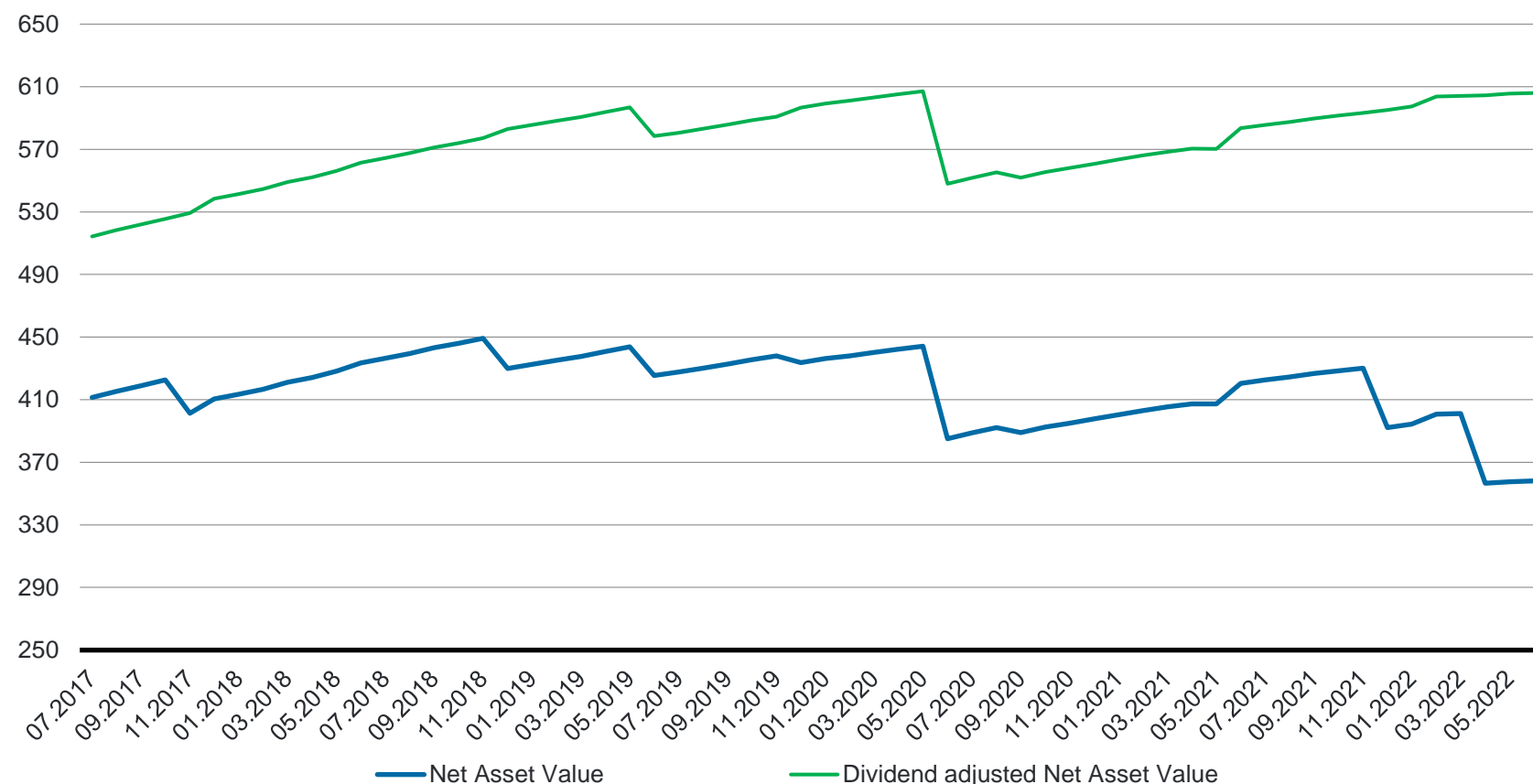
Positive portfolio revaluation

- External portfolio appraisal was carried out at financial year end in June 2022, and resulted in a slight increase in the portfolio value of the fund despite, the already then, higher interest rate environment and potential headwinds for economy
- The aggregated property fair values increased by 1.1% y-o-y compared to the previous external valuation in June 2021
- The valuation increased for three properties due to improved operational results or improved market indicators and decreased for two properties due to undergoing redevelopment or secondary location and profile.
- The management team expect that the valuation methodology in June 2023 will reflect an even higher interest rate environment and higher energy and operating costs. This may result in lower valuations like-for-like in 2023 but increasing rental income in the portfolio will be a countering force

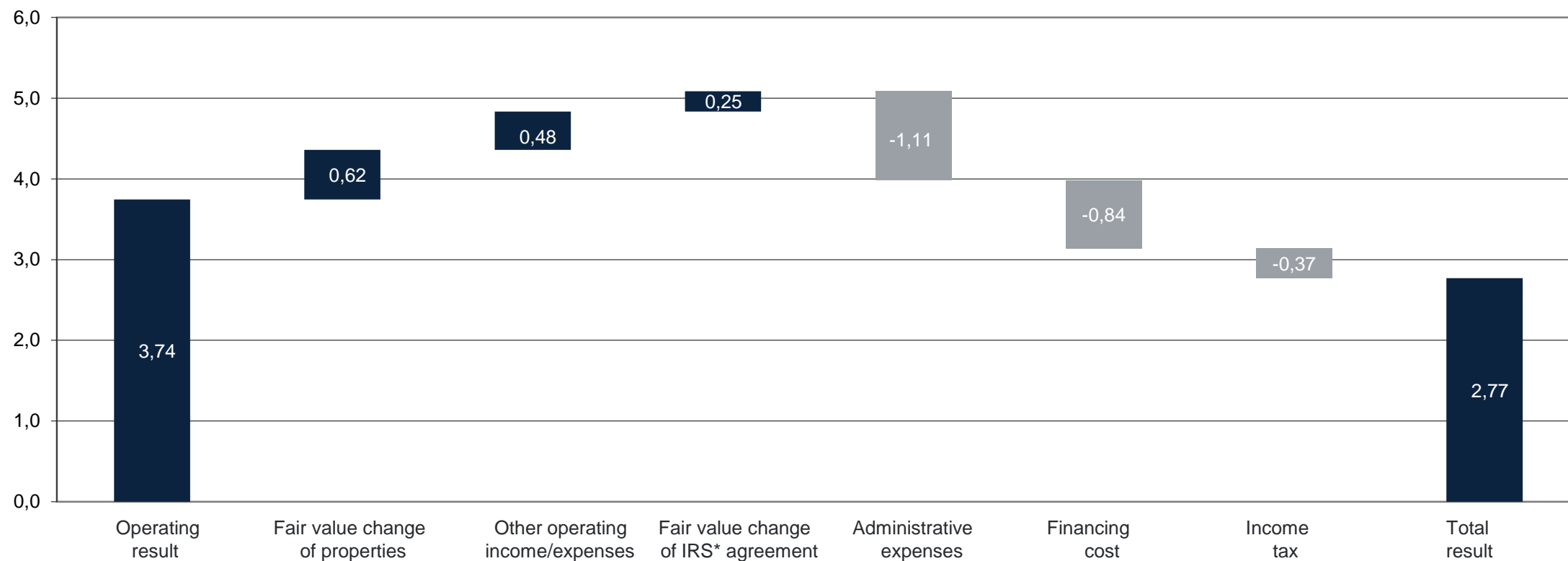
Continued positive NAV development from operations

The Net Asset Value as of
30 June 2022 was EUR
358.02

Net Asset Value in
financial year 2021/22
increased by 5.37%



Result contribution 2021/22



* Interest rate swap

Distributions to investors since inception

The fund (BPF) has during its lifetime distributed EUR 26.3m to investors, equivalent 248 EUR per share in ECBPI

Dividend/ profit distribution	Date	Dividend EUR, BPF	% to committed capital	Dividend per share, ECBPI
Operational profits	Dec 2006	220 400	0,4%	8,8
Operational profits	Dec 2007	1 956 050	3,5%	22,0
Operational profits	Aug 2008	3 002 950	5,4%	27,2
Nurmenuku retail centre sale proceeds	Oct 2015	5 069 200	9,2%	45,0
Operational profits	Nov 2017	2 761 612	5,0%	25,0
Operational profits	Nov 2018	2 761 612	5,0%	25,0
Operational profits	Dec 2019	1 104 638	2,0%	10,0
Papiniidu retail centre sale proceeds	Dec 2021	4 418 553	8,0%	40,0
Gospa hotel sale proceeds	April 2022	4 970 846	9,0%	45,0
Total distributions		26 265 861	47,6%	247,98

ECBPI – proposed redemption program/share split

- Baltic Property Fund (BPF) has 10 shareholders of which the largest is East Capital Baltic Property Investors (ECBPI) which owns 72.78%
- BPF is proposing a profit distribution of EUR 4,970,846 to its shareholders of which ECBPI would receive EUR 3,617,782
- The board of ECBPI has made a proposal to initiate a distribution in the form of a voluntary redemption of up to maximum 15 073 ordinary shares (of a total 80 392 shares) at a fixed price per share of 240 Euro, a discount of approximately 35% to NAV
- This means that those investors that want redeem will have a chance to express their interest for a partial or full redemption of all its shares. The available capital will be used to satisfy as much as possible of the redemption interest
- In practice this means that up to 18.75% of the total outstanding ordinary shares in ECBPI can be redeemed. Depending on the level of interest some investors will potentially be able to reduce their holdings significantly or even in full but at least by 18.75%
- Those investors that do not wish to redeem shares at EUR 240 will remain as shareholders. As a result of cancelling the redeemed shares the NAV per share for the remaining investors will increase
- **Please note that if the aggregated interest from investors for the voluntary redemption to redeem ordinary shares at EUR 240 amounts to less than EUR 0.5m then there will be no redemption program**
- In this case the full available amount (EUR 3.6m) will instead be used for a profit distribution via a share split. Each ordinary share would be split into two shares (1:2), of which one share would be named redemption share and redeemed at 45 Euro per redemption share

ECBPI – AGM and next steps

- AGM will be held on the 22nd of December 10:00 AM in East Capital on Kungsgatan 30, 14th floor, Stockholm
- Shareholders who wish to participate, should notify their intention no later than 16th Dec 2022 by email to anna.svensson@eastcapital.com
- Provided that the AGM votes in favour of the redemption program, binding interest will be collected up until Friday, 6 January 2023
- Further information will be provided in the week starting Monday, 9 January 2023, on whether the aggregated interest from investors for the voluntary redemption to redeem ordinary shares at EUR 240 per share exceeds the minimum amount of EUR 0.5m and if so information on how and when the redemption will take place
- Please contact us if you have any further questions

Appendices

Portfolio activities 2021/22 financial year

- The rental revenue for East Capital Baltic Property Fund for the financial year 2021/22 resulted in EUR 5.45m and increased by 8% for the comparable portfolio versus the financial year 2020/21 (eliminating for divested properties)
- The vacancy level for the fund portfolio stands at 9% at the financial year end in June 2022. Occupancy has been improved in Jõhvi Tsentraal property as new leases for the redeveloped centre are being signed. Vacancy has increased slightly in the Aiandi 13 and Tännassilma properties
- During the year, the management team completed the sales of Go Spa hotel and Jin office properties
- The fund invested ca EUR 1.05m during the year, mostly in Jõhvi Tsentraal Upgrade project
- Together with the extraordinary dividend from Go Spa sales proceeds, total distributed dividend amounted to EUR 85 per share during financial year 2021/22, equal to 20% of 30 June 2021 Net Asset Value
- Aiandi 13 office has vacancy of 858 sqm/ ca 10% on IV floor from Sep 2021 that is planned to divide to smaller units
- Tännassilma and Metal warehouse / industrial premises continue to operate as planned. Both properties include some vacancy in office areas
- Makita and ELP Logistics leases in Tännassilma, initially maturing during 2022, were prolonged until Jul 2023 and Dec 2023 respectively

Portfolio activities 2021/22 financial year (continued)

- The occupancy and sales of Tallinn Seaport Hotel are showing a good growth after the Covid-related travel restrictions have been lifted. In 1HY 2022 the total hotel turnover was 4 times higher than the same period in 2021, however the results are still ca 20-40% below the pre-Covid levels. In March and April 2022, the turnover was temporarily boosted as the hotel accommodated refugees from Ukraine. In June 2022, Tallinn Seaport Hotel was invoiced turnover rent on top of base rent as per the lease agreement
- Jewe Centre and Kerese Centre had stable operations at good occupancy levels around 90%
- In Jõhvi Tsentraal centre, a new lease with Sinsay fashion store was signed during 1Q 2022 and the store opened in November 2022. A new lease with 24/7 Fitness sports club agreement was signed during 2Q 2022. Overall upgrade project of Jõhvi Tsentraal is ongoing to modernize the commercial centre, meet changed tenant demand and make efficiency improvements
- Rental agreement with Jõhvi Tsentraal grocery tenant, Rimi, matures in Dec 2022. Negotiations have started with a new grocery tenant for a long-term rental agreement to replace Rimi

Fund cash flow forecast from operations

Cash flow from the operations of current portfolio excluding any potential divestments

<i>Actual property portfolio, from 2023/24 only EE</i>	2022/2023 plan + actual	2023/2024 plan	2024/2025 plan	2025/2026 plan	2026/2027 plan
Net rental income	4 542 024	4 304 216	4 601 879	4 685 606	4 771 279
<i>EUR/sqm/m</i>	6,5	7,1	7,1	7,2	7,3
<i>Economic vacancy rate %</i>	10%	13%	9%	8%	8%
Operating expenses	-713 103	-658 679	-555 489	-564 389	-573 443
Bad debt reserve	-10 925	-14 868	-15 107	-15 295	-15 486
Total operating expenses	-724 028	-673 547	-570 596	-579 684	-588 930
Net Operating Income	3 817 996	3 630 669	4 031 283	4 105 922	4 182 349
Interest expense	-956 527	-1 237 914	-1 185 966	-1 134 017	-1 082 068
Net profit	2 861 469	2 392 755	2 845 318	2 971 905	3 100 281
Loan principal payment	-1 064 533	-985 488	-985 488	-985 488	-985 488
Free cashflow before management fee and investments	1 796 936	1 407 267	1 859 830	1 986 417	2 114 793
Loan balance at year-end	25 491 845	22 498 292	21 512 804	20 527 316	19 541 828
Annual amortization (excl property sale)	4,0%	3,9%	4,4%	4,6%	4,8%
Total interest cost	3,7%	5,2%	5,4%	5,4%	5,4%
Property value at year-end	57 414 000	55 360 000	55 360 000	55 360 000	55 360 000
Yield ratio %*	6,6%	6,6%	7,3%	7,4%	7,6%
Loan covenants					
Loan to value, LTV	44%	41%	39%	37%	35%
Debt servicing coverage ratio, DSCR	1,9	1,6	1,9	1,9	2,0
Interest service coverage ratio, ISCR	4,0	2,9	3,4	3,6	3,9

* Net operating income relative to previous financial year end valuations

Property portfolio – only one property left outside Estonia

Tallinn

Tänassilma Industrial Park
Tallinn Seaport Hotel
A13 Office

Riga

Zemitana Centre Offices



Maardu

Metal Industrial Facility

Narva

Kerese Commercial Centre

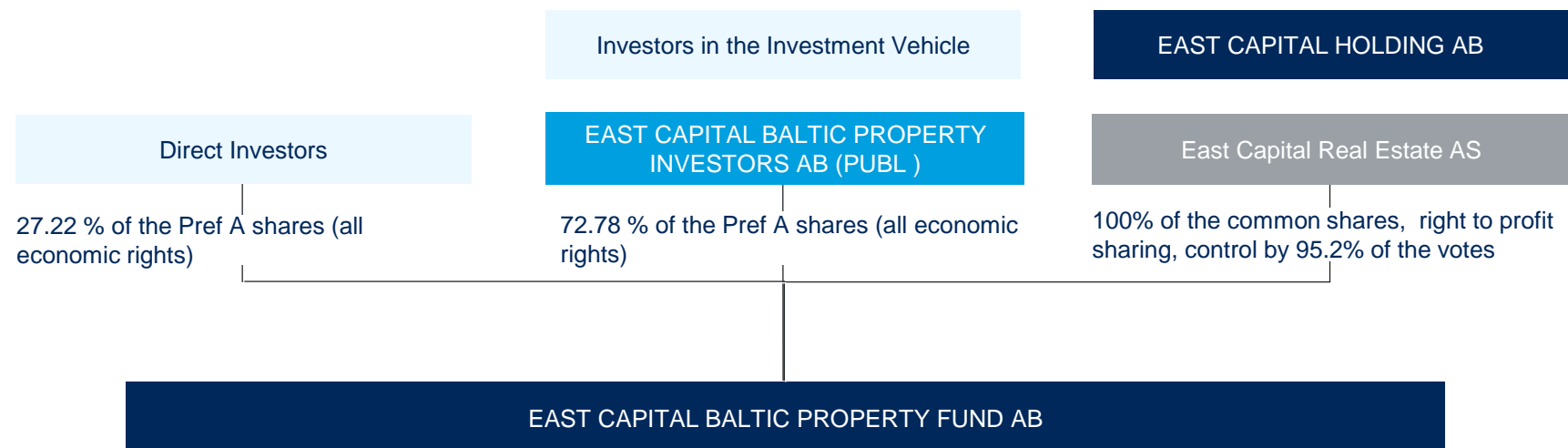
Jõhvi

Jewe Retail & Furniture Centre
Jõhvi Tsentraal Centre

Recently exited properties:

- Jin office, Vilnius, Lithuania (February 2022)
- GoSpa hotel, Saaremaa, Estonia (January 2022)
- Papiniidu Commercial Centre, Pärnu, Estonia (July 2021)
- Laracija office, Klaipeda, Lithuania (November 2020)
- Deco Interior and Furniture store, Klaipeda, Lithuania (July 2019)
- Duntės Nami office, Riga, Latvia (June 2018)

Fund structure



A company operating under the laws of Sweden

A company operating under the laws of Estonia

Important information

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Thank you!



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