

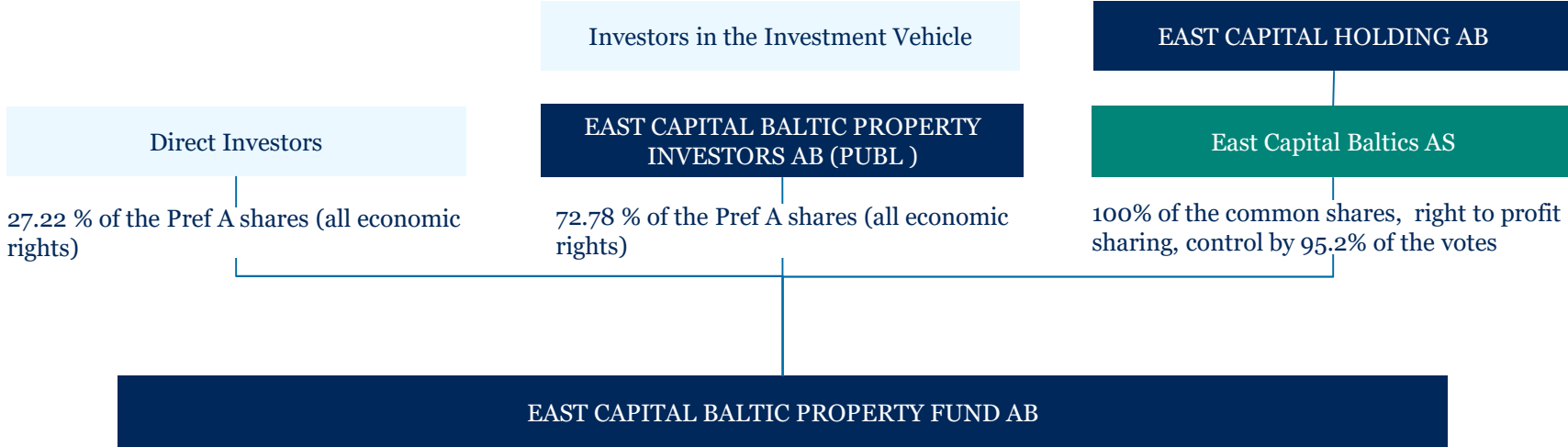
**EAST CAPITAL**

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# Annual General Meeting 2017

East Capital Baltic Property Investors AB  
(publ.)

# East Capital Baltic Property Fund - Fund structure



*A company operating under the laws of Sweden*

*A company operating under the laws of Estonia*

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# Fund Manager's Comment on the Year

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## Agenda

- |     |                                      |
|-----|--------------------------------------|
| I   | Strategy                             |
| II  | Liquidity event                      |
| III | Baltic real estate market            |
| IV  | Portfolio                            |
| V   | Financials                           |
| VI  | Share split and redemption of shares |

- Focus on owning properties in Estonia
- Maximize return on equity
- Pay a minimum dividend of €25 per year
  
- Arrange liquidity events annually
- Consider permanent vehicle during current extension period
- Investor advisory group

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## Agenda

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- In an attempt to provide an opportunity for investors buy or sell shares in ECBPI at a fair market price, East Capital will administrate a liquidity event in January 2018 on a best efforts basis.
- Existing investors, and new investors, will be asked if they have an interest to either buy or sell shares, including volume, at a fixed price reflecting a discount to most recent NAV in the range of 10-15%.
- East Capital will match the buy and sell interests on a commission free basis for East Capital Direct clients.
- Seller interest will be allocated so that, buyer volume permitting, all investors can sell up to 100 shares, thereafter allocation will be pro-rata to indicated volume. Buyer interest will be allocated to existing shareholders first and secondly to new investors.

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I Strategy

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II Liquidity event

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III Baltic real estate market

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IV Portfolio

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V Financials

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VI Share split and redemption of shares

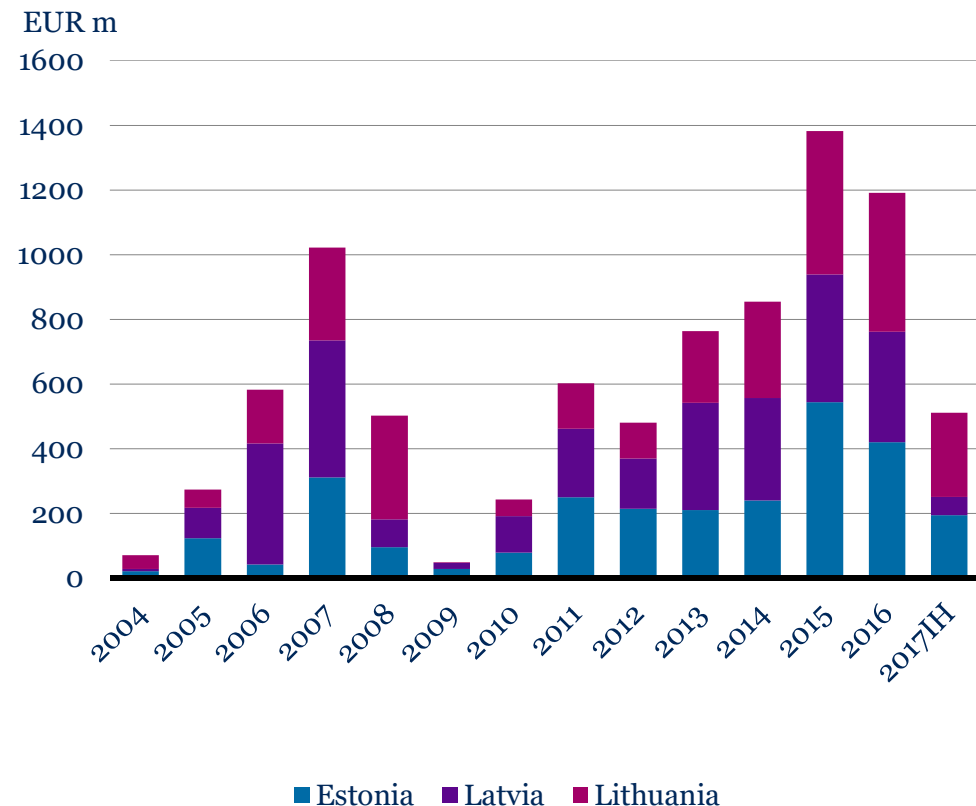
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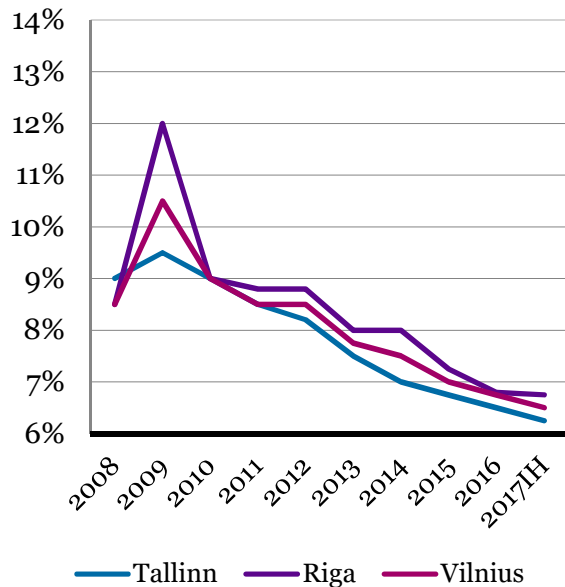
## Transaction volumes > €1bn

- In 2017 the investment volume is expected to exceed EUR 1.0bn for third consecutive year
- Office, retail and industrial properties remain the most attractive investment targets
- 2/3 of the transaction volume is from deals >EUR 10m; largest no of deals <EUR 5m
- Baltic and Nordic investors continue to dominate the market, however, increased interest from Western European investors
- East Capital remains the second largest investor & asset manager in the Baltics, with AUM in excess of EUR 400m

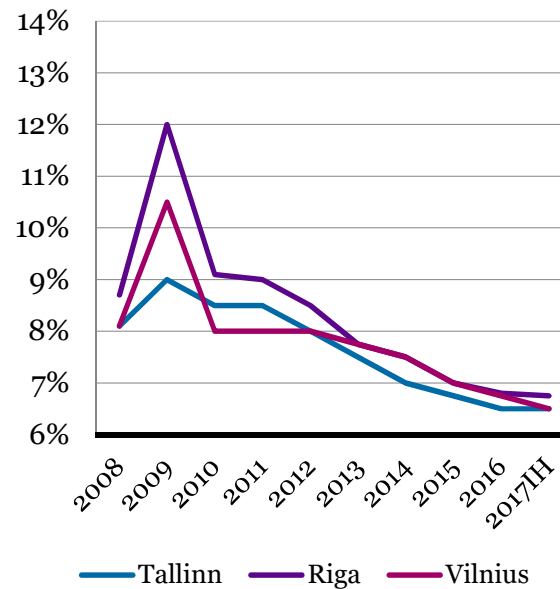


The recovery has contributed to yield compression

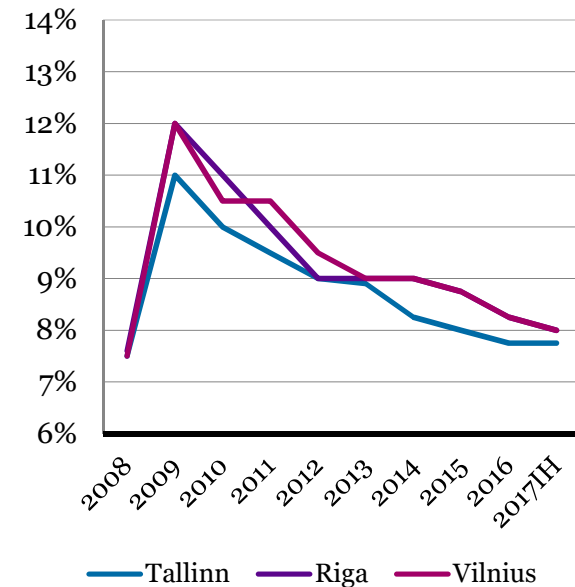
**Prime Office Yields**



**Prime Retail Yields**



**Prime Logistics Yields**



- As a result of low interest rates and large amount of capital available, combined with shortage of attractive investment opportunities, the pressure on prime yields in capital cities continues

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**Tallinn**  
Tanassilma Logistics Facility  
Seaport Hotel  
Tammsaare Business Park

**Saaremaa**  
Go Spa Hotel

**Pärnu**  
Papiniidu Commercial Centre

**Klaipeda**  
Deco Furniture & Interior Centre  
Laracijja Office Center



**Maardu**  
Favor Industrial Facility

**Narva**  
Kerese Commercial Centre

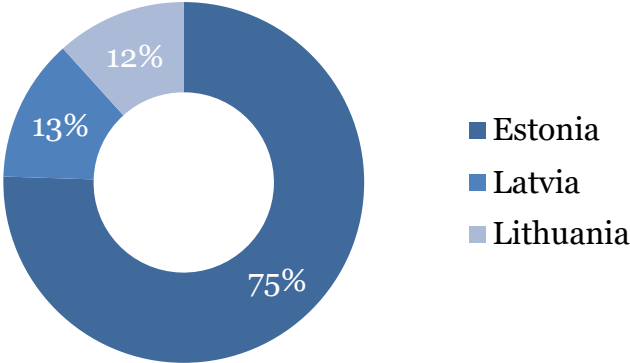
**Jõhvi**  
Jewe Retail & Furniture Centre  
Tsentraal Centre

**Riga**  
Duntes Nami Office  
Zemitana Centre Offices

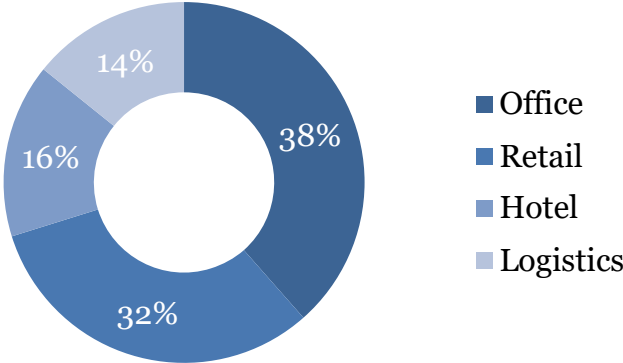
**Vilnius**  
Jin Office Centre

# Fund distribution

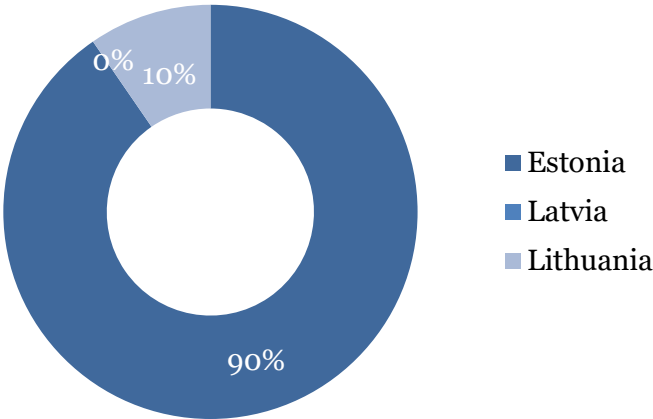
Country allocation, % of property value



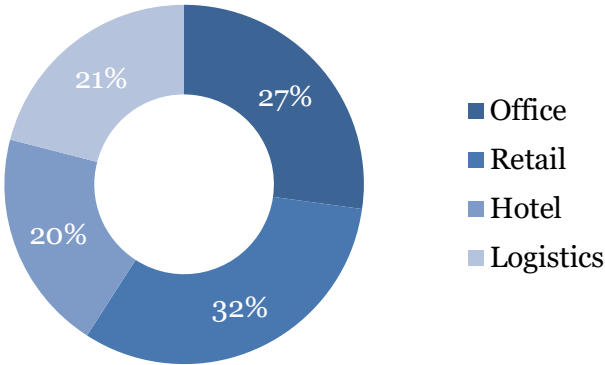
Sector allocation, % of property value

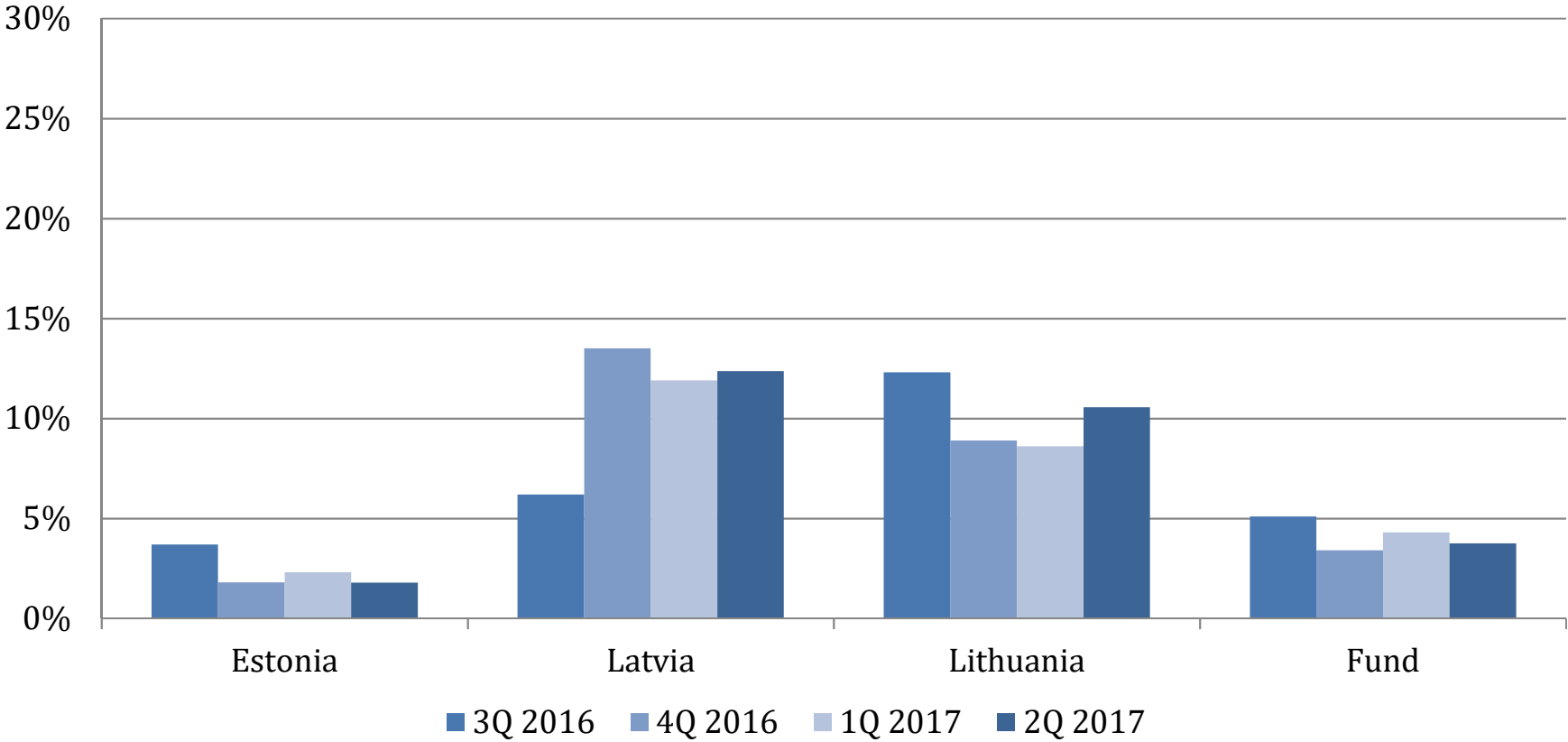


Country allocation, % of fund value



Sector allocation, % of fund value





*End of quarter*

- Management focus remained on reducing vacancies and increasing rental income for portfolio properties. Average rent of €7.0/sqm/month is expected to remain stable
- Most properties in the portfolio operate with <5% vacancy, higher vacancy of around 10% remain in some office properties in secondary locations, where the demand is still weaker
- The hotels in the portfolio continue to meet or exceed budgeted turnovers and contribute notable turnover rent to the fund's results, 60-65% on top of base rent
- After the financial year end, new leases have been signed for 2/3 of the total 8,500 sqm of leasable area in Metal property in Tallinn, left vacant by previous single tenant Favor
- At an extraordinary general meeting of East Capital Baltic Property Investors AB (ECBPI) on 9 June 2017, consent was given to the extension of the term of the shareholders agreement of East Capital Baltic Property Fund AB, for up to five years, until July 2022

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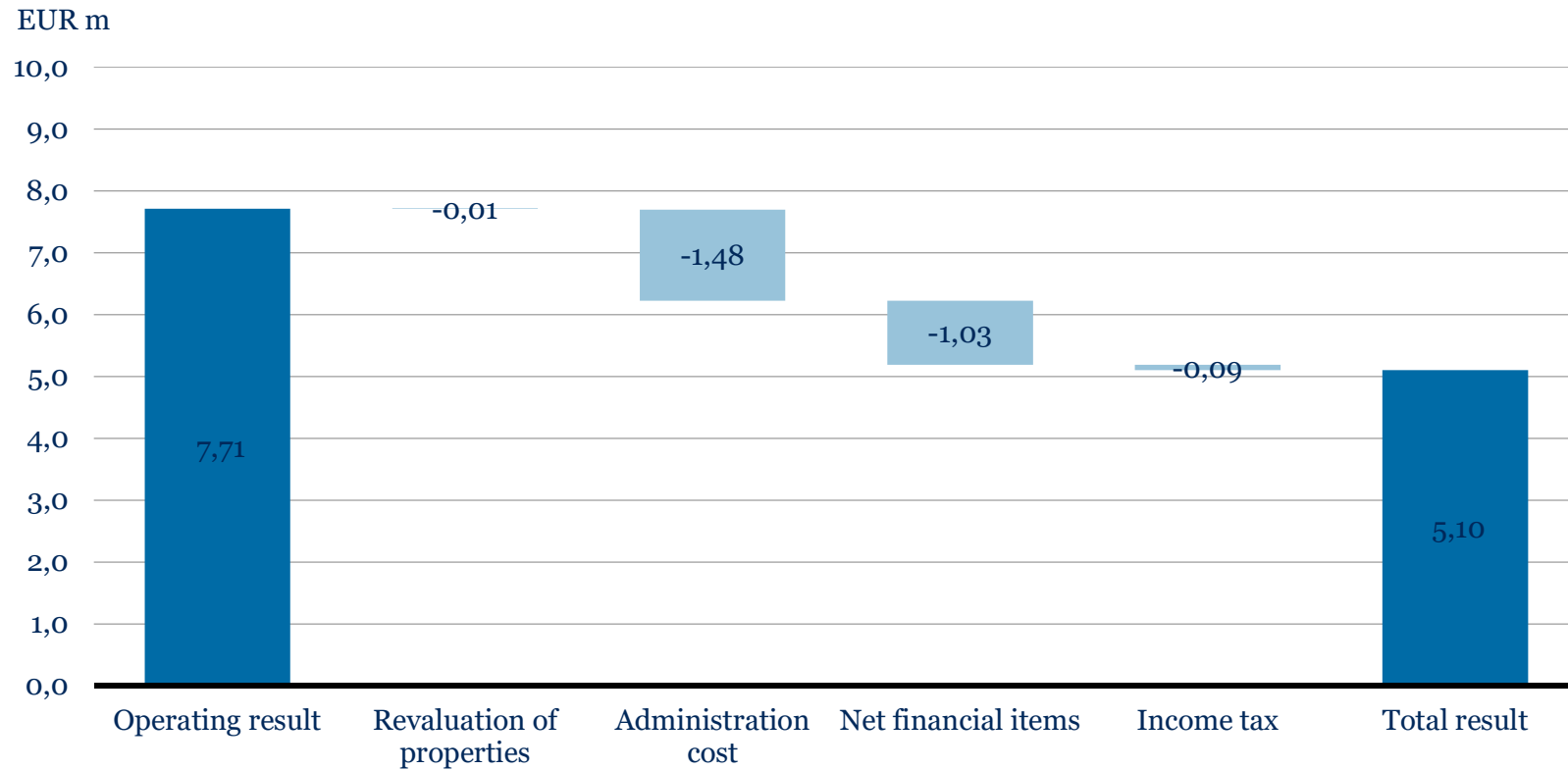
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VI Share split and redemption of shares

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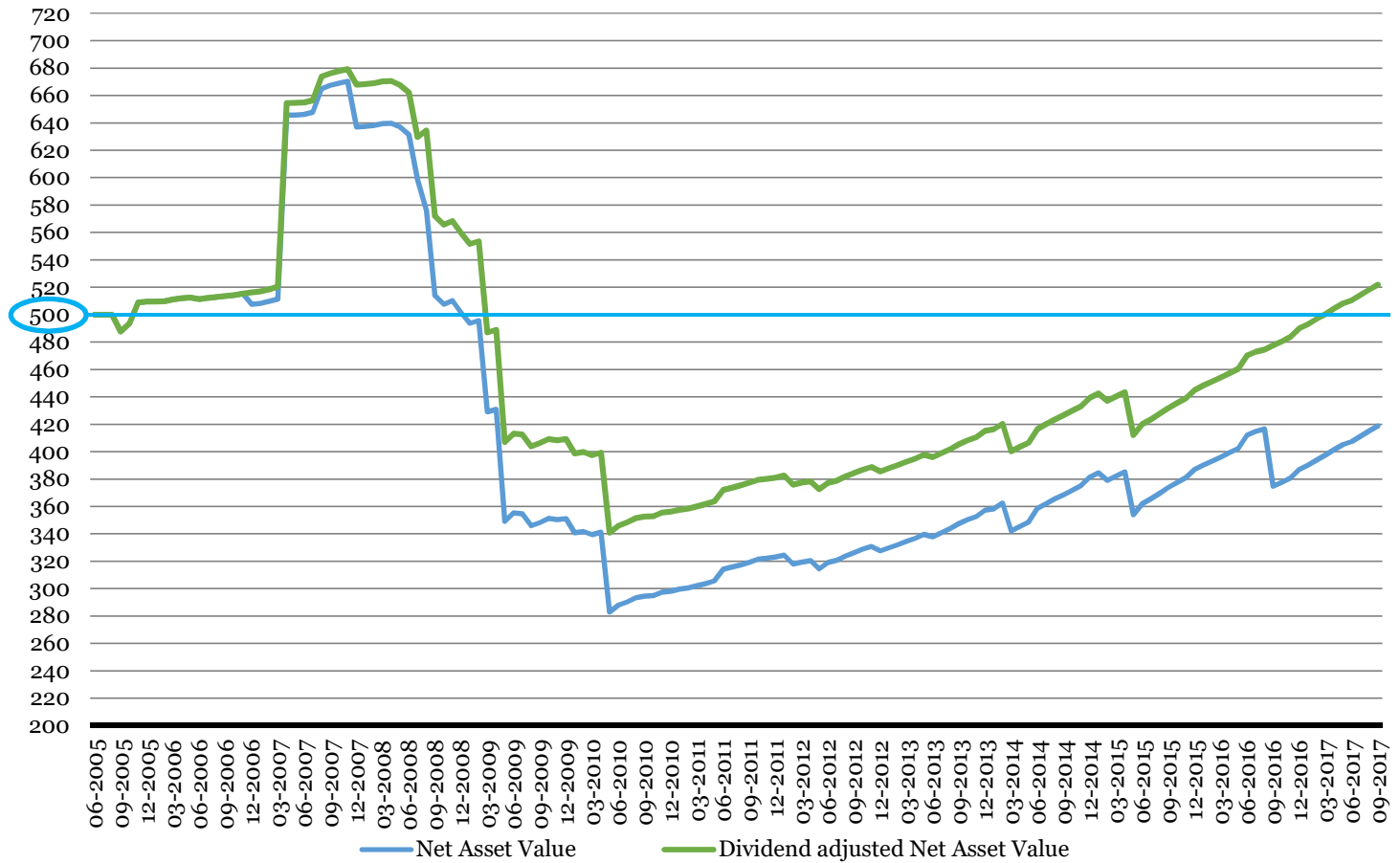
- The value of investment properties amounted to €105.15m at financial year end. The revaluation remained flat (+0.2%), mostly due to negative revaluation of the Metal property which offset the improved valuations of other properties
- Portfolio yield at year-end 7.6% while the Estonian portfolio yield was 8.1%
- Year-end loan balance EUR 68.4m; excluding Duntres the loan balance was EUR 54.2m equivalent to a loan-to-value of 58%
- Active management of the loan portfolio with three loans extended by 5 years (fixed rate <2%), two other loans will be prolonged by 5 years during Q4. The loan-to-value ratio of several loans in the portfolio are close to or less than 50% and four of the loans enjoy amortization holiday
- Net Asset Value increased 8.57% during financial year 2016/17
- Share redemption program in ECBPI equivalent to €25/share proposed by the BoD



**Five-year forecast –  
excl Dantes**

<b>ECBPF excl Dantes, in EUR</b>	<b>2017/2018 PLAN</b>	<b>2018/19 PLAN</b>	<b>2019/2020 PLAN</b>	<b>2020/2021 PLAN</b>	<b>2021/2022 PLAN</b>
<b>Net rental income</b>	<b>7 699 082</b>	<b>7 930 890</b>	<b>7 961 341</b>	<b>8 136 446</b>	<b>8 261 634</b>
EUR/sqm/m	6,7	6,7	6,7	6,9	7,0
Vacancy rate %	6,9%	5,6%	5,6%	5,0%	5,0%
<b>Operating expenses</b>	<b>-914 397</b>	<b>-924 841</b>	<b>-936 098</b>	<b>-931 673</b>	<b>-944 052</b>
<i>Bad debt</i>	-25 807	-21 307	-21 519	-21 732	-21 948
<b>Net operating income</b>	<b>6 758 878</b>	<b>6 984 743</b>	<b>7 003 725</b>	<b>7 183 040</b>	<b>7 295 634</b>
<i>Interest expense</i>	-933 483	-1 048 501	-1 003 363	-962 182	-920 937
<b>Profit/loss</b>	<b>5 825 395</b>	<b>5 936 241</b>	<b>6 000 362</b>	<b>6 220 858</b>	<b>6 374 697</b>
<i>Loan principal payment</i>	-2 237 546	-2 207 164	-2 009 268	-2 012 507	-2 015 814
<i>Investments</i>	-188 907	-209 578	-100 000	-100 000	-100 000
<b>Free cashflow before mgmt fee</b>	<b>3 398 942</b>	<b>3 519 500</b>	<b>3 891 094</b>	<b>4 108 351</b>	<b>4 258 882</b>
<b>Loan covenants</b>					
<i>LTV</i>	55%	53%	51%	49%	46%
<i>DSCR</i>	2,13	2,08	2,29	2,38	2,45
<i>ICR</i>	7,24	6,46	6,88	7,36	7,81

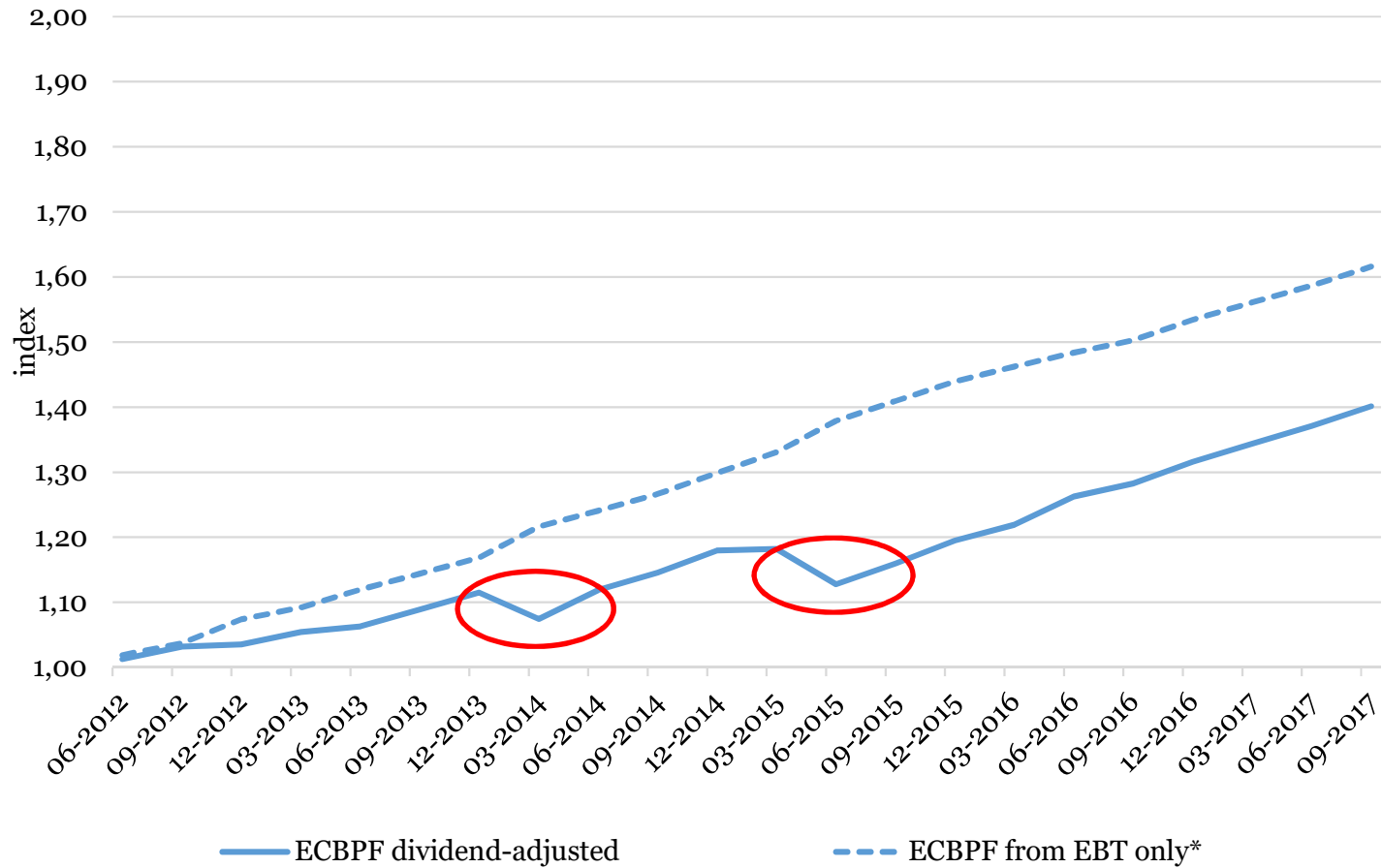
- Dividend adjusted NAV above the initial investment level and expected to increase by 10% annually
- Annual dividend potential without exits ~€25/share



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## NAV adjusted for one-off items and property revaluations

- Fund operating profit supports an annual 10%+ NAV increase
- Excluding one-off items and property revaluations, NAV increase from EBT would have been +62% since June 2012



\*excluding property revaluations and VAT adjustment

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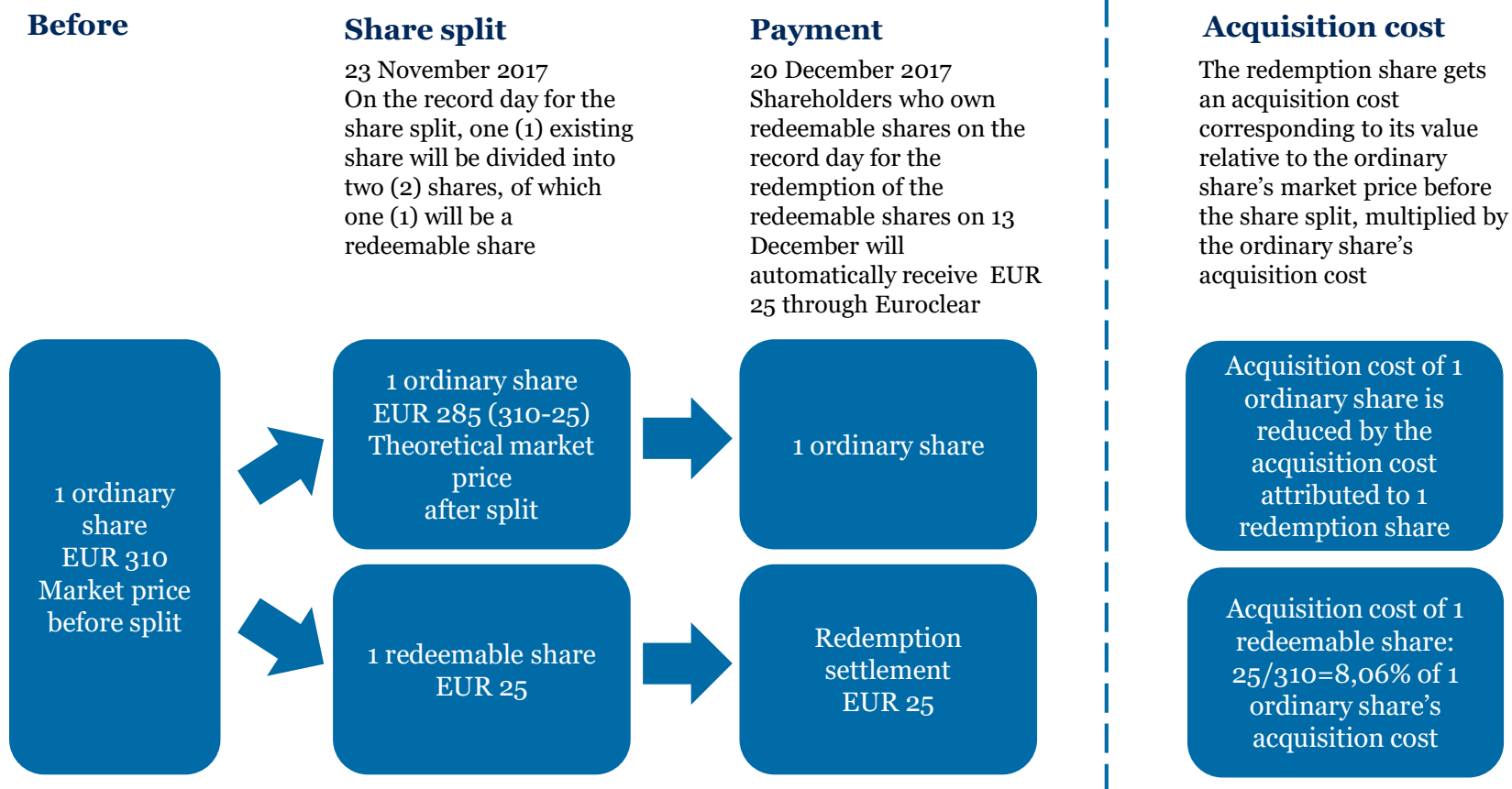
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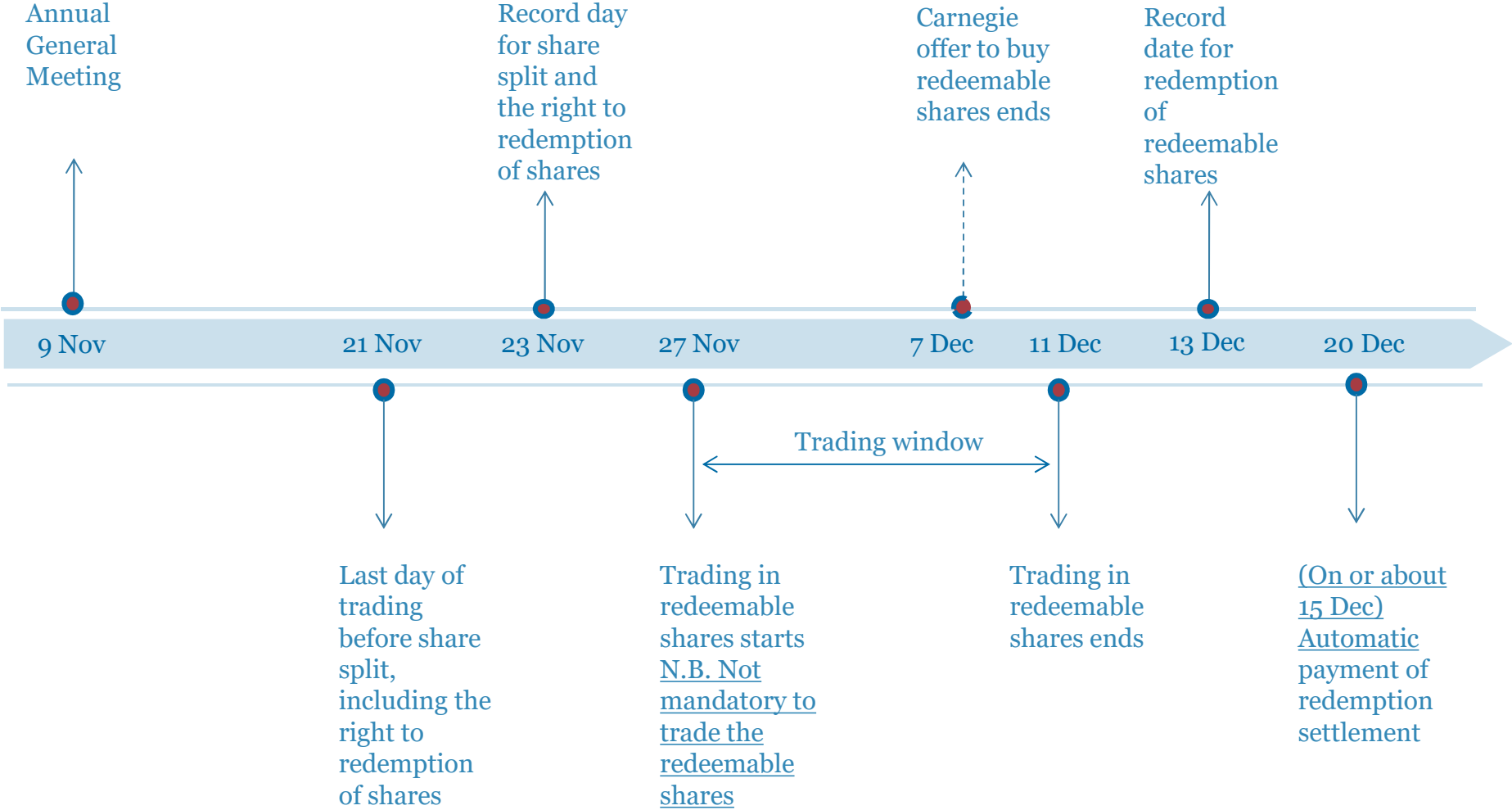
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# Outline of share split and redemption of shares



*Based on a theoretical example where the ordinary share is traded for EUR 310 before the split*

# Timetable





Carnegie offer at  
EUR 24.5

Carnegie offer  
27 November –  
7 December

- Shareholders that wish to sell rather than automatically redeem may trade their redemption shares OTC
- Carnegie offers to buy redeemable shares for EUR 24.5
- Trading offered between 27/11 and 11/12
  - Carnegie offer ends on 7 December
- Client's custodian bank should contact Carnegie
- Full information brochure available on [www.eastcapital.com](http://www.eastcapital.com)

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## Important Information

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Thank you!

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Dubai

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Hong Kong

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Luxembourg

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Moscow

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Oslo

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Stockholm

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Tallinn