
Management update December 2021

East Capital Baltic Property Investors AB (publ.)

Summary 2020/21

- The Baltic countries are adjusting to the post-Covid economic environment, and the fund has restored most of its regular income by the end of 2020/21 financial year
- Some business disruptions remain in the retail and hotel properties
- Revaluation at year end increased in most properties compared to the previous financial year and net asset value increased by 9.21% during the year
- The exit process has continued - Laracija office property in Klaipeda was sold in October 2020 and Papiniidu commercial centre in Pärnu in June 2021
- A dividend of EUR 40.0 per share is to be distributed to investors, equal to 9.5% of year-end NAV

Delivery on strategy 2020/21



Bauhof DIY store in Papiniidu
Commercial Centre, Pärnu
- sold June 2021



Laracija office, Klaipėda
- sold November 2020

- Divestment of Laracija and Papiniidu properties
- Actively preparing further exits, two more properties now in advanced stage
- Occupancy improved and rental income strengthened in several properties, most importantly:
 - Aiandi 13 and Jin offices full occupancy restored
 - Jysk agreement signed for ~11% of area in Jõhvi Tsentraal which decreased the vacancy and increased the attractiveness for other perspective tenants
- Jõhvi Tsentraal upgrade investment in design, to improve layout and use. The new Jysk store was the first part of the rejuvenation project
- Strong dividend

Fund in brief 2020/21

- The value of the properties amounted to €83.27m at financial year end 30 June 2021. This value includes fair market values of the properties from the recent value appraisal and the Papiniidu property at its net sale value (sale finalized in July 2021)
- The fund's rental income for the financial year 2020/21 was EUR 6.6m. The rental income of the portfolio, excluding Laracija property divested in autumn 2020, remained flat at EUR 6.5m compared to 2019/20 financial year
- Cash and cash equivalents at financial year-end was €4.48m
- Loan balance as of 30 June 2021 was €39.9m equivalent to a loan-to-value of 48%. The loan-to-value ratio decreased further to 46% after year-end as a result of the Papiniidu sale and associated loan amortization in July 2021

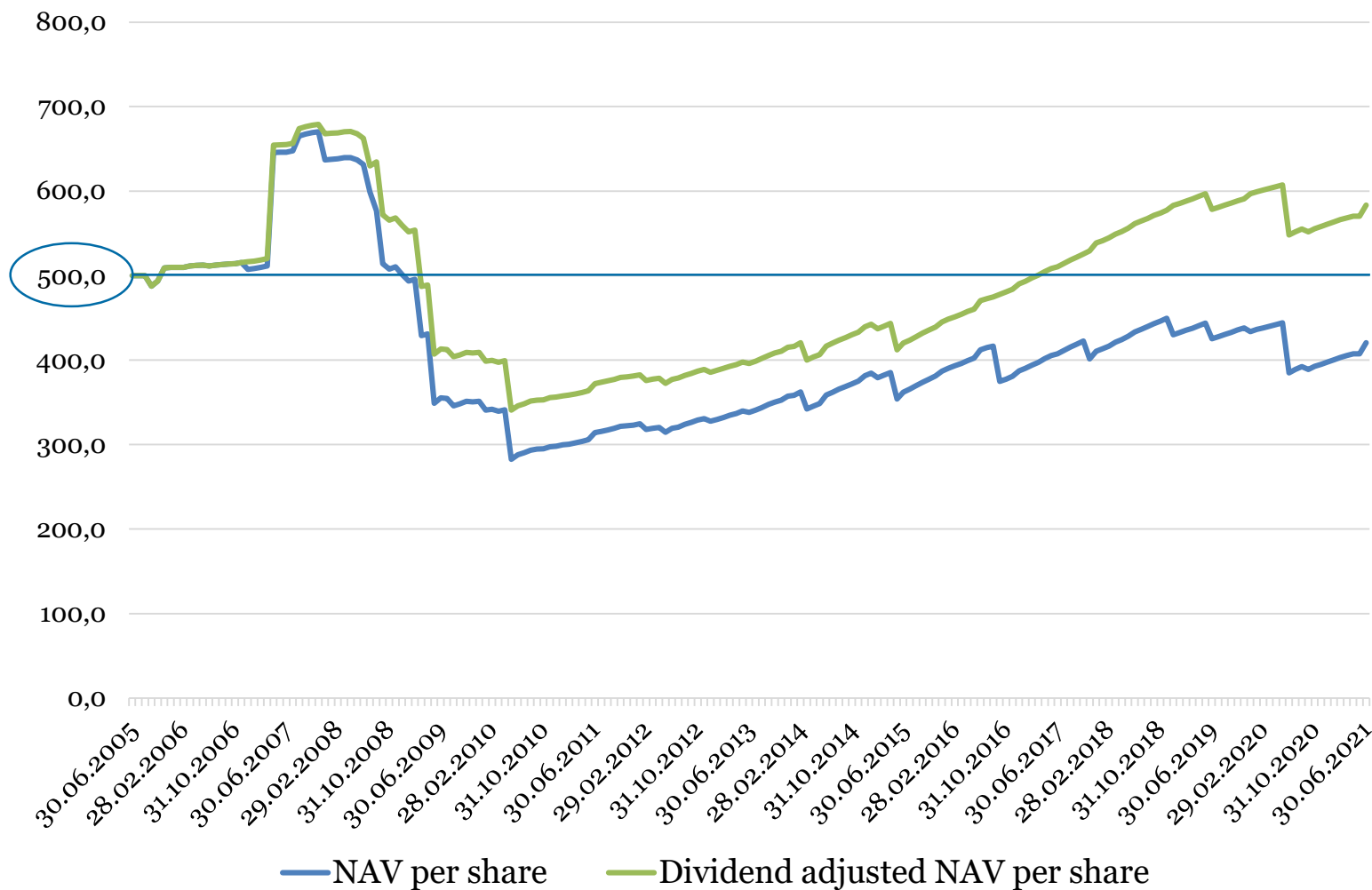
Positive portfolio revaluation

- External portfolio appraisal was carried out at financial year end, and resulted in an increased portfolio value for the fund
- The property fair values increased by 1.6% y-o-y, mostly restoring the pre-Covid appraisals
- Tallinn Seaport Hotel and Jõhvi Tsentraal commercial centre value appraisals remained impaired by the effects of Covid on their respective operations

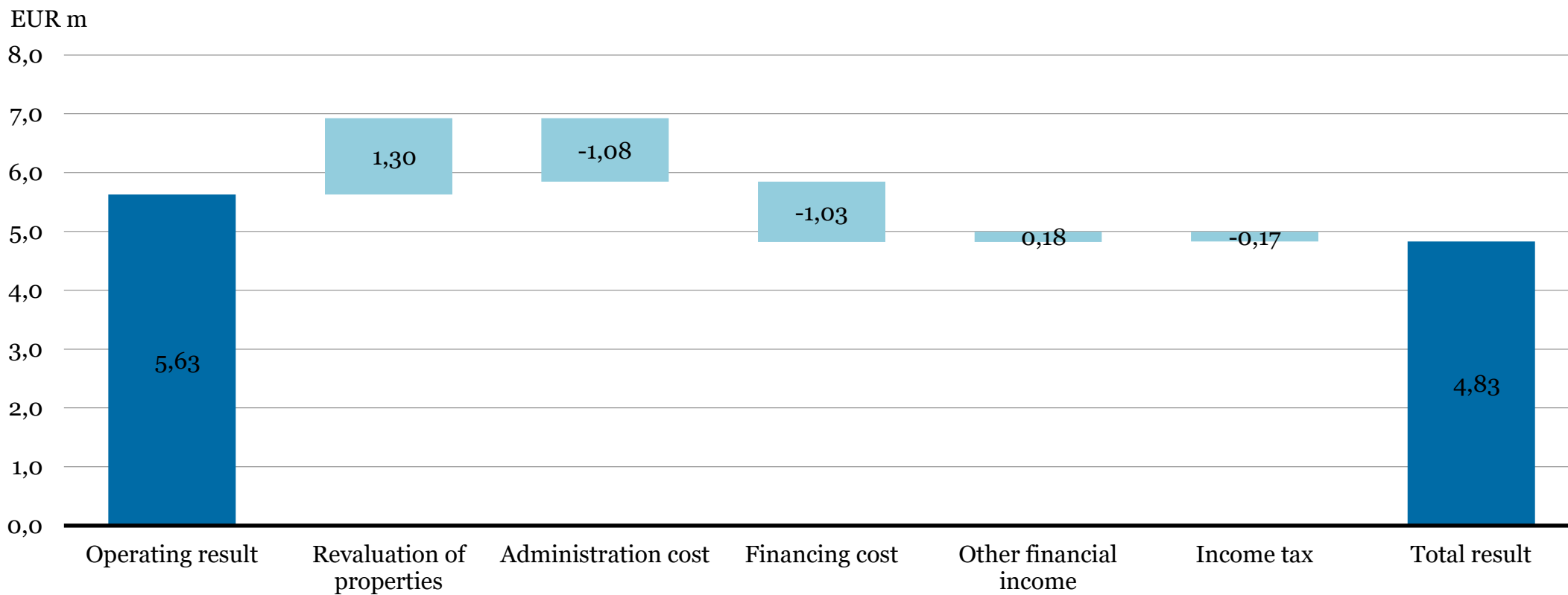
Continued strong NAV development from operations

The net asset value as of 30 June 2021 was EUR 420.45 which was 9.21% higher y-o-y compared to 30 June 2020

The operational net asset value increase, excluding revaluation and profit/loss resulting from the sale of properties, was 7.80% for the financial year 2020/21



Result contribution 2020/21



Dividend 2021

- A dividend of EUR 40.0 per share is to be distributed to investors in December 2021, equal to 9.5% of year-end NAV
- After the dividend payment the fund cash position is approximately €5.0m, maintaining a cash buffer for necessary investments, including in Jõhvi Tsentraal property

Summary 2017-2022 and outlook

Main targets 2017-2022

- Continued optimization of the property portfolio - focus on core properties primarily in Estonia
- Secure attractiveness and future cash flow by making investments in upgrades when necessary
- Explore all possible exit alternatives while considering investor suggestions on future strategy
- Maximize cash flow to investors through both ordinary dividends linked to the operations and extraordinary dividends linked to exits

Key achievements since extension in 2017

- The Fund divested four properties, of which three located in Latvia and Lithuania, further concentrating the portfolio to Estonia
- In several properties, actions have been taken to secure rental income and increase property competitiveness:
 - Jewe renovation and expansion project completed by the end of 2019
 - A13 office rebranding and modernization leading to full occupancy
 - Metal re-leased after single tenant Favor left Jun 2017
 - Jin office fully leased and rental income restored after Nordea Bank, representing 26% of income, vacated premises in Apr 2018
- The fund distributed regular dividends annually 2017 through 2019. Dividend restored in 2021 after a conservative approach to distributions in 2020

Divestments leading to core Estonian portfolio

- The Fund has divested four properties
 - Klaipeda, Lithuania: Deco Interior and Furniture store and Laracija office
 - Riga, Latvia: Dantes Nami office
 - Pärnu, Estonia: Papiniidu Commercial Centre
- The divestments have increased the proportion of Estonian properties, as well as emphasized the focus to capital cities



Dantes Nami office, Riga
- sold June 2018



Deco Centre, Klaipeda
- sold July 2019



Laracija office, Klaipeda
- sold November 2020



Bauhof DIY store in Papiniidu
Commercial Centre, Pärnu
- sold June 2021

Jewe Centre redeveloped - securing future cash flow

- ✓ Jewe Centre upgrade project, prepared and completed during 2019, resulted in a modernized shopping centre with improved layout
- ✓ The key tenants remain in place, Selver grocery store enlarged their area by 25% and new attractive tenants were added
- ✓ The bus station was relocated to the front of the centre making it safer for commuters and the operations were handed over to a professional operator
- ✓ The average lease term in the centre was extended by ca 40% and rental income increased by nearly 10%



A13 office building rebranded and leased out

- ✓ The office building, previously called Tammsaare Office, was leased on its completion in 2007 floor by floor in larger units
- ✓ In conjunction with maturing leases and shifting demand to smaller premises the II floor was remodeled into a modern office hotel and the property was rebranded to A13 Business Centre
- ✓ In June 2019 the office building underwent a sustainability assessment and received a BREEAM In-Use „Very Good“ certificate, confirming the high building standards and property manager's attention to sustainability
- ✓ In December 2019 the property also secured a 10-year lease for 30% of the remaining vacant area with Maxima group



Solid dividend distributions

- During the extended term, the Fund has distributed EUR 100 per share:
 - 4Q 2017: EUR 25 per share
 - 4Q 2018: EUR 25 per share
 - 4Q 2019: EUR 10 per share, smaller due to reservation for Jewe Centre investment
 - 4Q 2020: no dividend due to conservative approach during Covid outbreak
 - 4Q 2021: EUR 40 per share
- The free cash flow of 2019/20 and 2020/21 financial years was lower due to larger investments, primarily in Jewe and A13 properties. Excluding these investments, the dividend capacity for these years would have amounted to EUR 35-40 per share in total

Reasons for an extended fund term

- An orderly exit at or close to book value is unlikely for all properties before the end of the current fund term (June 2022)
- Investments are needed in Jõhvi Tsentraal to change the layout and area distribution, as decreased tenant demand has led to high vacancy
 - Designing and planning is ongoing to remodel and refurbish the centre
 - Attractiveness of Jõhvi will increase with general investments in the city and the establishment of IT university branch
- Due to Covid the market situation has been unfavorable for retail and hotel properties to be sold at their fair values but expected to improve

Ambitions for the new term

- Focus on dividends and exits
- By extending the fund term, new bank funding can be procured resulting in improved conditions for free cash flow and dividend capacity
- In the coming years the fund's operations are expected to yield an annual dividend of approximately 5% to be distributed quarterly
- Additionally, extraordinary distributions will be made in conjunction with sale of properties
- Continue to divest the property portfolio, prioritizing properties where book value or higher can be achieved in the near term, followed by properties which require some work or where the market situation is expected to improve

Intention to extend fund term

An Extra General Meeting will be called in 1Q 2022 to seek approval for a fund extension

- The board intends to call an extra general meeting in the first quarter of 2022 to seek approval for a fund extension
- It is the board's view that an orderly exit at or close to book value is unlikely for all properties before the end of the current fund term in June 2022
- The fund's cash flow remains strong and a dividend level of ~5% is predicted from operations. In addition, extraordinary distributions will be made as properties are sold. The board also intends to propose a change in dividend frequency
- The exit strategy for the fund's properties is divided into phases and it is anticipated that some properties will already be sold before the end of the current term

Potential income tax on future distributions

- The Fund's remaining portfolio is primarily located in Estonia, where the fund can return the paid-in capital without tax liability
- Over the fund term, the fund has returned approximately EUR 17m of capital to investors
- Substantial amount of paid-in capital remains and can be deducted from further distributions, however the foreseen distribution of dividend and exit proceeds in the coming years will incur an income tax liability
- By tax regulations, this income tax liability is not included in the financial reporting and is therefore not reflected in the net asset value calculation before the divestments take place
- Based on current property values, the total income tax liability upon the full exit of the fund is estimated to be approximately EUR 6m

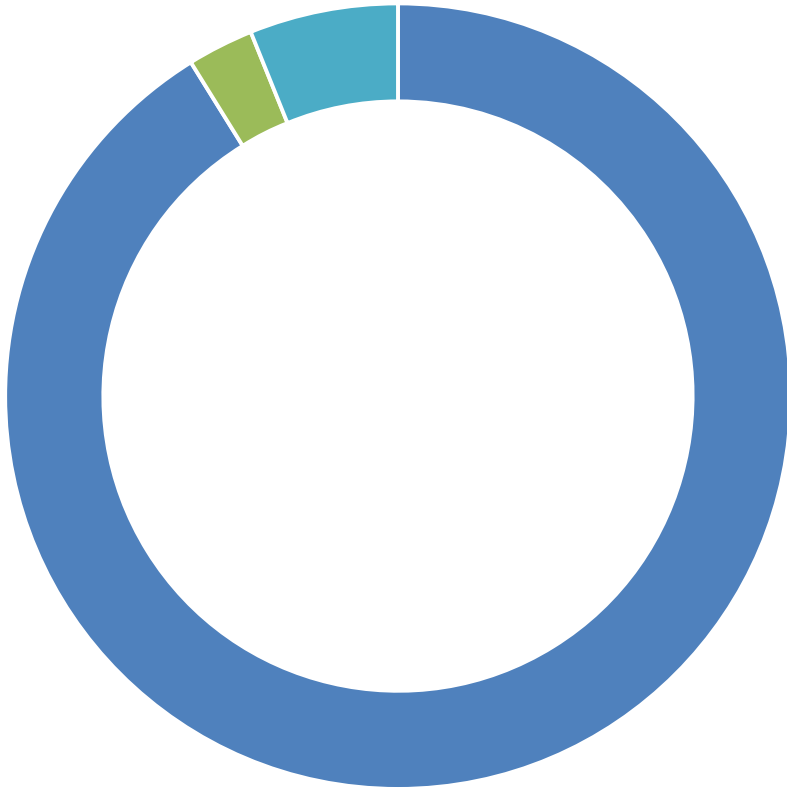
Appendices

- The rental revenue for East Capital Baltic Property Fund for the financial year 2020/21 resulted in EUR 6.6m and remained flat versus financial year 2019/20 (comparable portfolio). The vacancy level for the fund portfolio stands at 8% at financial year end, stable and comparable with previous years
- During the year, the management team completed the sale of Laracija office property in Klaipeda and negotiated the sale of the Papiniidu commercial centre in Pärnu (finalized in July 2021)
- The fund invested EUR 320th during the year in tenant fit-out and technical improvements
- No dividend was distributed in 2020, due to Covid uncertainty and previously executed larger investments
- The office and industrial properties remained mostly stable during the financial year
- Aiandi 13 office was fully occupied at year-end. After several new leases signed during 3Q 2021, occupancy has increased to 98% in Jin office in Vilnius
- Tānassilma and Metal warehouse / industrial premises continue to operate as planned. Both properties include some vacancy in office areas

- During the year, the hotel and retail properties in the portfolio suffered rental income losses due to business restrictions, however, are now operating with no interruptions
- The occupancy and sales in Tallinn Seaport Hotel, located in the Tallinn passenger port and reliant on foreign tourism, remained low
- On the other hand, Gospa hotel in the island of Saaremaa enjoyed the momentum of domestic tourism which showed elevated activity as international travel was hindered. The rental income collected in 2020/21 financial year remained slightly below pre-Covid levels but increased from 2019/20
- Jewe Centre and Keresee Centre had stable operations at strong occupancy levels well above 90%. Jewe Centre secured strong rental income after the upgrade and extension project completed in 2019/20
- In Jõhvi Tsentraal centre, a new lease with Jysk household store was signed during 2Q 2021 and the store opened in August 2021, reducing the centre vacancy to 30%. Overall upgrade project of Jõhvi Tsentraal is ongoing to modernize the commercial centre, meet changed tenant demand and make efficiency improvements

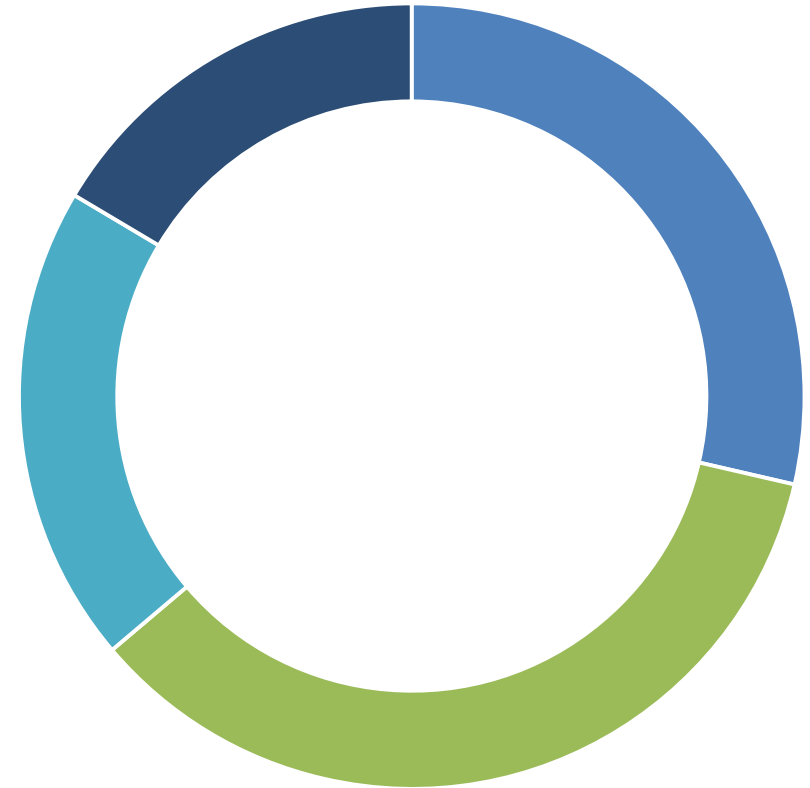
Continued property concentration to Estonia

Country allocation, % of property gross value



■ Estonia ■ Latvia ■ Lithuania

Sector allocation, % of property gross value



■ Office ■ Retail ■ Hotel ■ Logistics

Fund cash flow forecast from operations (excluding property exits)

	2020/2021 actual	2021/2022 plan	2022/2023 plan	2023/2024 plan
Net rental income	6 551 976	5 637 466	6 075 798	6 454 915
EUR/sqm/m	6,3	7,0	7,4	7,5
Economic vacancy rate %	8,4%	10,1%	8,4%	5,5%
Operating expenses	-942 940	-774 368	-728 623	-713 779
Bad debt	-8 944	-28 270	-30 401	-31 480
Net Operating Income	5 600 092	4 834 827	5 316 774	5 709 656
Interest expense	-1 063 926	-796 429	-752 762	-722 037
Other financial items	-219 397	0	0	0
Profit	4 316 768	4 038 398	4 564 012	4 987 618
Loan principal payment	-1 873 860	-1 741 283	-1 219 245	-1 219 245
Free cash flow before management fee and investments	2 442 908	2 297 116	3 344 767	3 768 373
Loan balance	39 913 280	29 871 511	28 652 266	27 433 021
Annual amortization	5,3%	4,4%	4,1%	4,3%
Interest rate	2,5%	2,5%	2,6%	2,6%
Property value	83 268 837	72 191 000	72 191 000	72 191 000
Yield ratio %	6,7%	6,7%	7,4%	7,9%
Loan covenants				
Loan-to-value	48%	41%	40%	38%
Debt service coverage ratio	1,9	1,9	2,7	2,9
Interest coverage ratio	5,3	6,1	7,1	7,9

Property portfolio – only two properties outside Estonia

Tallinn

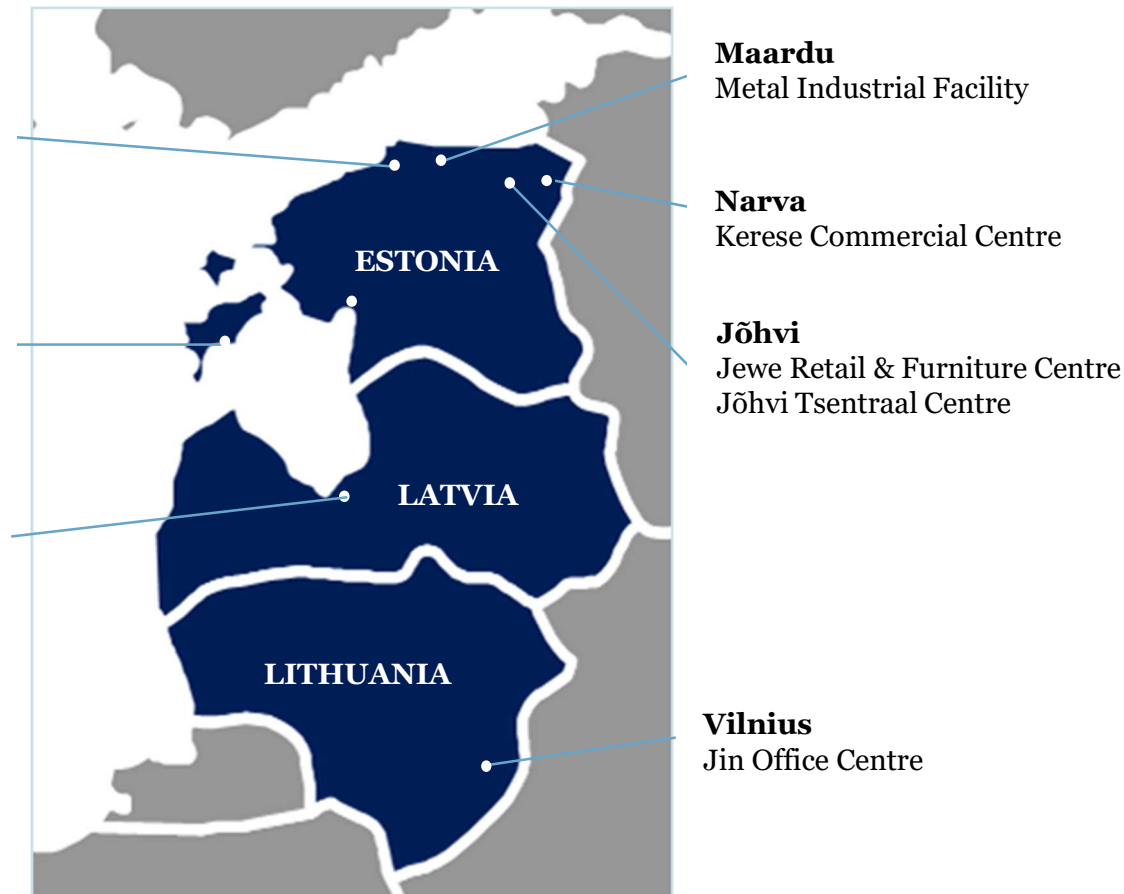
Tänassilma Logistics Facility
Tallinn Seaport Hotel
A13 Office

Saaremaa

Go Spa Hotel

Riga

Zemitana Centre Offices



Recently exited properties:

- Papiniidu Commercial Centre (July 2021)
- Laracija office, Klaipeda (November 2020)
- Deco Interior and Furniture store, Klaipeda (July 2019)
- Duntis Nami office, Riga (June 2018)



A13 Office



Go Spa Hotel



Jin office



Zemitana office



Tallinn Seaport Hotel



Tänassilma Industrial Park



Metal Industrial Facility



Jewe Retail Centre

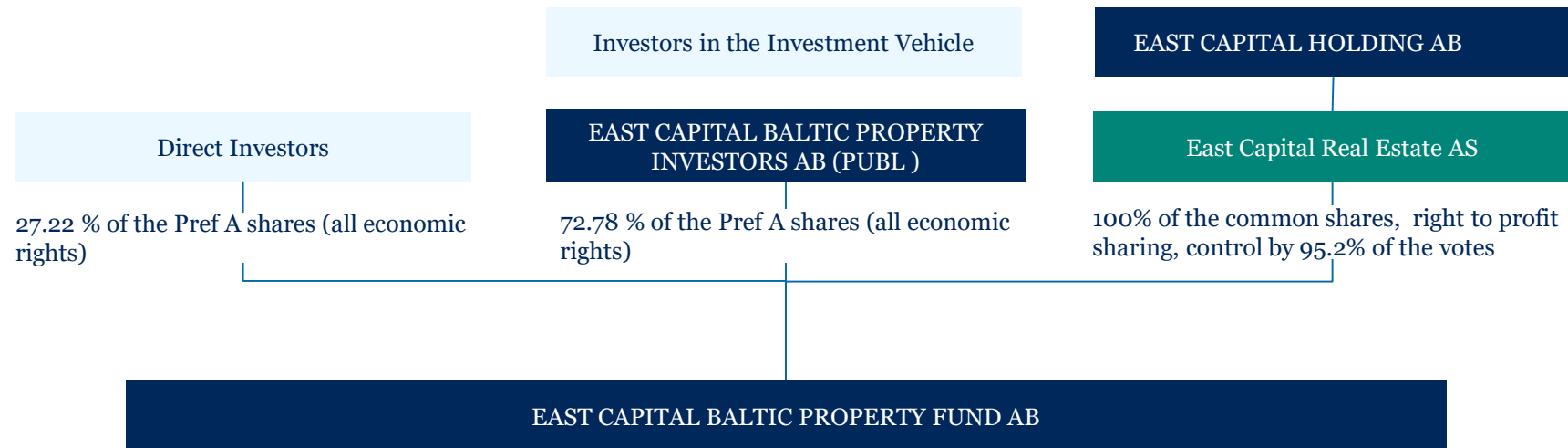


Jõhvi Tsentraal Commercial Centre



Kerese Commercial Centre

Fund structure



*A company operating under the
laws of Sweden*

*A company operating under the
laws of Estonia*

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