

Q2 2011

# BPT Optima S.A., SICAR Quarterly Fund Report



- Performance in line with budget
- Divestments postponed to Q3
- Final building permit for Nowa Walowa street in place
- Gdansk Young City and the Pluton properties have very uncertain book values with high risk of ordinary share value deterioration

## COMMENTARY

Although the operating performance of the core portfolio of the properties of the fund is under control and in line with the budget, the progress on divestments is behind the planned time schedule. Volatility in financial markets may again increase the pressure on the balance-sheet of the fund due to the growing negative value of interest rate swaps. With the recovery of the Baltic economies underway, the prospects of occupancy for the Baltic portfolio are gradually improving.

## ACTIVITIES OVER THE QUARTER

Following the prolongation and improvement of the terms of the lease agreement with the anchor tenant of Valdemara Hypermarket (signed in April) the sale process continues and closing is scheduled for Q3.

The purchaser's findings on due diligence on Moniuszki Tower (Warsaw) took time to be resolved and the final term sheet was confirmed between the parties in August, with approvals of banks in place the sale is expected to be concluded during September.

A letter of intent is signed and due diligence started on the sale of Baltic Business Center (Gdynia). The prospects for the occupancy market have deteriorated, the demand from international property investors remains very limited for the Tricity. As a result the price is substantially lower than the book value at year end (still higher than the original acquisition price). Once the due diligence is completed, the board of the fund will once again consider

Fund Performance	Ordinary Shares	Preferred Shares
NAV per share end of 2010	EUR 73.90	EUR 109.74
NAV per share Q2 2011	EUR 88.84	EUR 120.12
Latest dividend per share (2010)	EUR 0.0	n/a
Total return since inception	-75.0%	20.1%
Return since inception annualised	-21.4%	20.0%

Portfolio	
Number of properties	24
Average gross property value	EUR 15.9m
Occupancy ratio (quarter average)	88.2%

Fund facts	
Fund inception (as of the first NAV)	September 2005
Expected exit	2015
Status	Closed-end, closed for investments
Total share capital	EUR 92.3m
Net asset value (total equity)	EUR 88.2m
Investment capacity	EUR 500.0m
Gross property value	EUR 427.0m
Gross asset value (GAV)	EUR 464.7m
Total cash and cash equivalents	EUR 12.3m*
Loans	EUR 299.5m
Loan to value	70.1%
Interest coverage	130.0%

\* excluding bank security deposits

## Holdings up for divestment



**Moniuszki (Warsaw, Poland)**  
Office, 11,589 sq. m.  
Acquired July 2008



**Valdemara Rimi (Riga, Latvia)**  
Retail, 5,901 sq. m.  
Acquired October 2007

## Contacts

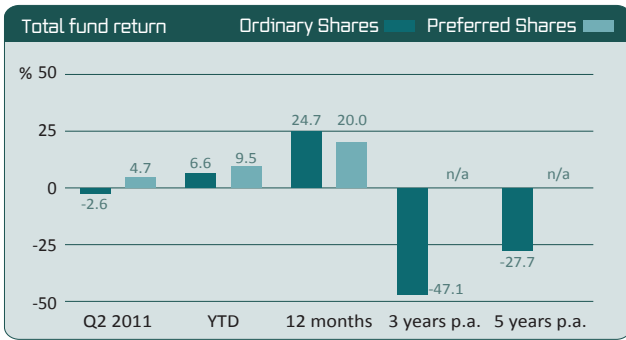


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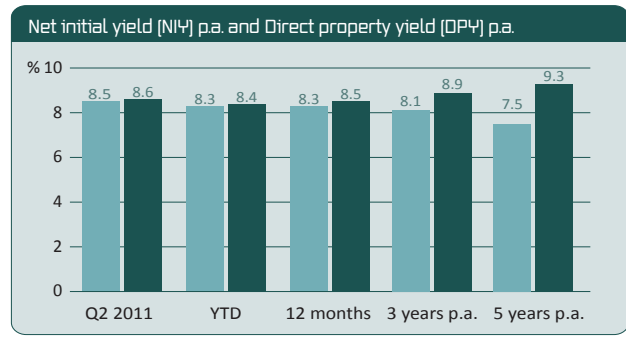


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Total fund return is calculated as NAV-to-NAV taking into account distributed dividend and net capital invested for the year.

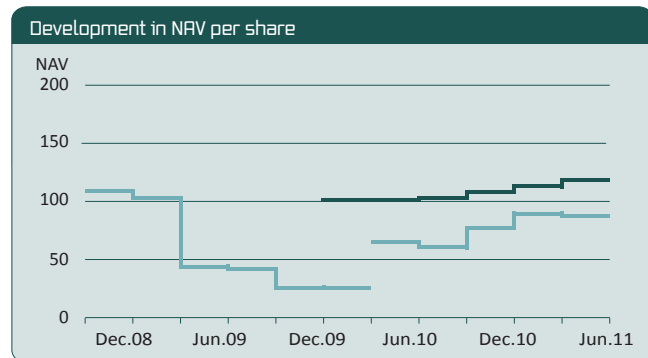


NIY (light blue) = the net operating income divided by gross property value annualized. DPY (dark green) = the net operating income divided by the property book value as at 31.12.2009 increased by capex since then.

whether to proceed with the sale at the current price taking into account the overall situation.

The final building permit for Nowa Walowa street was issued on the 12<sup>th</sup> of May and from that date the accruals of penalty to TK Development/Atrium have stopped. The case for the entire accumulated amount – EUR 4.7m remains in the arbitration. The sale of Young City proves to be even more challenging than anticipated. Negotiations are ongoing with remaining leads and it is the intention of the board to go ahead with the sale with the first eligible investor who can assure the minimum cash payment requirement sufficient to prepay liabilities associated directly with the project.

Occupancy is gradually being restored also on some of the more challenging properties of the fund. BPT Business Center (Vilnius, 3000 sq.m.), which remained more than half vacant since September last year, is now fully signed up for all of its vacancy, upon satisfaction of certain conditions the entire building would be leased on a long-term basis from 2012 (first tranche delivered to the tenant in August 2011). BIG in Klaipėda is expected to reach full occupancy by the end of Q3 on the basis of already signed leases. The final documentation formalizing interim solution with the syndicate of banks on Pluton project was executed in June, more than 1 year after the waiver was obtained.



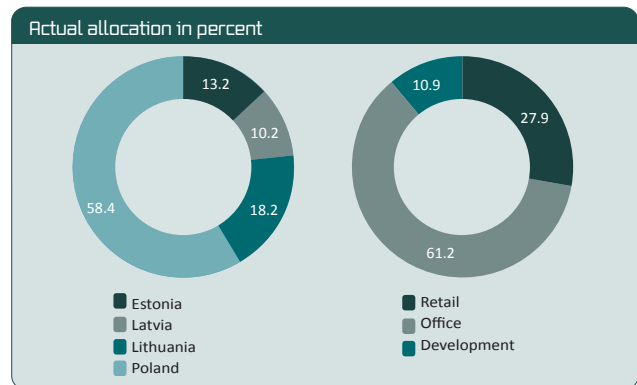
Ordinary Shares NAV (light blue), Preferred Shares NAV (dark green).

### FINANCIAL RESULTS

The NAV for ordinary shares end of Q2 stood at EUR 88.84 and for preferred shares at EUR 120.12. Net rental income for Q2 exceeded budget by EUR 0.3m, largely due to the one-off effect of reconciliation of the past service charges with TP SA in the Pluton buildings. The net profit YTD amounts to EUR 0.2m, the volatility of derivatives, however, remains high and directly affect the equity of the fund.

### OUTLOOK

Once completed, the sale of Valdemara Hypermarket, Moniuszki Tower and Baltic Business Center will bring a breakthrough towards desired deleveraging of the fund. It also remains paramount to secure the sale of Young City during the rest of this year. In October marketing of Twarda Tower will be resumed with new marketing material in place. It is assumed that the sale of Twarda Tower would be completed within the next 12 months. The book value of these assets remains very uncertain and it is highly likely that the sale of either Twarda Tower or Young City or both will have to be accepted at substantially lower valuations. The



The allocation reflects the property book values.

Top 5 holdings		
Twarda Tower	Office	Warsaw, Poland
Zelazna	Office	Warsaw, Poland
Moniuszki Tower	Office	Warsaw, Poland
Olimpia	Retail	Riga, Latvia
Gdansk Young City	Development	Gdansk, Poland
Weight of total gross property value		52.8%

Top 5 holdings are based on gross property values.

Fees	
Management fee	Base fee of EUR 3.2m p.a., which is indexed annually and adjusted for property sales
Incentive fee	up to EUR 100t per year if budget is exceeded
Success fee	Payable if the IRR of the ordinary shares at exit is >5% EUR 200t per p.p. from 5% to 10% EUR 300t per p.p. over 10%

NAV of the ordinary shares may deteriorate substantially following the accelerated sale of the two most uncertain assets – Young City and the Pluton properties – actions necessary in the long-term interest of the fund.

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