

Q3 2010

# BPT Arista S.A. SICAV-SIF Quarterly Fund Report



- Negative NAV development due to weaker Ruble
- All properties are expected to be fully let by the end of Q1 2011
- Bank margins to Nordea loan has been reduced

## COMMENTARY

BPT Arista is a direct real estate fund covering commercial real estate in Russia, primarily focusing on Moscow and St. Petersburg. The fund is targeting institutional investors and should be regarded a medium-term investment product. NAV decreased to EUR 60.11 per share from EUR 72.56 per share at the end of Q2 2010. The change is mainly attributable to depreciation of the RUB.

## ACTIVITIES OVER THE QUARTER

Net rental income year to date for September 2010 amounted to EUR 8.4m and was EUR 0.7m ahead of budget. Average direct property yield calculated in Euro for Q3 2010 was 7.6 % vs 8.1 % in 2009 and 7.8 % in our budget. Global City continues to be fully let and the yield in the 2010 annualized results for 9 months is expected to be 13.6 %.

Country Park remains nearly fully let with a year to date occupancy ratio of 98 % and is planned to be 100% let after 15 November 2010. The yield in the 2010 annualized results for 9 months is expected to be 8.1 %. All major tenant negotiations are completed and some tenants are now for the first time since 2008 requesting additional space.

The Arcada Stroy building now named KuhniPark was reopened on September 15, 2010 combined with various marketing activities, including a press conference. The opening had a positive impact on tenant interest and a second lease was signed for the rent of one more floor for 10 years in the shopping centre and we are working on additional tenants so the building should be fully let by the beginning of 2011. The anticipated future yield level is 5 % reflecting that retail renting levels in box formats are still approx. 40 % down compared to the pre-crisis level. The reconstruction work has now been completed and all necessary approvals, including from the local fire inspection, have been obtained. The debt recovery proceedings were initiated on September 17, 2010 by KuhniPark. It is assumed the procedure will be finalized before the end of 2010 by issuing a resolution on the termination of the procedure in view of the impossibility to recover the debt. The debtor is an "empty shell" company

## Fund performance

NAV per share	EUR 60.11
Latest dividend	EUR 0.0
Total fund return since inception	-40.3%
Fund return since inception annualised	-12.8%

## Portfolio

Number of properties	3
Average gross property value	EUR 36.1m
Occupancy ratio (quarter average)	76.0%

## Fund facts

Fund inception (as of the first NAV)	October 2005
Expected exit	2016
Status	Closed-end, open for investments
Target share capital	EUR 400m
Total share capital	EUR 72.9m
Net asset value (total equity)	EUR 42.2m
Planned Investment capacity	EUR 1,000m
Gross property value	EUR 108.4m
Gross asset value (GAV)	EUR 116.7m
Total cash and cash equivalents	EUR 4.9m
Loans	EUR 64.0m
Loan to value	59.0%
Interest coverage	148.9%

## Investor Support

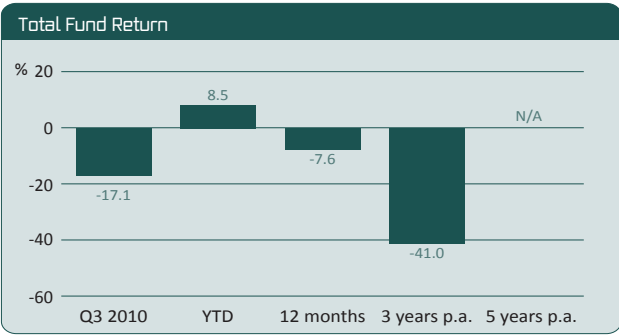


**Country Director Russia**  
**Pavel Cherepanov**  
 Email: pc@bptam.com  
 Direct tel. +7 495 956 4225

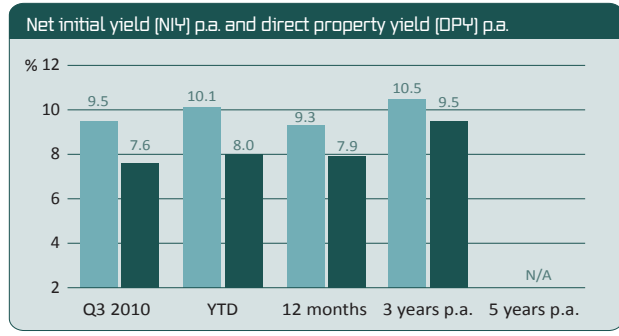


**Client Support and Regulatory Manager**  
**Mikkel Krøyer**  
 Email: mkr@bptam.com  
 Direct tel: +45 33 69 21 70





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



NIY (light blue) is calculated as the net operating income divided by gross property value annualized. DPY (dark green) is calculated as the net operating income divided by the acquisition costs annualized.

having neither financial means nor assets. The Bailiff's resolution allows KuhniPark to recognize the outstanding balance as a bad debt and give it the right to offset against corporate income tax.

The agreement with the sellers of the last phase of the Acquisition of Country Park, more specifically the 12th floor of the property is progressing and the transaction has been approved by the Board of Directors. According to the time schedule the acquisition shall be implemented in December 2010.

On September 22, 2010 the loan registration with Nordea was completed and subsequently the margin for the Nordea loan was reduced by 250 basis points. This point would be described more in details in the coming report. In parallel various discussions are also taking place with other local and international banks to see if better terms can be obtained in the future. The current environment demonstrates that the banking market is slowly opening up.

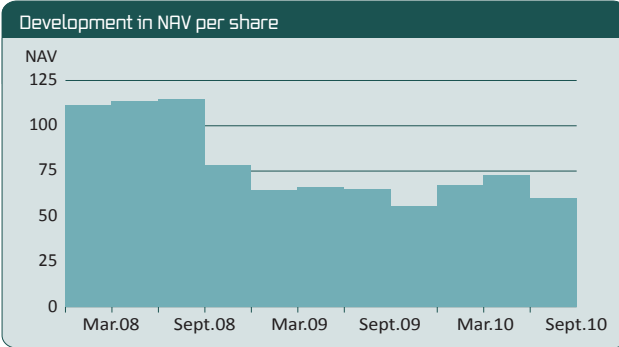
The above mentioned rental situation plus the purchase of the additional floor in Country Park, re-letting of Arcada-Stroy would de-facto mean that all properties are fully occupied by 2011, and NIY of the fund would be in the range of 9.5 % – 10.5 % in the coming years.

The Ruble was fluctuating more than 5 % over the reporting period primarily due to the weaker US Dollar which had a negative impact on the NAV (property valuation do only take place at year end). The President of Russia, Mr. Dmitry A. Medvedev declared at APEC summit in Yokahama that the Russian Ruble currency corridor policy will be maintained and it should be stable in the future. Most leading banks actually anticipate and predict it should become stronger in the medium term.

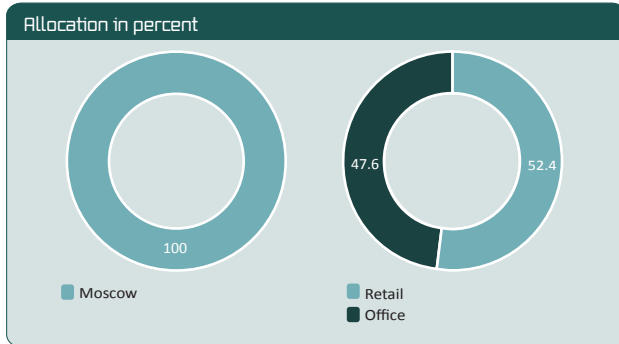
A minor correction in the notary deed from the EGM held in April 2008 is now being corrected - for more information please see the appendix to this fund report.

**MARKET OUTLOOK**

In Q3 2010 Russia has shown strong signs of recovery, GDP kept on growing at an annualized rate close to 5 % and growth should remain at a similar level in 2011. Furthermore unemployment has stabilized at close to 7 %. There is a revival in the Russian real estate market activity; several large deals were closed in Moscow, indicating increased interest among the big real estate players.



Development in NAV (light blue) is excluding reinvested dividends. Historical dividends (none so far) will be shown at the time they are deducted from the NAV per share.



Allocation is calculated based on gross property value.

Property	Type	Location
Country Park	Office	Moscow
Global City	Retail	Moscow
KuhniPark	Retail	Moscow
Weight of total gross property value		
100 %		

Top 5 holdings is based on gross property value.

Subscription fee	4% excluding VAT
Management fee	1.45% - 2% of the total year-end GAV
Acquisition fee	0.3% of the property acquisition value
Success fee	20% in excess of RoE hurdle of 11% p.a

For professional use only. Assumptions, figures, and calculations contained in this publication are intended to be indicative only. This publication is not a formal offering and will not form part of any contract with Baltic Property Trust Asset Management A/S (BPTAM) or any third party. No responsibility is accepted by BPTAM for any errors that may be contained in this document, or for any loss occasioned through the reliance on this document. All rights reserved. © 2009 BPTAM. No part of this publication may be reproduced by any means without prior written authorization from BPTAM.





To the Shareholders of BPT Arista S.A., SICAV-SIF

Copenhagen, 2<sup>nd</sup> December 2010  
MKR/mo

**SUBJECT: Correction of notary deed, BPT Arista S.A., SICAV-SIF**

Dear Shareholder,

With reference to the above mentioned company, we are pleased to inform you that Fideos Financial Services (FFS) will have an appointment with a notary in Luxembourg, Mr. Joseph Elvinger, on December 6, 2010 in order to amend the restated articles of association of the above mentioned company. Indeed, mistakes have been made by the notary during the Extraordinary General Meeting held on April 30, 2008.

Below you will find precisely the corrections which will be made highlighted in yellow:

**Article 13. - Directors:** *The Company shall be managed by a board of directors (the "Board") composed of a minimum of five members, **divided into two categories, respectively denominated "Category A Directors" and "Category B Directors"**, to be decided from time to time by the general meeting of shareholders. The members of the board need not to be shareholders of the Company. They shall be elected for a term of a maximum of one year and shall hold office until their successor is appointed. The Investment Fund for Central and Eastern Europe (IO) and Aage V. Jensens Foundation (AVJF) are entitled from time to time to nominate for appointment one director each (the "Designation Rights").*

*In addition, any shareholder who wants to propose a candidate for the position of directors of the Company to the general meeting of shareholders must present such candidate to the Company in writing at least three weeks prior to the date of such general meeting.*

*Any director may be removed with or without cause or be replaced at any time by resolution adopted by the general meeting.*

*In the event of a vacancy in the office of director, the remaining directors may temporarily fill such vacancy; the shareholders shall take a final decision regarding such nomination at their next general meeting.*

**Article 16. - Corporate signature:** *The Company will be bound in any circumstances by the **joint signatures of one Category A and one Category B Director** or by the joint or single signature of any person(s) to whom authority has been delegated by the Board.*

BPT Partner Services R/S  
Christian IX's Gade 2.2nd floor  
DK-1111 Copenhagen K  
Denmark

Phone +45 33 69 07 33  
Fax +45 33 63 64 60  
Reg. No. 30 56 24 61  
www.bptam.com



Instead of the previous wording, which read as follows:

**Article 13. – Directors:** *The Company shall be managed by a board of directors (the "Board") composed of a minimum of five members to be decided from time to time by the general meeting of shareholders. The members of the board need not to be shareholders of the Company. They shall be elected for a term of a maximum of one year and shall hold office until their successor is appointed. The Investment Fund for Central and Eastern Europe (IO) and Aage V. Jensens Foundation (AVJF) are entitled from time to time to nominate for appointment one director each (the "Designation Rights").*

*In addition, any shareholder who wants to propose a candidate for the position of directors of the Company to the general meeting of shareholders must present such candidate to the Company in writing at least three weeks prior to the date of such general meeting.*


*Any director may be removed with or without cause or be replaced at any time by resolution adopted by the general meeting.*

*In the event of a vacancy in the office of director, the remaining directors may temporarily fill such vacancy; the shareholders shall take a final decision regarding such nomination at their next general meeting.*

**Article 16. - Corporate Signature:** *Vis-à-vis third parties, the Company is validly bound by the signature of any two directors acting jointly or by the joint or single signature of any person(s) to whom authority has been delegated by the Board.*

Please do not hesitate to contact FFS for further explanations. They remain at your disposal on this and any other matter.

Sincerely,  
**BPT Arista S.A. SICAV-SIF**



Franz Palludan  
Chairman of the Board



Lars Ohnemus  
Fund Manager