Q1 2013

BPT Baltic Opportunity REIF Quarterly Fund Report


Coca Cola Plaza, Tallinn, Estonia

- **SKY supermarket and CC Plaza fully closed**
- **NAV (IFRS) up by 1.44% in Q1 2013**

COMMENTARY

BPT Baltic Opportunity is a real estate fund investing in commercial real estate in Estonia, Latvia and Lithuania. The fund should be seen as a medium-term investment.

As of the end of Q1 2013, 86% of the assets of the Fund are in Estonia, remaining 14% in Latvia. The Fund is planning to further diversify the portfolio geographically to Latvia and Lithuania.

The annualized, acquisition-date adjusted direct property yield was 8.2% in Q1 2013. Majority of the equity called into the fund has now been invested into investment properties.

ACTIVITIES OVER THE PERIOD

After the take-over of the properties, the management team's focus continues to be two-fold. Firstly the team focuses on keeping the high occupancy in the portfolio by renewing lease agreements and investigating expansion opportunities. Secondly the management aims to further increase the portfolio with new investments until the end of the investment period is reached.

In Lincona the Q1 2013 occupancy was 92.6%. Facade renovation to increase the attractiveness and improvement of the logistics within the complex are planned to be completed in Q2 2013. The average monthly rental rate remained stable at EUR 11 per sq. m. /month for office areas and EUR 9 per sq. m. /month for retail areas.

SKY supermarket has performed well after the take-over. Many lease agreements with satellite tenants were renewed during Q1 2013 and were brought up to BPT standards. Furthermore, the effectiveness of the heating system was analyzed and optimization works are to be performed before the next heating season.

Forum Cinemas AS, the anchor tenant in Coca-Cola Plaza, has released news that their parent company Finnkino is merging with SF Bio to create the largest player in the field of the Nordic region, with combined annual sales of EUR 350

Fund Performance	
NAV per share (INREV)*	EUR 102.03
NAV per share (IFRS)	EUR 101.37
Latest dividend per unit	EUR 3.00**
Total return since inception	5.9%
Return since inception annualised	2.6%

* While new units are issued based on a standard IFRS NAV, performance in this report is presented using the INREV NAV for property performance measurements.
**In July 2012, the fund paid out an interim dividend of EUR 3.00 per unit.

Portfolio	
Number of properties	3
Average gross property value	EUR 10.6m
Occupancy ratio (quarter average)	95.0%

Fund facts	
Fund inception (as of the first NAV)	December 2010
Expected exit	2015 with a possible 2 year extension
Status	Closed-end, open for investments
Target share capital	EUR 100.0m
Total share capital	EUR 17.1m
Net asset value	EUR 17.3m
Investment capacity	EUR 200.0m
Gross property value	EUR 31.8m
Gross asset value (GAV)	EUR 33.5m
Total cash and cash equivalents	EUR 1.5m
Loans	EUR 15.8m
Loan to value	49.6%
Loans / GAV	47.0%
Interest coverage, YTD	475.9%

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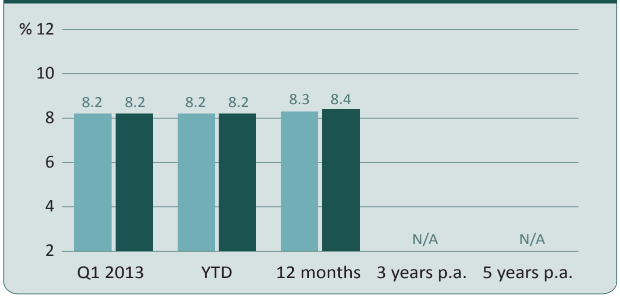
Total Fund Return

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

Net initial yield (NIY) p.a. and direct property yield (DPY) p.a.



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.

million. This move further strengthens the tenant with its parent company guarantee in the BOF portfolio.

MARKET OUTLOOK

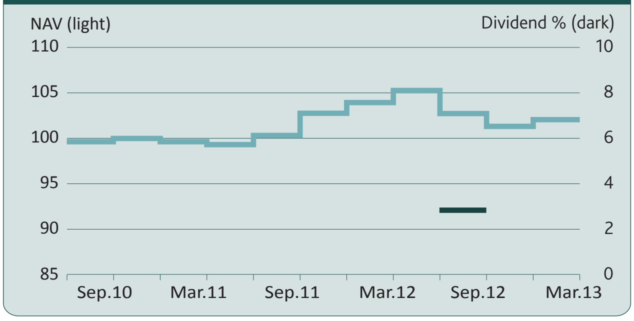
In the office market, several new projects in Vilnius are developed, which may result in higher vacancies in secondary offices. Few projects are also developed in Tallinn. Nevertheless, demand for prime offices in all three countries should remain high, mainly because of a limited supply. A stable growth in rental level, especially in established offices, is therefore predicted.

In Baltic shopping centres the vacancy should remain low, while the growing number of new tenants and increasing demand results in a steady growth of rentals. The situation may change in 2014 and 2015, when several shopping centres in Riga and Tallinn are due to be opened, but the increased supply will probably be absorbed within the following year.

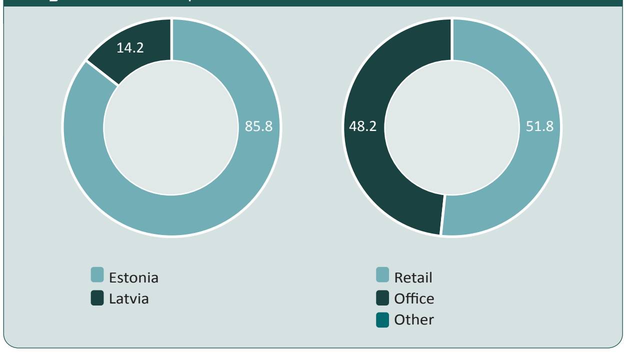
The Baltic States remain resilient to the economic slowdown in the rest of EU and continue to be the fastest growing economies in the union. In contrast to the standstill in GDP growth of the union, the Baltics recorded solid growth of 3-5% for Q1 2013 and are expected to hold the pace over the coming years. The growth is backed by stable exports to Nordics, Russia, Germany and growing internal demand stemming from improved consumer confidence. The growth of wages in 2013 is expected to be higher than last year as companies are making increasingly high profits.

Estonia, being the first to adopt the euro and with the closest relations to the Nordic countries, has taken a clear leader's position. In Lithuania, balanced exports, low government debt and stable domestic savings will ensure future economic growth, which will probably not be held back by debt reduction. And although Latvia was considered to be the worst-affected by the crisis, the political decisions have increased its chances of adopting the euro in 2014, whereas Lithuania is aiming for the year 2015.

Development in NAV per share



Target allocation in percent



Fees

Management fee	1.9% of NAV per annum
Success fee	20% above a hurdle rate of 11% return on paid-in capital

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