As of 30 September 2013

Q3 2013

BPT Baltic Opportunity REIF Quarterly Fund Report

SKY, Riga, Latvia

- Share purchase agreement of the fourth acquisition signed
- Fund NAV per share up by 1.6% in third quarter
- In search for new acquisitions in office and retail segments

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.

The annualized direct property yield for the portfolio of 3 assets was 7.8% in Q3 2013. Average Fund's occupancy was 96.3% which is slightly below the budget. The aim is to increase the direct property yield by full lease out the vacant premises in Lincona office complex.

Net rental income in Q3 2013 for the Fund amounted to EUR 622 thousand and was slightly above the budget by EUR 2 thousand. The slightly lower increase of NAV during Q3 was largely affected by external consultant's expenses mainly in relation to acquiring Domus Pro project.

ACTIVITIES OVER THE PERIOD

On 30 July 2013, BPT Baltic Fund 2 UAB signed the share purchase agreement which has started the process of acquiring a retail development project Domus Pro in Vilnius, Lithuania. BPT Baltic Fund 2 UAB has issued forward financing to initialize development and shall finalize the purchase once the building is completed in Q1 2014.

Current portfolio of 3 assets has a total rentable area of 23,269 sq. m. With the new acquisition, the total area shall increase to approx. 32,000 sq. m. Current vacancy within the portfolio is in Lincona office complex. Agreement has been reached with a tenant to fill in part of the vacancy from 1 January 2014. At the same time, an additional 10% of the premises are to be vacated by one of the tenants reducing their leased area from 1 January 2014. The vacant premises are actively offered to the market and as the demand for the office premises is considered good, the management team makes its maximum effort to fill in all of the vacancy by Q1 2014.

Coca-Cola Plaza and SKY supermarket are performing as expected with long-term anchor lease agreements in place. Favourable financing terms enable them to remain as strong cash flow producing investments within the Fund.

Fund Performance	
NAV per share (IFRS)	EUR 101.98
NAV per share (INREV)*	EUR 102.54
Latest dividend per unit	EUR 3.5
Total return since inception	10.4%
Return since inception annualised	3.6%

* 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.

Portfolio	
Number of properties	3
Average gross property value	EUR 10.6m
Occupancy ratio (quarter average)	96.3%

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 18.3m
Net asset value	EUR 18.6m
Investment capacity	EUR 200.0m
Gross property value	EUR 31.8m
Gross asset value (GAV)	EUR 32.7m
Total cash and cash equivalents	EUR 0.7m
Loans	EUR 15.7m
Loan to value	49.4%
Loans / GAV	48.1%
Interest coverage, YTD	438.5%

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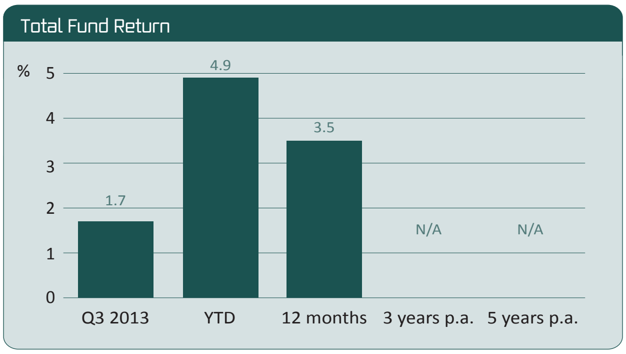
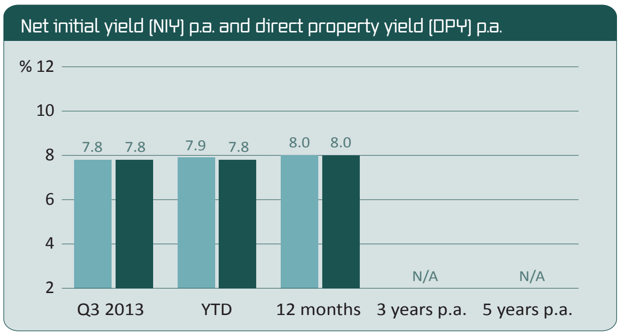


Total fund return is calculated as NAV-to-NAV taking into account distributed dividend and net capital invested for the year



NIY (light blue) 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.

MARKET OUTLOOK

The overall trends have stayed the same throughout the summer and will probably last until the year-end with cost-efficiency being one of the most important issues for office tenants. Tenants movements from larger premises to smaller ones (within the same building or to an alternative) in order to reach higher efficiency is continually seen on the market. Sufficient parking remains an important factor for tenants, thus their preference lies with office buildings located outside the paid parking zone with larger parking facilities.

Popular shopping centres are refreshing their tenant mix to ensure their continuous attraction for consumers while also aiming to increase the rental income. A new milestone was reached in Estonian retail scene with the opening of H&M store in Rocca al Mare shopping centre and the renovated Posthouse in Tallinn CBD. H&M is planning to open the third store in Estonia, too.

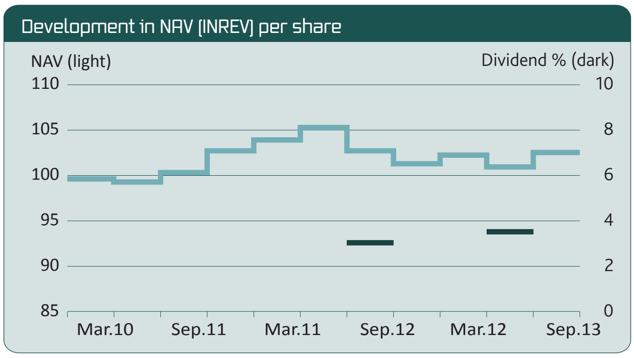
To summarize, the commercial real estate market across the Baltics will be driven by the following main factors over the coming years:

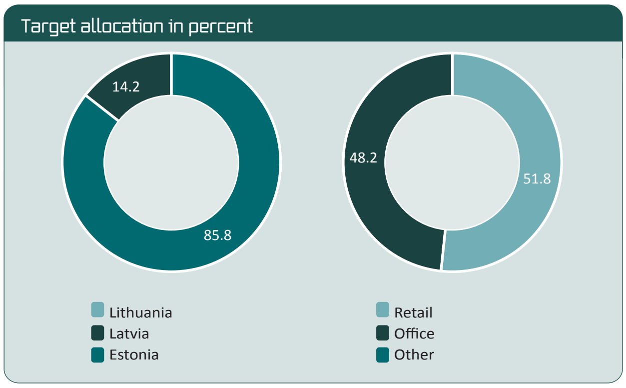
- Exceeding expected transaction volumes;
- Euro adoption in all Baltic states;
- Private consumption drives retailing activity;
- Availability of cheap financing from Nordic banks;
- Old funds need to sell their portfolios;
- New international tenants entering and expanding.

Baltic States are the fastest growing economies in the European Union whereby Latvia and Lithuania are bound to grow their GDP by more than 4% and Estonia 1.5%-2% by end of 2013. Growth will remain underpinned by resilient consumption, which is supported by real wage growth and improving employment prospects. Private sector has been deleveraging for 5 years in a row with bank deposits increasing and this has created a strong platform for higher spending and increased investments in the near future. Furthermore, despite headwinds from slower global trade, exports and manufacturing volume continue to expand at a moderate pace.

Primary focus remains on dynamic value added cooperation with Nordics and Russia and with the good entrepreneurial environment especially in the IT sector, many new success stories are to be expected as well. After Latvia and Lithuania will join Eurozone in 2014-2015 this will eliminate the currency risk and may also have an impact on cap rates down the road.

In general, the Baltic States are a great example how rational economic environment forces focus on value creation and this is believed to pay off in the long-term.





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