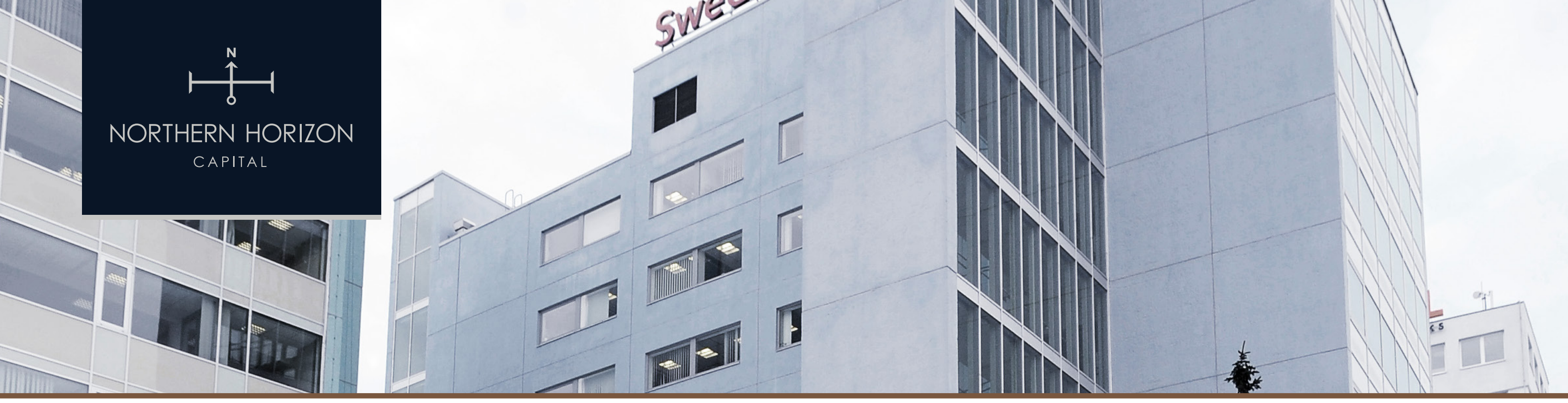


BALTIC OPPORTUNITY REIF

QUARTERLY FUND REPORT Q4 2013

SUMMARY

- Second distribution of 3.5% to investors in Q4
- Fund's annual return at 15%
- Fund's annual net profit at EUR 2.55 million

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 7.7% for the Q4 2013. Average fund's occupancy for the last quarter was 96.2% and average rental price per sq.m. was 9.8 EUR which are in line with the expectations for the fund.

During the year, the investments produced strong rental cash flows which allowed making a second distribution of 3.5% to investors on the average paid in capital in December. Combined with the independent portfolio valuation from Colliers International establishing a slight capital gain of 4% on the assets at year-end, the fund delivers a total return to investors of 9.7% in Q4 and 15% for the entire year. The results of 2013 were well in line with the objectives of the fund.

Net rental income in Q4 2013 amounted to EUR 618 thousand and overall the fund recorded net profit of EUR 2.55 million for the year. Bank loans to gross asset value stood at 43.7% at year end.

ACTIVITIES OVER THE PERIOD

Year 2013 was an active investment closing period for the Fund. Acquisitions of SKY supermarket in Riga and Coca Cola Plaza property in Tallinn were completed in Q1. As both of these were sale-leaseback type acquisitions, the negotiations with the sellers also involved establishing long term anchor tenant rental contracts.

On 25 June a general meeting of investors was convened in Tallinn to make changes to the Fund rules. In the meeting,

Fund performance	
NAV per share (IFRS)	EUR 107.21
NAV per share (INREV)*	EUR 108.77
Latest dividend per unit	EUR 3.5
Total return since inception	20.9%
Return since inception annualised	6.0%

*While new units are issued based on a standard IFRS NAV, performance in this report is presented using the INREV NAV for property performance measurement.

Portfolio	
Number of properties	3
Average gross property value	EUR 11.0m
Occupancy ratio (quarter average)	96.2%

Fund facts	
Fund inception (as of the first NAV)	December 2010
Expected exit	2017
Status	Closed-end, open for investments
Target share capital	EUR 100.0m
Total share capital	EUR 18.2m
Net asset value	EUR 19.7m
Investment capacity	EUR 200.0m
Gross property value	EUR 33.1m
Gross asset value (GAV)	EUR 35.8m
Total cash and cash equivalents	EUR 0.5m
Loans	EUR 15.6m
Loan to value	47.2%
Loans / GAV	43.7%
Interest coverage, YTD	392.9%

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

quorum was met and proposed changes were adopted unanimously. Main changes included prolonging the Fund term until end of 2017 and adjusting the wording in regards to investment limitations and follow-on investments.

With regards to the properties, the performance throughout the year did not bring any surprises. Looking into 2014 in Lincona, the management team has been in committed negotiations with new tenants and is planning to sign new lease agreements in the first quarter of 2014 to fill the expected vacancy of 21%. The occurring vacancy shall be fully filled during the year after the fit-out works are completed and new premises are ready for new tenants to move in. The tenant interest in B1 class office premises in Tallinn has improved significantly in the second half of 2013 since the rents in the CBD are increasing and companies are continuously looking at their cost levels even though many of them are expanding. The other properties in the portfolio remain to be 100% leased out based on long term lease agreements.

MARKET OUTLOOK

The projections of Baltic economic growth figures have been and are forecasted to remain considerably above the OECD averages in the coming years and much stronger than the Eurozone average.

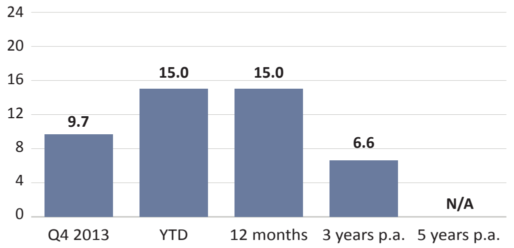
Over the past years the Baltic States have been taking turns to be the fastest growing economy in the EU. Following Estonia's accelerated growth period in the previous years, Latvia's GDP grew 4.4% and Lithuania's GDP 3.3% in 2013. Growth between 3-5% is expected for all Baltic States also for the period of 2014-2016.

The vacancy rate for A class spaces has been decreasing in 2013 across A and B segments to below 10% on average. Many tenants are expanding and moving up the quality curve with strongest focus on good B1 class offices as tenants are careful in assuming more overheads if moving to more expensive premises. In terms of new supply, many new office buildings are being completed after several years of no action in the development scene. Majority of the new supply will be A class and it is forecasted that the new supply will be absorbed by the market within a year.

In Baltic shopping centres the vacancy remains low, while the growing number of new tenants and increasing demand results in a steady growth of rental rates across the Baltic capitals. The situation may change in 2015, when several shopping centres in Riga and Tallinn are due to be opened and few large expansions completed, but the increased supply will probably be absorbed within the following year.

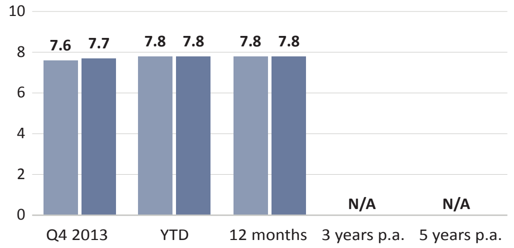
Investment market has also seen quite a number of deals across the Baltic States within the first half and several large deals are in the preparation phase to be closed in the second half of 2013. Main commercial properties being traded are located in the capitals and the increased market activity is also highly influenced by matured real estate funds which are in the need to exit. All in all, the investment volume is expected to continue topping that of the previous four years.

Total Fund Return



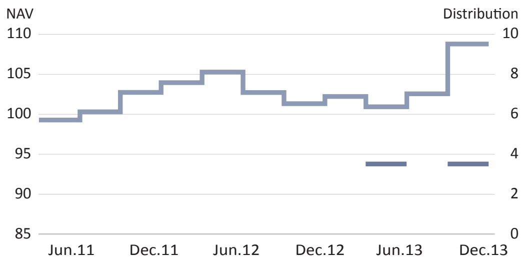
Total fund return is calculated as NAV-to-NAV taking into account distributed dividend and net capital invested for the year

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



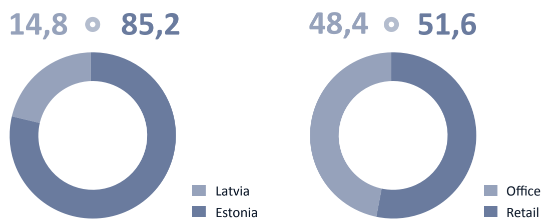
NIY (light blue) is calculated as the net operating income divided by gross property value annualized.
DPY (dark blue) is calculated as the net operating income divided by the acquisition costs annualized.

Development in NAV (INREV)* per share



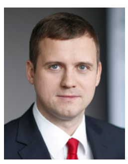
Development in NAV (light blue) is excluding reinvested dividends. Historical dividends (dark blue) will be shown at the time they are deducted from the NAV per share.
*INREV NAV for property performance measurement.

Allocation in percent



Allocation reflects current segments of the Fund.

FUND MANAGER



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