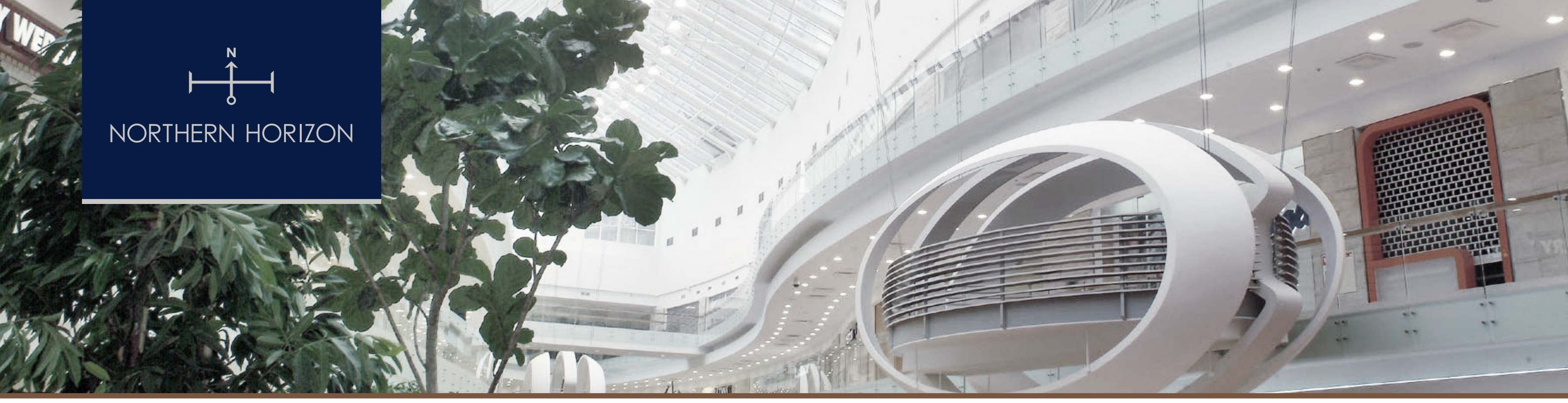


BALTIC OPPORTUNITY REIF

QUARTERLY FUND REPORT Q4 2015

SUMMARY

- 2015 audited total return on paid in capital was 23,15% (from operations 12,92%)
- Cash distribution of 7% in 2015 (19% over 3 years)
- GAV of fund increased to 89.7 million EUR

The year 2015 has been the most successful one for the Fund since its inception. The management has strictly followed its core investment strategy focusing only on the capital cities and has therefore gathered an attractive portfolio of cash-flow generating assets.

In 2015, the Fund recorded net profit of EUR 5.5 m which had a positive effect on the Fund NAV. The net rental operating income (NOI) earned by the unconsolidated Fund subsidiaries amounted to EUR 5.34 m. Average direct property yield of the property portfolio for 2015 was 7.2% and average vacancy 2.8%. Total return on paid in capital for 2015 was 23% of which return solely from operations formed 13%. At the end of the reporting period, LTV of the Fund was 59.0%, amortizing towards 50.0% goal.

ACTIVITIES OVER THE PERIOD

On March 2nd the fund acquired Europa Shopping Center in the heart of Vilnius. This was the 5th and the largest deal for the fund which now owns and operates 2 properties in Tallinn and Vilnius and 1 in Riga. As a result, the fund's gross property asset base increased to EUR 86.8 m and there are more than 48.7 thousand sq.m. of rentable space in the portfolio. The management deemed further investments in 2015 into Vilnius retail sector most attractive due to high vacancy and rent growth risks in other sectors and unattractive property pricings in Tallinn and Riga.

On March 3rd, the management team closed the sale of Babycenter to a local Estonian investor. The sale was completed at 8% yield for EUR 0.99 m and the net return from this investment was 24% p.a.

Construction of the second stage (NLA 3,700 sq. m.) of Domus Pro retail center was initiated in March 2015. The new space was fully pre-let to two tenants. In December 2015 the 1,500 sq. m. portion of the new stage was successfully opened. It houses a home-improvement store. BOF expects to commission the

Fund performance	
NAV per share (IFRS)	EUR 126.69
NAV per share (INREV)*	EUR 126.91
Latest dividend per unit	EUR 7.2
Total return since inception	57.1%
Return since inception annualised	9.0%

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

Portfolio	
Number of properties	5
Average gross property value	EUR 17.4m
Occupancy ratio (quarter average)	98.0%

Fund facts	
Fund inception (as of the first NAV)	December 2010
Expected exit	2017
Status	Closed-end
Target share capital	EUR 100.0m
Total share capital	EUR 25.7m
Net asset value	EUR 31.7m
Investment capacity	EUR 200.0m
Gross property value	EUR 86.8m
Gross asset value (GAV)	EUR 89.7m
Total cash and cash equivalents	EUR 1.7m
Loans	EUR 51.2m
Loan to value	59.0%
Loans / GAV	57.1%
Interest coverage, YTD	429.9%

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

second part with 2,200 sq. m. of space in May 2016. This will add a fitness club to Domus Pro complex. Total construction cost of the second stage is estimated at EUR 1.7 m.

As a result of the portfolio's high occupancy in a low cost of debt environment, net cash flow from the portfolio was strong. On the back of a healthy cash flow generation, cash distribution of EUR 7.2 per unit was paid out to unitholders for 2015 in December. That was the 4th year in a row when BOF delivered dividends. Contractual real estate fund structure has proven to be extremely efficient and flexible for being able to pay out regular dividends.

In light of the approaching term of the fund in the end of 2017, the investors general meeting was assembled on 17 March in Stockholm. The unanimous decision was taken to restructure the current fund into a public evergreen fund during 2016.

MARKET OUTLOOK

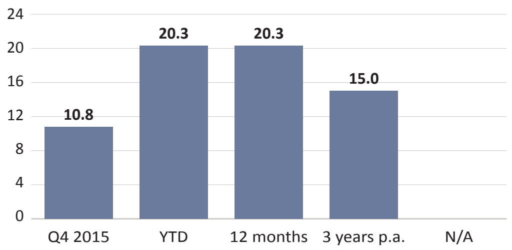
Baltic economies have been among the fastest growing in the EU. Their GDP growth has significantly outperformed EU average. In 2014 economies of Baltic countries were 17-18% larger in real terms compared to 2010 level. In contrast, EU's GDP increased by only 3% real over the same period. EC forecasts that buoyed by growing private consumption Baltic countries will continue expanding at a considerably faster pace than EU as a whole. Estonia is forecasted to deliver 2.6% growth both years while Lithuania and Latvia are projected to expand by 2.9% and 3.0% in 2016 and 3.4% and 3.3% in 2017 respectively. The region also became a full member of Eurozone with Lithuania being the last member to adopt the euro in 2015.

Real estate industry and the Fund are materially exposed to macroeconomic fluctuations. Such factors as general business cycle, GDP growth, inflation, employment, wage growth and interest rates influence demand and supply in the property market. Fund's revenue is mainly comprised of rents paid by tenants at its retail and office properties. The Fund seeks to minimize this risk by limiting concentration of tenants, signing long term lease agreements with strong tenants and scattering the agreement ending dates over several years. Another significant factor affecting the returns of the Fund is cost of debt. For the past years, total cost of debt has been low and it is expected to remain low in short to medium term considering the current economic environment in Europe.

The portfolio of the Fund is expected to perform strongly in 2016. Based on the signed medium to long-term lease and loan agreements, the cash flow is expected to remain predictable throughout the year. Since 2016 shall be the first full year for Europa Shopping Center and with the completion of Domus PRO second stage, the NOI and net cash flows of the fund is expected to increase further.

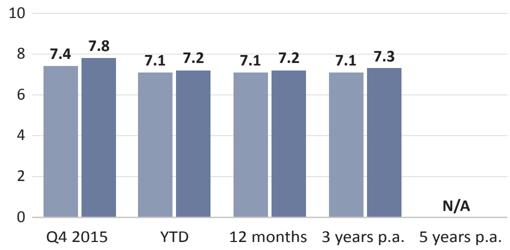
Baltic States have an attractive value gap compared to Western European and Nordic countries. Average yields for prime retail and office assets in the city centers in 2016 are expected to be between 6.75% to 7.25% and for other modern properties in the Baltic capitals between 7.25% to 8.0%. Investment market activity is at the level of 2007, however the development of tradable properties over the past years has also increased significantly. The aforementioned is considered as a sign of maturing Baltic commercial real estate investment markets where more emphasis will be on long-term sustainable net cash flows for investors.

Total Fund Return



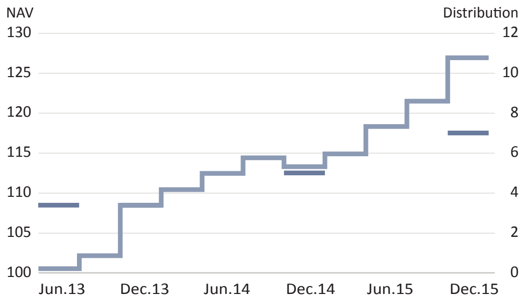
Total fund return is calculated as NAV-to-NAV taking into account distributed dividend and net capital invested for the year

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



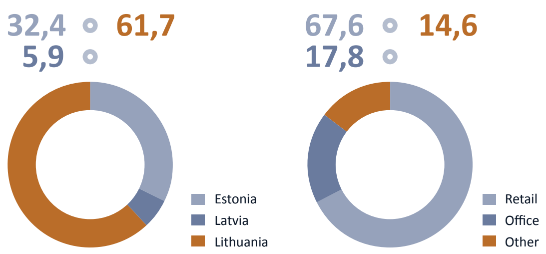
NIY (light blue) is calculated as the net operating income divided by gross property value annualized.
DPY (dark blue) is calculated as the net operating income divided by the acquisition costs annualized.

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.
*From Q2 2014 INREV NAV for property performance measurement is substituted with INREV NAV, calculated as per amended INREV Guidelines (effective 1 April 2014).

Allocation in percent



Allocation reflects current segments of the Fund.

FUND MANAGER

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