Q2 2012

BPT Baltic Opportunity REIF Quarterly Fund Report

Lincona Office Complex, Tallinn, Estonia

- Interim dividend payment of 3% decided, payable in Q3 2012
- NAV climbs to EUR 105.2399
- Closing of next investments expected in Q3 2012

FUND PERFORMANCE SUMMARY

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.

ACTIVITIES OVER THE PERIOD

The fund's performance is currently solely related to the performance of the first investment: The Lincona Office Complex in Tallinn, Estonia.

In Q2 the direct property yield for Lincona was 8.3%. Compared to the previous quarter, the direct property yield was slightly lower due to lower cost coverage by the tenants during the quarter. Still, as the investment is continuing to generate stable rental income, the Fund's NAV increased to EUR 105.2399 per unit at the end of Q2 2012. With a healthy cash balance in place, decision was made in June to distribute the first interim dividend of 3% to the investors payable in Q3. This dividend is based on the strong cash flow from the Lincona property and reflects the fund's intent to distribute when possible to the benefit of the investors.

Over the quarter, management has continued to strengthen the tenant mix in the complex. On the ground floor, a smaller area of 185 sq. m. will be terminated in August 2012 and negotiations are underway for a replacement tenant. On the second floor, BO Soft, one of the anchor tenants in the complex, has signed an agreement to take up an additional 240 sq. m. at market level terms. 100% occupancy is guaranteed by the Seller until the end of 2012 whereas the actual occupancy in the complex in Q2 remained unchanged at the level of 94.2%. With BO Soft expanding, the occupancy will increase to 96.3% by Q3. Furthermore, management is looking for a tenant for the 6th floor starting from Q1 2013 as Swedbank has confirmed their intention to vacate a smaller part of their total premises at the end of 2012. The average monthly rental rate in general remained the same in Q2 2012 amounting to EUR 10 per sq. m./month.

Through Q2, management has also worked intensively to investigate and negotiate the next investment targets in

Fund Performance	
NAV per share (INREV)	EUR 105.2399
NAV per share (IFRS)	EUR 103.7347
Latest dividend per share	n/a
Total return since inception	5.6%
Return since inception annualised	3.7%

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

Portfolio	
Number of properties	1
Average gross property value	EUR 15.7m
Occupancy ratio (quarter average)	94.2%

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 12.5m
Net asset value	EUR 13.1m
Investment capacity	EUR 200.0m
Gross property value	EUR 15.7m
Gross asset value (GAV)	EUR 21.5m
Total cash and cash equivalents	EUR 5.6m
Loans	EUR 7.7m
Loan to value	49.3%
Loans / GAV	35.9%
Interest coverage, YTD	414.0%

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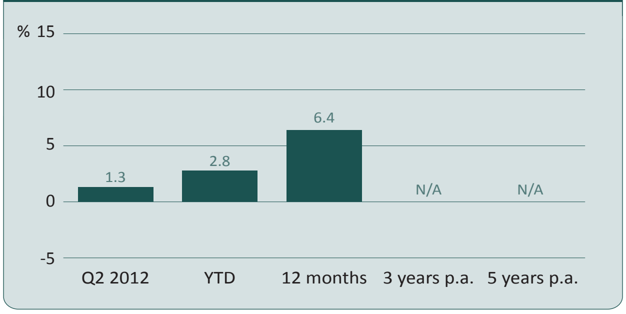
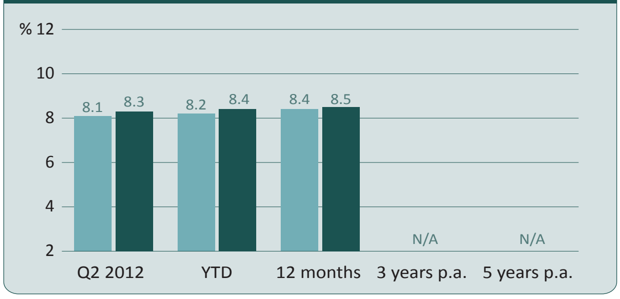
Total Fund Return



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.

the fund's acquisition pipeline. The fund is currently in due diligence for the acquisition of a 4,000 sq. m. supermarket in Riga. Provided that the due diligence results are satisfactory, the acquisition is scheduled to close in September. Furthermore, the fund has entered into negotiations for an office building in Vilnius.

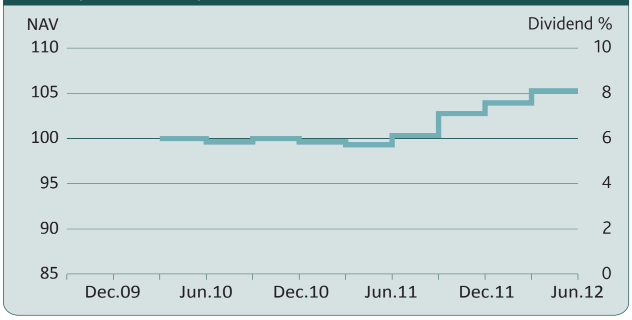
MARKET OUTLOOK

Both rents and vacancies in the Baltic office segment remain stable. Generally speaking, the target business sectors for office space are growing which is slowly being reflected in the increased demand for office space in the capital cities. Since 2010 office rents in the capitals has stabilised with slight increases in CBD rents in H1 2012. Vacancy in core office buildings remains low. In the retail segment, vacancies in the most successful shopping centres remains close to non-existent as retail spending is on an increase and thus demand for premises remains high. Both H&M and IKEA are looking to capitalize on the foreseen increase in spending power and have confirmed their market entry by 2013.

In 2012, the Baltic property markets continue to see selectivity by banks and the investment market is expected to be increasingly dominated by equity-rich investors (institutions and others) with easier access to bank financing. This despite the fact that the underlying Baltic economies are among the top 4 fastest growing economies in the EU with GDP figures for the year expected in the range of 3-4%. Risk premiums on bank financing have remained at an attractive level throughout 2012 despite the looming European credit crunch. Over a longer term it is also reasonable to assume a small yield contraction by 50-100bp as the economies grow stronger and the number of buyers enlarges.

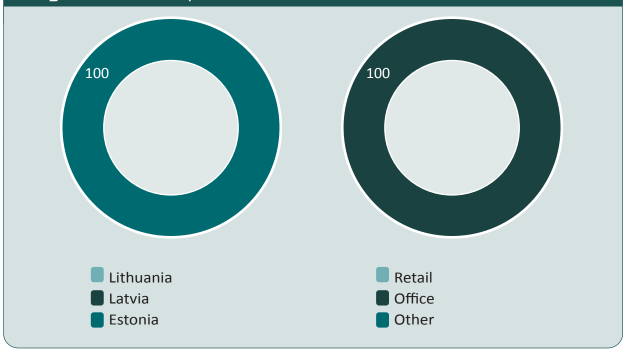
The economic growth in Q2 was supported by strengthened domestic demand, especially investment growth. While export growth continued to slow over the quarter, and despite falling consumer confidence, private consumption has shown strong growth rates, supported by continuously improving labour market conditions. Local growth and low global interest rates thus continue to make properties in the Baltic region an attractive investment.

Development in NAV per share



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.

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