BALTIC OPPORTUNITY REIF

QUARTERLY FUND REPORT Q2 2015

SUMMARY

- Focus on adding value within portfolio
- Semi-annual cash-flow based return to investors 4.9%
- Start of exit/restructuring discussions

BPT Baltic Opportunity is a real estate fund which has invested in commercial real estate in capital cities of Estonia, Latvia and Lithuania.

The annualized YTD direct property yield in 2015 has been 7.0%. The average yield of the portfolio has decreased compared to last year as the newly acquired Europa Shopping Center in the heart of Vilnius was acquired at a lower yield and due to certain related extraordinary expenses and some temporary extra owner's costs in Domus PRO property. Still, YTD vacancy rate of the portfolio has decreased to 3.2% and general net cash flow from the portfolio has increased significantly after the acquisition of Europa SC.

ACTIVITIES OVER THE PERIOD

Recent net yield of the portfolio has been slightly below expectations mainly due to certain unexpected costs in Europa SC and Domus PRO. In Europa SC, these costs are related to additional marketing of the center after Maxima had reopened their new store in April and extra legal costs. There have also been some tenant relocations due to Michael Kors Baltic flagship store to be opened in the center by end of 2015. In Domus PRO, extra owner's costs have been assumed with an aim to successfully open the second phase of Domus PRO (3,600 sq.m.) by beginning of 2016.

Despite the aforementioned, due to paid in capital now fully being invested and with low cost of debt environment, net cash flow from the portfolio remains strong which can be seen from the monthly increases in the fund's NAV.

In Lincona office, negotiations have been concluded with Bang & Olufsen on their premature exit from the office complex and satisfactory agreement has been reached for both parties. Interest from new tenants towards the vacant premises remain strong and the exit of Bang & Olufsen is expected not to have any major impact on the performance of this investment within this year.

Fund performance	
NAV per share (IFRS)	EUR 117.13
NAV per share (INREV)*	EUR 117.48
Latest dividend per unit	EUR 5.1
Total return since inception	37.0%
Return since inception annualised	6.8%

*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 16.3m
Occupancy ratio (quarter average)	98.5%

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 24.7m
Net asset value	EUR 28.4m
Investment capacity	EUR 200.0m
Gross property value	EUR 81.3m
Gross asset value (GAV)	EUR 84.5m
Total cash and cash equivalents	EUR 1.7m
Loans	EUR 51.1m
Loan to value	62.8%
Loans / GAV	60.5%
Interest coverage, YTD	373.5%

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

In Domus PRO's expansion, which will be anchored by Hansa Tiles and Ega Gym, first part is planned to be opened end of November and gym part by spring of 2016. The expansion works of the shopping centre are a good example of the fund's core-plus strategy, which is expected to create considerable value for investors once completed.

SKY supermarket and Coca-Cola Plaza are 100% occupied and continue to produce good net cash flows as expected. In Coca-Cola plaza, the fund manager has continued to test the feasibility of the vision to expand the property and connect to the neighbouring shopping centre.

Current term of the fund is December 2017. Exit or restructuring process may take considerable amount of time and since the investment market remains increasingly positive, discussions about timely exit or restructuring of the fund have been initiated.

MARKET OUTLOOK

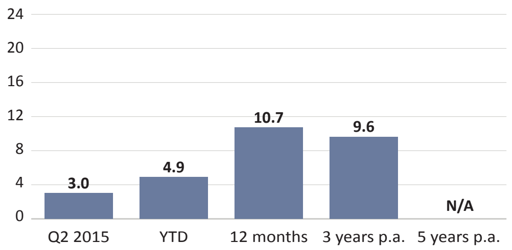
The Baltic region became a full member of Eurozone with Lithuania being the last member to adopt the euro in January 2015. Despite the difficulties in some of the Eurozone countries, the Euro in the Baltics stays as an assumption to lower country credit risk resulting in lower interest rates to the state and private sector.

The Baltic countries have continued to show stable economic growth between 2-4% p.a. supported by the balance of increasing exports and domestic consumption. Unemployment continues to decrease with retail trade increasing whereas inflation remains controlled.

Among the Baltic capitals, office market has been growing the fastest in Vilnius, where the office stock is expected to increase by 20% by end of 2016, with more than 130 000 sq. m. of modern office stock newly supplied. Take up of new premises remains strong both from existing shared service centres and finance / IT tenants expanding and from new tenants opening their operations in the country. In Tallinn and Riga, office buildings with low vacancies are mainly found in the city centres and with new supply not filled as quickly as expected the tenants hold more power in negotiations.

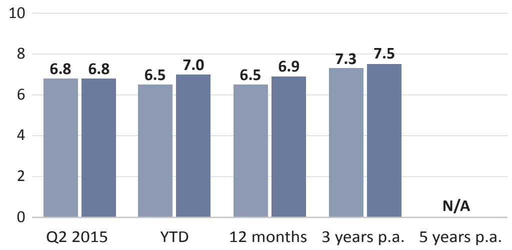
In the retail scene, with the absence of traditional high streets in the Baltic capitals, the shopping is concentrated to established shopping centres. These established shopping centres have all been focusing on growing further through expansions while only a few new stand-alone centres are being panned in Tallinn and Riga. Retail rent levels for all tenant sizes are at 2007 levels and are expected to continue increasing along with the positive outlooks of the economies. Vacancies remain between 1-3% in established centres. In addition to H&M, Debenhams, Subway, Sports Direct entering the market over the past years, more new retail companies are expected to look for ways how to take advantage of the growing middle class of the Baltics.
Baltic States have an attractive value gap compared to Western European and Nordic countries. Average yields for prime retail and office assets in 2014 is around 7.00% to 7.25% on average and secondary properties stand between 8.00% and 9.25%. Capital cities are the main investment targets in Baltic countries with most liquid assets and the markets are still buyer driven. Investment market activity is getting close to the boom years and stock of tradable properties is increasing as new developments are actively being completed.

Total Fund Return



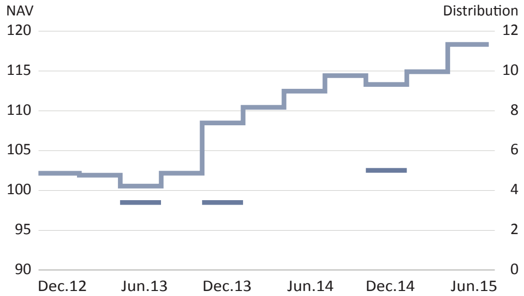
Total fund return is calculated as NAV-to-NAV taking into account distributed dividend and net capital invested for the year

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



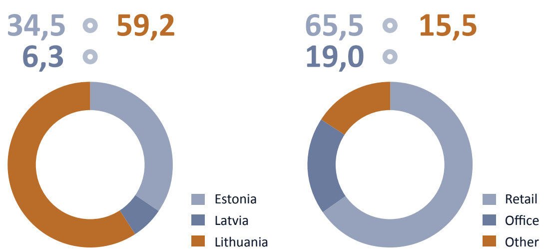
NIY (light blue) is calculated as the net operating income divided by gross property value annualized.
DPY (dark blue) is calculated as the net operating income divided by the acquisition costs annualized.

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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