BALTIC OPPORTUNITY REIF

QUARTERLY FUND REPORT Q3 2014

SUMMARY

- Signing new leases for Stage 2 of Domus PRO
- Preparing to reach full occupancy for portfolio in Q4
- Fund return from operations 5.7% YTD (0.63% per month)

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 4 assets was 6.8% for the Q3 of 2014. The running yield has dropped compared to last year due to temporary vacancy in Lincona office building and Domus Pro which are being filled during December when new anchor tenants are moving in. Fund's occupancy at the end of September was 89.2% and average rental price per sq. m. was EUR 10.2.

Net rental income in Q3 2014 amounted to EUR 740 thousand, which is 13.1% higher than in the previous quarter as new tenants are moving in to fill up the vacancy. Occupancy close to 100% is expected to be achieved by the end of the year. Based on expected performance of the fund in the first 3 quarters, the management team is planning to make an interim payout of approx. 4.5% to investors in Q4.

ACTIVITIES OVER THE PERIOD

In the Lincona office complex the vacant premises are being prepared for one new tenant to move in. Total investment into refurbishing the premises is approx. EUR 0.6 million, part of which is remunerated by the tenants. As per recently signed lease agreement, a large governmental tenant will move into remaining vacancy of 1,752 sq. m. during December 2014 on a 10 years non-breakable net lease agreement.

The management team has additionally started to prepare for a sale a small stand-alone unit of 647 sq. m. which is located next to Lincona office complex. Sale is expected to be completed in Q4 this year.

In Domus PRO, negotiations with new tenants for the second phase of the retail park are continuing and are expected to be finalized in Q4. The plan is to start construction as soon as

Fund performance	
NAV per share (IFRS)	EUR 112.95
NAV per share (INREV)*	EUR 113.56
Latest dividend per unit	EUR 3.5
Total return since inception	23.7%
Return since inception annualised	5.5%

*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	4
Average gross property value	EUR 11.2m
Occupancy ratio (quarter average)	89.2%

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 20.5m
Net asset value	EUR 23.1m
Investment capacity	EUR 200.0m
Gross property value	EUR 44.6m
Gross asset value (GAV)	EUR 46.8m
Total cash and cash equivalents	EUR 1.7m
Loans	EUR 23.1m
Loan to value	51.7%
Loans / GAV	49.3%
Interest coverage, YTD	331.2%

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

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possible but no later than early spring next year. 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.

With a portfolio of 4 strong cash flow producing assets in the Baltic capital cities, the management team is aiming to make one more investment in Q4. With more than 30,000 sq. m. of core commercial real estate under management in the Baltic capitals, the focus remains on acquiring new core/core-plus retail and office assets.

MARKET OUTLOOK

Office market in Tallinn and Vilnius remains active in both new developments and lease-outs. Take-up activity recently has been coming from administrative and support service sector, ICT sector and entertainment and recreation sector. In Latvia, the development of new office buildings will follow the trends seen in other Baltic capitals, especially as the office vacancy is as low as 2-3%.

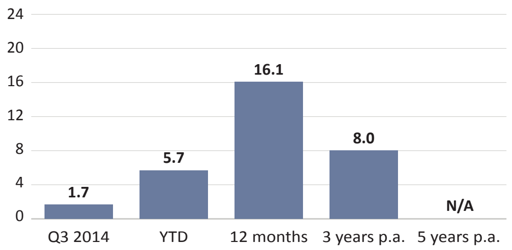
Continuously improving turnover/rent ratios in successfully operating shopping centres have enabled rents to increase especially for medium-small rental premises. All of the largest shopping centres are attracting new "big brand" tenants and improving their tenant mix. H&M, Reserved, Lindex, Next as well as other brands such as Bauhaus and Sports-Direct are expanding and keeping the market vacancy very low. This gives developers across the Baltic capitals reason to plan further expansions and even new shopping centres. Rents are increasing and vacancies remain low also in smaller neighborhood supermarkets.

Transaction volume is expected to surpass the robust level seen in 2013 providing improved liquidity of especially well located established assets. Nordic, Baltic and Russian investors are currently the key players in the Baltic market with an increasing appetite. In addition to increasing transaction volumes, retail and office rents are on an increase despite the new development and there is plenty of opportunity for high returns with low risk on investment for locally experienced investors. Furthermore, in addition to regional players feeling comfortable with the region, more and more globally oriented investors are turning their eyes onto this dynamic part of Europe which is increasingly connected to the strong Nordic countries.

Having the current climate of the Russian – Ukraine conflict, there is some question raised on the possible effect on the Baltic countries. Lithuania like the other Baltic countries joined the EU in 2003 and NATO in 2004 and NATO has especially stepped up its presence in the Baltics during 2014. Lithuania will join the Eurozone on 1st January 2015 whereas the other Baltic countries have already been members for a number of years. Also, local Russian speaking communities in the Baltics are much more European minded with Russian population in Lithuania being only 6%. All in all, the Baltics should be considered geopolitically safe.

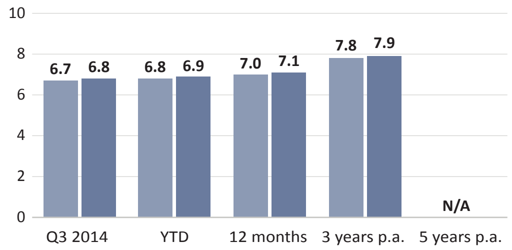
Still general optimism in strong economic growth is somewhat being clouded by the Russia-EU sanctioning but the Baltics are expected to show positive economic and financial results in the years to come, continuously strongest seen within the EU.

Total Fund Return



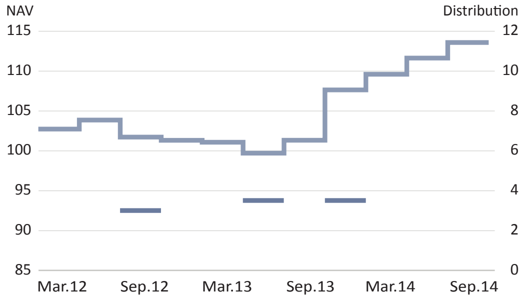
Total fund return is calculated as NAV-to-NAV taking into account distributed dividend and net capital invested for the year

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



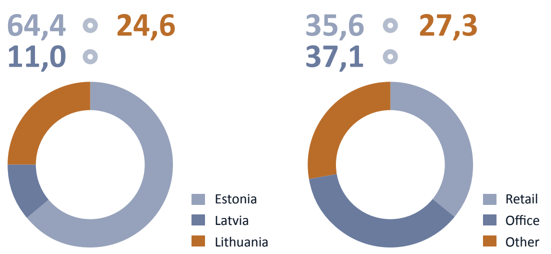
NIY (light blue) is calculated as the net operating income divided by gross property value annualized.
DPY (dark blue) is calculated as the net operating income divided by the acquisition costs annualized.

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.

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