

Q3 2010

BPT Secura A/S Quarterly Fund Report



Fenar Logistics Building, Tallinn, Estonia

- NAV increases to 198.3 DKK
- Fund life prolonged
- New tenants, vacancy falls

COMMENTARY

BPT Secura is a direct real estate fund covering commercial property in Lithuania, Latvia and Estonia. The fund is targeted towards institutional investors and should be seen as a medium-term investment product.

The fund's NAV increased to DKK 198.3 as a result of its usual steady operating profit, representing a 4.0% annualized fund return for Q3 2010. The operating profit is slightly ahead of budget by 3.3% and the expected operational profit for the year is expected to be on budget. Overall occupancy at the end of September reached 84% which represents a steady increase from the low of 78% in the month of June. In the EGM held in October, the majority of the investors decided to defer the exit of the Fund.

ACTIVITIES OVER THE QUARTER

The Fund's overall direct property yield Year-To-Date is maintaining an average level of 7.7% which is practically as budgeted. Average occupancy YTD is now 84.2% and should slightly improve in Q4 due to the various new lease contracts being signed over the past 2 months. The YTD net profit of DKK 19.8m, exceeded budget by DKK 0.6m. Looking at the rental yields on a case-by-case basis, it is clear that all properties in Lithuania, except the Onninen warehouse, have recorded yields lower than expected. For Europa SC the yield drop was tantamount to the full effect of renegotiated lease contracts, bringing the overall base rental levels down by approximately 30% from their earlier peaks 2 years ago. Future increases in rent levels will occur as retailers' sales start to rise in the years to come as a result of a stabilised and newly growing economy. The Zariju property endured its most difficult period with a 40% vacancy for the entire quarter, however, the existing anchor tenant has now signed a lease contract for the entire building commencing from 1st January 2011. In the current market context, this is a very important achievement securing a respectable cash flow on the property at least for the next three years.

All properties in Estonia except for the small logistic centre in Tallinn, performed better than expected for the quarter.

Fund performance

NAV per share	DKK 198.30
Latest dividend per share (paid out 2008)	DKK 7.00
Total fund return since inception	159.0%
Fund return since inception annualised	13.5%

Portfolio

Number of properties	11
Average gross property value	DKK 96.6m
Occupancy ratio (quarter average)	82.4%

Fund facts

Fund inception (as of the first NAV)	March 2003
Expected exit	postponed to 2012
Status	Closed-end, closed for investments
Target share capital	DKK 300.0m
Total share capital	DKK 300.0m (fully invested)
Net asset value (total equity)	DKK 594.9m
Investment capacity	DKK 750.0m
Gross property value	DKK 1,062.9m
Gross asset value (GAV)	DKK 1,113.9m
Total cash and cash equivalents	DKK 32.8m
Loans	DKK 411.0m
Loan to value	38.7%
Interest coverage	254.6%

Contacts

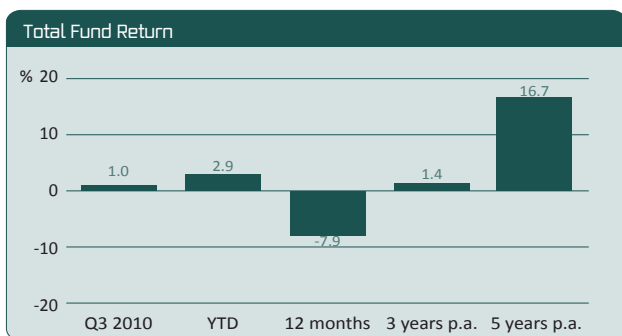


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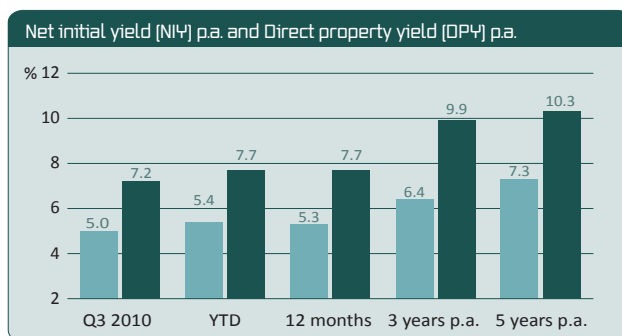


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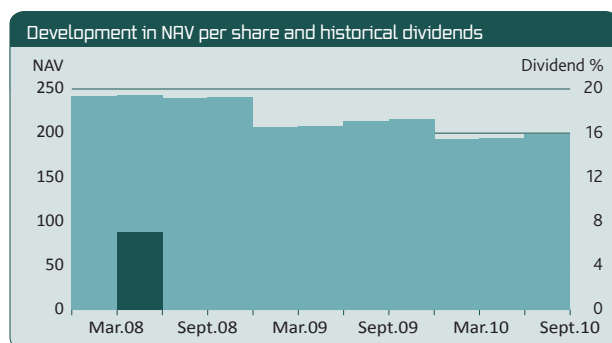
Total fund return is calculated as NAV-to-NAV taking into account distributed dividend and net capital invested for the year.



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 logistic centre now too has found a new tenant from September to ensure that the property is fully occupied so its yield performance will show improvements already in the next quarter. Both Latvian retail centres, Juglas and Wenden have continued to show their resilience to general market conditions and provided better than expected rental yields. The Valdemara office building performed as expected, but will see some significant tenant changes in the coming quarters. The Kalku office, on the other hand, now has a burgeoning vacancy issue with the guaranteed rental income from the previous anchor tenant fully expiring during Q4 2010. Its yield performance has averaged 9% YTD and will be subject to a sharp decrease in the coming quarters, while the vacancies are filled.

The Extraordinary General Meeting held in Copenhagen on 26th October 2010 was called to decide the exit fate of the Fund. With a vote of 84%, the represented shareholders clearly indicated that the Fund should not be liquidated at the current time. However, most shareholders do wish to see a definitive exit date for the Fund which should be enshrined in the Articles of Association. It is expected that the shareholders will be asked at the next AGM in April 2011 to confirm that the Fund must exit by no later than at the end of 2013.



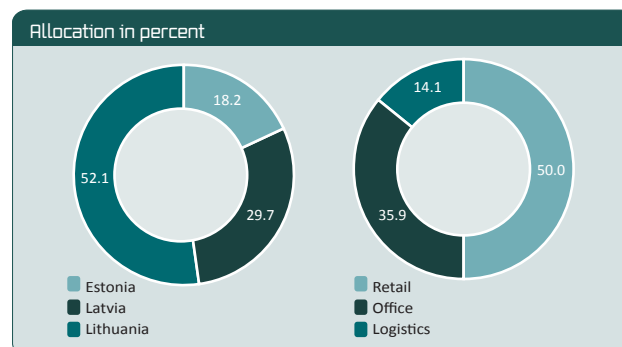
Development in NAV (light blue) is excluding reinvested dividends. Historical dividends (dark green) are shown at the time they are deducted from the NAV per share.

MARKET OUTLOOK

The Swedish press has recently announced that the economic crisis that has hounded the Baltic States for the last 2 years, is now over. Largely driven by strong export growth, GDP rates have started to rise in Lithuania and Estonia, and in Latvia, the situation is slowly improving. Although unemployment rates are record-high, confidence for the future in the markets has stopped decreasing and thus leading to the expectation of steady, but slow growth in 2011. This can be seen by the increasing number of well known foreign entities opening new offices in the Baltic capitals, especially Vilnius.

The Euro becomes the legal tender in Estonia from 1st of January 2011 and although some may try to blame this for recent increases in inflation, it is more correctly due to increase input costs from the rest of the world. Improved budget balances in all 3 countries have been largely driven by strong commitment from the governments.

Banks operating in the Baltic States too are finally opening their purse strings to the growing demand of mortgage finance. Some have even been able to announce that they have returned to profits for their Baltic operations during Q3, for the first time in 2 years.



Allocation is calculated based on gross property value.

Asset Name	Sector	Location
Europa	Retail	Vilnius, Lithuania
Valdemara	Office	Riga, Latvia
Rävala	Office	Tallinn, Estonia
Zariju	Logistics	Vilnius, Lithuania
Kalku	Office	Riga, Latvia
Weight of total gross property value		80.3%

Top 5 holdings is based on gross property value.

Management fee	0.6% of gross asset value p.a.
Incentive fee	40% of increase in net operating profit before tax

