

Unaudited condensed consolidated interim financial statements for the 3-month period ended 31 March 2024

Interim report Q1 2024



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We aim to create value through actively managing **commercial** real estate.

Our strategic focus is on catering to **‘Modern City Life’** concept in Vilnius, Riga, and Tallinn.

Baltic Horizon Fund (the "Fund" or the "Group") is a regulated closed-end contractual investment fund registered in Estonia on 23 May 2016. Northern Horizon Capital AS is the Management Company (AIFM) of the Fund. Both the Fund and the Management Company are supervised by the Estonian Financial Supervision and Resolution Authority.

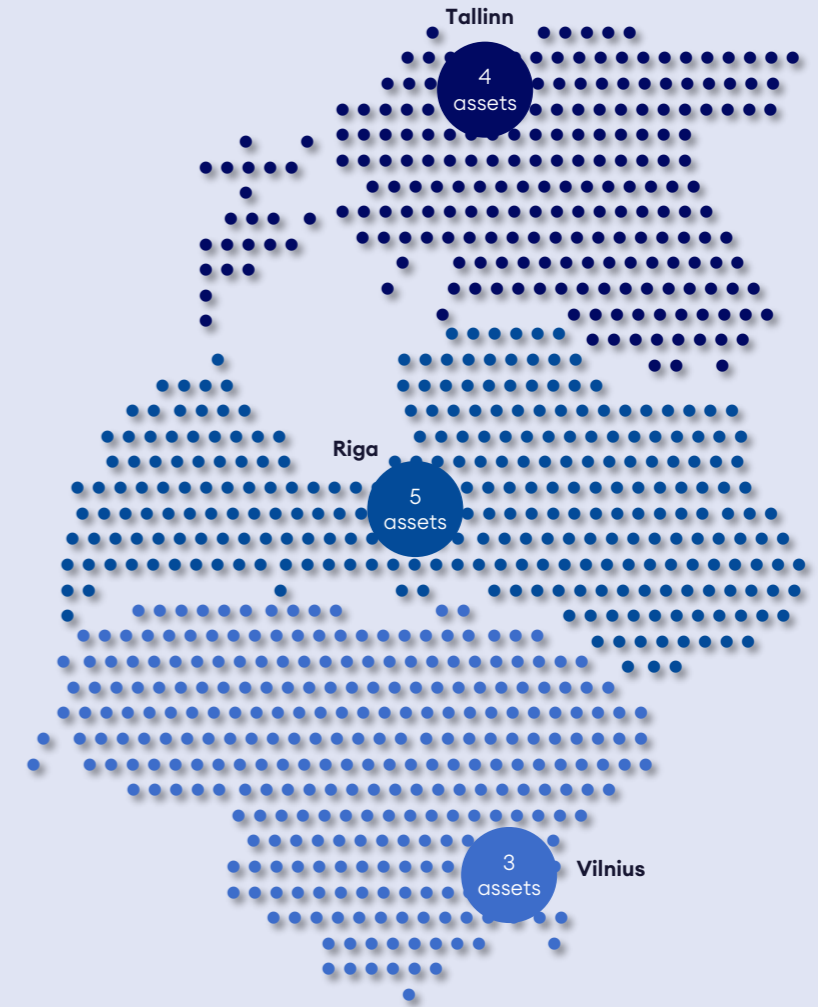
The Fund is a public fund with no particular lifetime (evergreen). Units of the Fund are made available to the public in accordance with the Fund Rules and applicable laws. The Fund is listed on the Fund List of the Nasdaq Tallinn Stock Exchange. The Fund's Swedish depository receipts (the SDRs) are listed on the Nasdaq Stockholm Stock Exchange.

The Fund's primary focus is to invest directly in commercial real estate located in Estonia, Latvia and Lithuania with a particular focus on the capitals - Tallinn, Riga and Vilnius.

The Fund's focus is on established cash flow generating properties with potential to add value through active management within the retail, office, leisure and logistics segments in strategic locations and strong tenants or a quality tenant mix and long leases. Up to 20% of the Fund's assets may be allocated to investments of a more opportunistic nature such as forward funding development projects and undeveloped land purchases.

The Fund aims to use a 50% long-term leverage strategy. At no point in time may the Fund's leverage exceed 65%.

The Fund aims to grow through making attractive investments for its investors while diversifying its risks geographically, across real estate segments, tenants and debt providers.



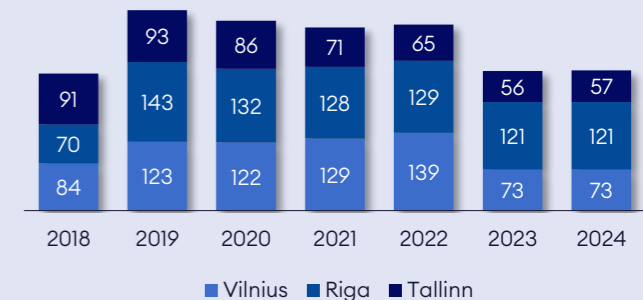
12 income generating properties

118,650 sqm leasable area

TOP 5 properties

Galerija Centrs	25.7%
Europa SC	14.6%
Upmalas Biroji BC	8.1%
North Star	8.0%
Postimaja	8.1%
Others	35.5%

Portfolio value (EURm)



Management report



Our strategic ambitions

Over the past year, our focus has been on reshaping our strategy to foster sustainable value, concentrating efforts on avenues that promise reliable and consistent growth for our investors. In light of prevailing market conditions, we firmly believe that the execution of the 'Modern City Life' strategy, introduced to investors in summer 2023, is paramount to their best interests.

In the coming years, we expect two thirds of the Fund's NOI to come from centrally located multi-functional assets aligned with our 'Modern City Life' strategy. These spaces are meticulously designed to ignite, elevate and enrich the lives of modern citizens and communities. The remaining results are expected to be derived primarily from government-rented premises and select suburban supermarkets and other segments. Our value proposition hinges on quality, flexibility, sustainability, and remarkable service, underpinned by strategic locations tailored to meet the evolving needs of our clientele.

The Fund's management team has made the strategic decision to implement key performance indicators (KPIs) as a means to effectively measure and track performance. This decision stems from the recognition that clear and measurable benchmarks are essential for evaluating progress towards the Fund's objectives. By defining specific KPIs, the team aims to enhance transparency, accountability, and decision-making processes.

In a challenging economic landscape and a highly competitive real estate market, 6 strategic targets aim to ensure the future value creation for our investors.

Our 6 strategic targets



Occupancy

>90%+

Portfolio occupancy by the end of 2024



Operating results

EUR 18m

Clear ESG and refurbishment strategy with an aim to reach portfolio NOI potential by 2027



Loan-To-Value

<50%

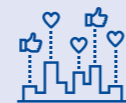
LTV target and repayment of the bonds maturing in 2024



Asset certification

100%

BREEAM or LEED certified portfolio



Portfolio composition

Consider disposing of non-strategic assets over the next 18 months



GRESB assessment

=>4 stars

GRESB real estate assessment rating

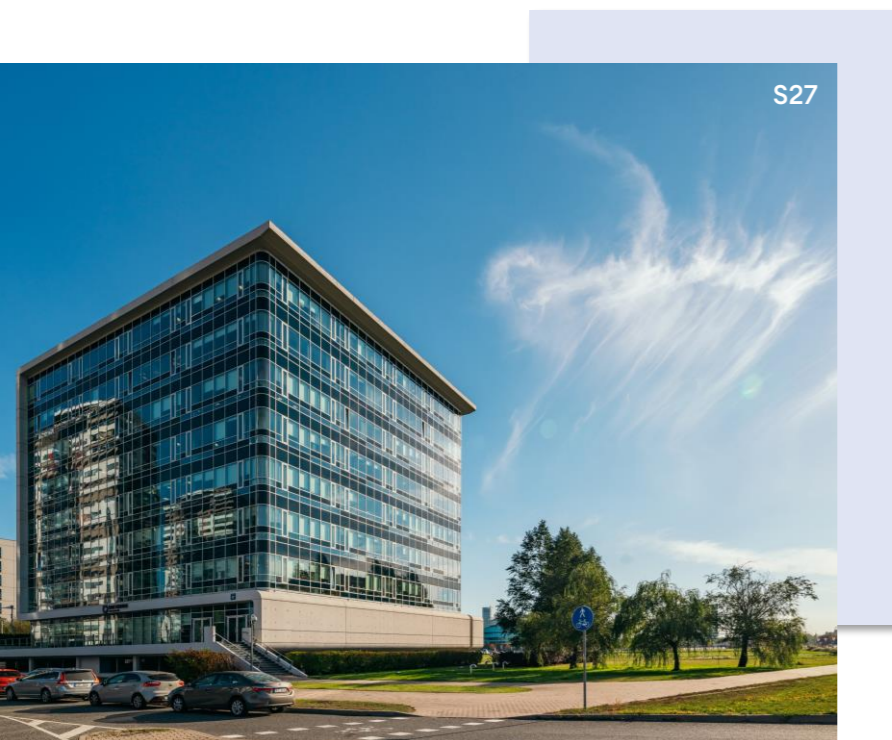
A photograph of a modern clothing store interior. The store features a clean, minimalist design with white walls and a light-colored tiled floor. On the left, there are several racks of clothing, including dresses and blouses in various colors like purple, yellow, and black. In the center, two mannequins are dressed in elegant outfits. To the right, a display case contains a handbag and some bottles. The lighting is bright and even, highlighting the merchandise.

“

We aim to manage vibrant urban real estate, integrating work and life sustainably, with exceptional service and adaptability, fostering inclusive, flourishing communities.

Outlook for 2024

The outlook for 2024 reflects Baltic Horizon's commitment to navigating the dynamic real estate market in the Baltic capitals. Our recent strategic changes and dedicated efforts toward optimizing the Fund's structure are directed towards fostering long-term growth and bridging the gap between unit price and portfolio value.



S27

Recent history with its notable challenges has forced investors to deal with uncertainty in the surrounding environment. It almost seems like uncertainty is a new certainty. Real estate markets in the Nordic and Baltic regions have witnessed several external shocks over the past years, which have changed the investment environment for good and there are a number of outstanding challenges including rising material and renovation costs, higher cost of financing, volatile energy prices, weaker economies and lower consumer confidence.

Given the influence of recent economic and geopolitical events on the operational performance of certain assets and financing costs, Baltic Horizon units are now traded at a price that is more than 60% below NAV. This deviation is not aligned with our standards and is unacceptable to both our valued investors and to Northern Horizon as the Management Company.

To address this challenge, the Fund is strategically focused on enhancing the strength of our centrally-located retail portfolio throughout 2024. This involves the introduction of new anchor tenants and the implementation of further concept changes aimed at revitalizing and maximizing the potential of our retail assets. Concurrently, the Fund is proactively addressing vacancy concerns within office buildings by pursuing new collaborative agreements with governmental tenants, implementing flexible workspace solutions and being in close dialogue with conventional office tenants.

Simultaneously, the Fund remains committed to improving debt service and lowering leverage levels. These efforts are essential to fortifying our financial position and enhancing overall portfolio resilience in the face of ongoing market volatility and uncertainty. By executing these strategic initiatives, Baltic Horizon aims to mitigate the current deviation from the NAV.

Our investment focus in recent years has been on renewing the concepts of our city centre properties, embracing the growing trend for hybrid retail and work environments. Beyond traditional stores, our attractive hybrid centres offer cinemas, sports clubs, beauty salons, clinics, coworking spaces, and authentic high-quality food areas. The successful launch of the Dialogai and BURZMA food areas in Europa and Galerija Centrs are testimony to our strategic approach, yielding social and financial success.

Continuous letting of the reconstructed areas of Europa SC, Galerija Centrs, Postimaja and CC Plaza will unlock untapped potential in our portfolio. The large lease agreement with major retail brand ARKET in Galerija Centrs demonstrates our dedication to enhancing customer experience and driving operational performance improvements.

Furthermore, our proactive approach to rejuvenating Europa SC is yielding tangible results, evidenced by the recent signing of a substantial 1,900 sq. m 10-year lease with IKI in Q3 2023. We are actively engaged in negotiations with tenants to introduce innovative concepts to the upper floors of Europa SC and Galerija Centrs, further enhancing their appeal and commercial viability. The unveiling of new anchor tenant in Galerija Centrs is imminent, as the Fund finalized an agreement for +1,700 sq. m for a 14-year term in April 2024.

In April, the Fund finalized a significant new cooperation agreement with Apollo Group, the Baltics' largest entertainment company, for approx. 2,200 sq. m on the 1st floor of Coca-Cola Plaza. With Apollo Group serving as the anchor tenant, this collaboration is poised to establish a dynamic urban lifestyle hub in the heart of Tallinn, offering a diverse range of entertainment, catering, and retail experiences. This 10-year lease agreement, complemented by extended cooperation agreements in the neighbouring Postimaja SC, strategically positions the property to optimize its NOI potential and foster seamless integration with the Rotermann area. The cinema facilities, located on the upper floors, will continue to operate on a long-term basis.

Baltic Horizon's team has taken proactive measures to address high energy prices. By fixing electricity prices for our assets, we aim to maintain stable and resilient cost management for our tenants. Furthermore, we recognize the importance of environmental responsibility and actively invest in green energy projects. Several remote solar power plants will be fully operational by the end of 2024, supplying electricity to all of our assets in Lithuania and Latvia. This strategic investment not only aligns with our sustainability goals but also contributes to reducing our carbon footprint and promoting renewable energy sources.

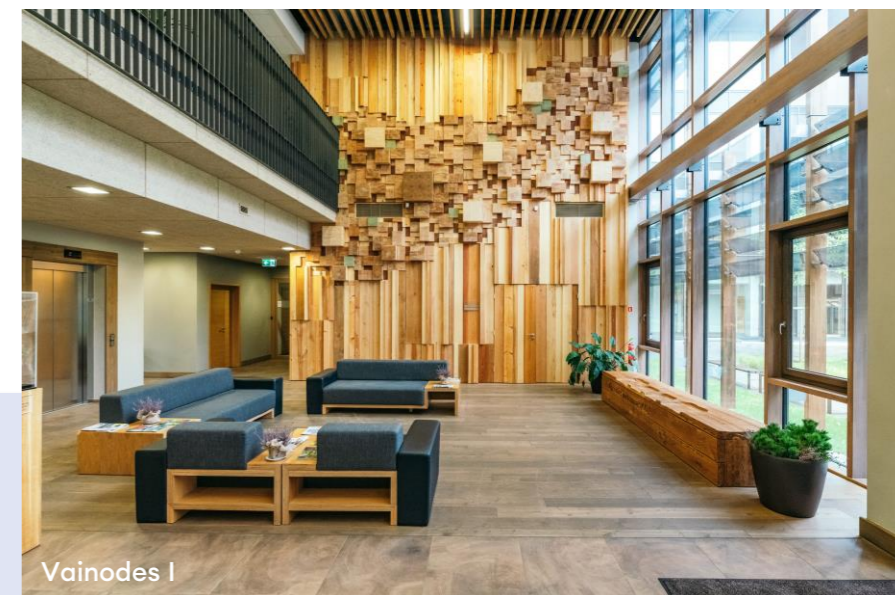
Achieving four stars from GRESB in 2022 and 2023 marked a notable achievement, and we intend to uphold this standard in future assessments. Successfully achieving BREEAM certification for all assets in our portfolio by the end of 2023 underlines our dedication to sustainability, and the introduction of green lease clauses in our agreements highlights our ongoing commitment to environmental responsibility.

In line with the Fund's strategic goals, an additional EUR 4.5 million of bonds have been redeemed, advancing the reduction of the proportion of bonds within the debt structure. The Fund aims to fully refinance the outstanding EUR 8 million of the initial tranche with a more cost-effective financing option. Exploring refinancing options, the Fund is considering leveraging the Meraki asset, which has garnered increased interest from financial institutions following the successful leasing transactions with Narbutas and others.

Baltic Horizon's management team recognises the challenges posed by high interest rates and inflation. However, our strategy is to partially offset growing costs through sizeable rent indexations and the conclusion of new lease agreements. Presently, the Fund is surpassing its projected leasing activities for 2024, demonstrating our vigorous efforts to elevate occupancy levels to over 90% prior to year-end. We are actively implementing multiple cost-saving strategies to sustain operational profitability and mitigate potential exposure to rising costs, exemplified by the reduction in the operational and administrative costs of our properties in Q1 2024 compared to Q1 2023.

As the market evolves, our strategic decisions will remain agile to ensure adaptability to changes in the operating environment. The Fund's management team remains determined in its commitment to implement revitalized strategies that enhance the concepts of our city centre assets, with the aim of restoring them beyond historic income levels. Simultaneously, we remain dedicated to maintaining stable cash flows from our other assets, ensuring a secure foundation for stable future returns for our valued investors. In pursuit of these objectives, we will be allocating additional resources to reinforce our leasing teams, aiming to ensure the achievement of healthy occupancy levels.

The management team's focus on maintaining a stable financial position remains a pivotal element of our long-term strategy. Through prudent financial management and a proactive leasing approach, we aspire to deliver sustainable performance and drive success for all those who place their trust in us.



Through prudent financial management and a proactive leasing approach, we aspire to deliver sustainable performance and drive success for all who place their trust in us.

Q1

key figures

Key earnings figures	Unit	Q1 2024	Q1 2023	Q1 2022
Rental income	EUR '000	3,846	5,274	4,959
Net rental income	EUR '000	2,794	4,202	4,193
Net rental income margin ¹	%	72.6	79.7	84.6
Valuation losses on investment properties	EUR '000	(4)	(4)	(6)
EBITDA	EUR '000	2,219	3,476	3,541
EBITDA margin	%	57.7	65.9	71.4
EBIT	EUR '000	1,848	1,939	3,535
EBIT margin ²	%	48.0	36.8	71.3
Net profit (loss)	EUR '000	(624)	22	1,996
Net profit (loss) margin	%	(16.2)	0.4	40.3
Earnings per unit	EUR	(0.01)	0.00	0.02
Generated net cash flow ³	EUR '000	(1,115)	1,477	1,897
Generated net cash flow per unit ⁴	EUR/unit	(0.010)	0.012	0.016

Key financial position figures	Unit	31.03.2024	31.12.2023	31.12.2022
Total assets	EUR '000	268,273	261,138	343,963
Return on assets (TTM)	%	(8.0)	(7.6)	1.1
Total equity	EUR '000	108,716	109,532	133,655
Equity ratio	%	40.5	41.9	38.9
Return on equity (TTM)	%	(19.5)	(18.9)	3.0
Interest-bearing loans and borrowings	EUR '000	151,868	143,742	195,111
Total liabilities	EUR '000	159,557	151,606	210,308
LTV	%	60.3	57.3	58.4
Average cost of debt	%	5.8	5.2	3.0
Weighted average duration of debt	years	2.6	2.3	1.8
Current ratio	times	0.2	0.1	0.1
Quick ratio	times	0.2	0.1	0.1
Cash ratio	times	0.2	0.1	0.1
IFRS NAV per unit	EUR	0.9087	0.9156	1.1172

1. Net rental income as a % of rental income.
2. EBIT (earnings before interest and taxes) as a % of rental income.
3. Generated net cash flow is calculated based on net rental income less administrative expenses, less external interest expenses, less CAPEX expenditure. Listing related expenses and acquisition related expenses are added back in GNCF calculation.
4. Generated net cash flow per weighted average numbers of units during the period.

Q1

key figures

Key property portfolio figures	Unit	31.03.2024	31.12.2023	31.12.2022
Fair value of portfolio	EUR '000	251,331	250,385	333,123
Properties ⁵	number	12	12	15
Net leasable area	sq. m	118,650	119,714	151,870
Occupancy rate	%	83.5%	81.1%	90.5%

Key property portfolio figures	Unit	Q1 2024	Q1 2023	Q1 2022
Direct property yield	%	3.6	4.7	5.0
Net initial yield	%	4.5	5.0	5.3

Key unit figures	Unit	31.03.2024	31.12.2023	31.12.2022
Number of units outstanding	units	119,635,429	119,635,429	119,635,429
Closing unit price	EUR	0.3150	0.3150	0.5750
Closing unit price	SEK	3.42	3.30	5.60
Market capitalisation ⁶	EUR	37,685,160	37,685,160	68,790,372

Key EPRA figures	Unit	Q1 2024	Q1 2023	Q1 2022
EPRA Earnings	EUR '000	(278)	1,439	2,097
EPRA Earnings per unit	EUR	(0.01)	0.01	0.02

Key EPRA figures	Unit	31.03.2024	31.12.2023	31.12.2022
EPRA NRV (Net Reinstatement Value)	EUR '000	113,684	114,205	141,943
EPRA NRV per unit	EUR	0.9503	0.9546	1.1865
EPRA NTA (Net Tangible Assets)	EUR '000	113,684	114,205	141,943
EPRA NTA per unit	EUR	0.9503	0.9546	1.1865
EPRA NDV (Net Disposal Value)	EUR '000	108,338	109,131	133,313
EPRA NDV per unit	EUR	0.9056	0.9122	1.1143
EPRA LTV	%	55.8	55.5	57.9

5. Properties includes 12 established cash flow properties.

6. Based on the closing prices and split between units on the Nasdaq Tallinn and the Nasdaq Stockholm Stock Exchanges.

Q1

key events

Changes in the property management teams in Latvia

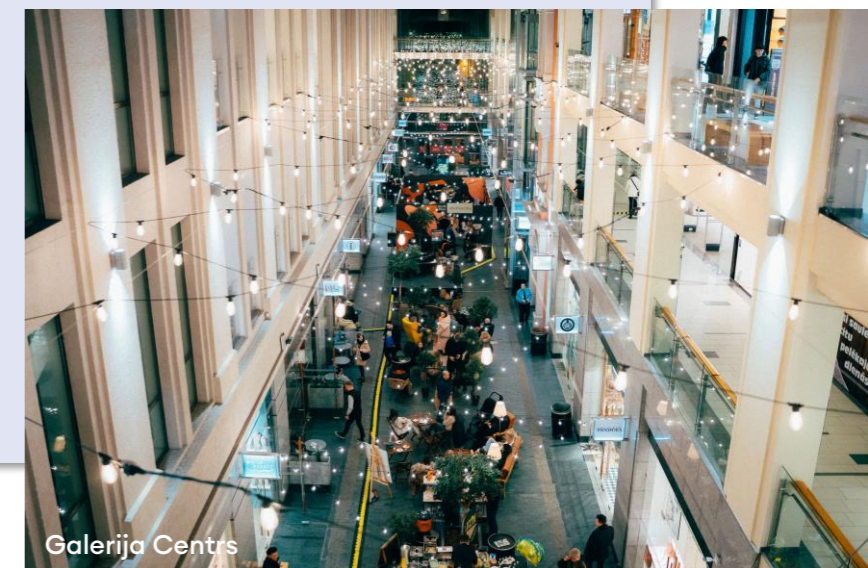
The Baltic Horizon Fund has recently announced its selection of real estate companies Newsec and Colliers to manage the Fund's properties located in Latvia. Starting from 1 February 2024, Newsec has been providing all property management services, including real estate management, leasing, accounting and marketing for the retail portfolio and Colliers for the office portfolio in Latvia. New property management teams together with the Management of the Fund have started to develop the new strategy for the shopping centres and offices to optimise the NOI capabilities of the buildings.

Partial early redemption of the bonds

On 15 March 2024, the Baltic Horizon Fund announced its plans to early redeem part of the short-term bonds in the amount of EUR 4.5 million. The redemption was carried out on 8 April 2024 by way of decreasing the nominal value of the bonds and the new nominal value is EUR 71,428.57 per bond. The total nominal amount of the bonds before the redemption was EUR 34.5 million and after the redemption is EUR 30 million.

Amendments to the bond terms and conditions

On 15 March 2024, the bondholders approved amendments to the terms and conditions of the Baltic Horizon Fund 5-year bonds maturing in 2028. The bondholders decided to prolong the deadline for completion of mandatory early redemption of the bonds in the amount of EUR 8 million to 8 July 2024 and to amend the Debt Service Coverage Ratio requirement to above 0.85 for the period of 1 January 2024 until 31 December 2024 and 1.20 thereafter.



Galerija Centrs

Property report

Leasing and tenant update

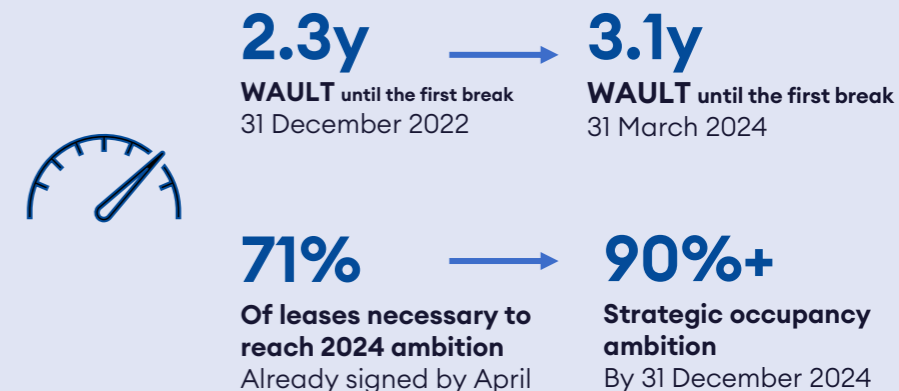
While market conditions are still challenging and not expected to fully recover before 2025, we are cautiously optimistic about 2024 with a goal to achieve a portfolio occupancy of 90% by the year-end.

In a challenging market environment characterized by increasing real estate market vacancies across all Baltic states in recent periods, the Fund has demonstrated its adaptability by achieving a net inflow of leases in Q1 2024. This success was primarily attributable to significant deals with established entities in Europa and Meraki. During Q1 2024, the Fund signed new leases for 4,719 sq. m, securing an annual rental income of EUR 857 thousand for future periods. Furthermore, we are pleased to report that 9 new tenants have been attracted to our buildings, while 15 existing tenants have decided to continue their cooperation with us.

Additionally, in April 2024, the Fund finalized two new deals, each exceeding 1,700 sq. m for 10-year term in Coca Cola Plaza and 14-year term in Galerija SC. By integrating these new leases with lease prolongations, as of April 2024, we have already secured 71% of the targeted leases, thus significantly advancing towards achieving the goal of reaching 90% occupancy.

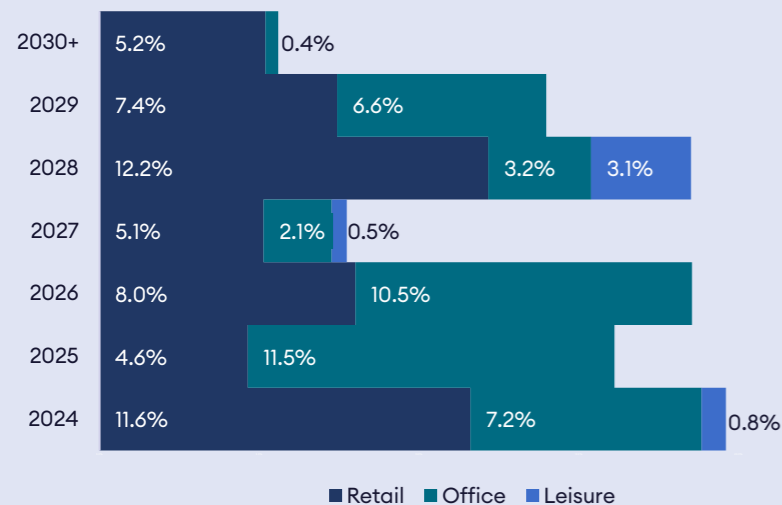
The Fund team has been diligently negotiating with current tenants to extend lease agreements, while also actively engaging with new tenants to fill vacancies. Notably, more than 71.7% of Baltic Horizon Fund tenant leases are set to expire after 2025, with the remainder expiring within the next two years. We aim to evenly spread out our lease terms so that no more than 20% of leases expire each year. Recent successful letting activities are evidenced by the increase in the weighted average unexpired lease term until the first break option, which stood at 3.1 year as of 31 March 2024 (compared to 2.9 years as of 31 December 2023).

Confirmation of active leasing efforts and client trust



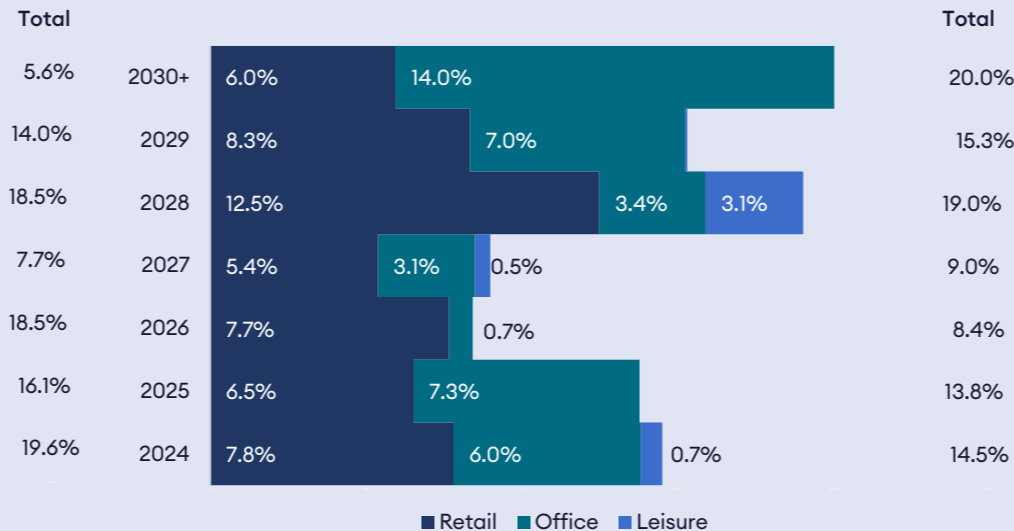
Lease maturity profile as of 31 March 2024

% of contractual rent to first break option



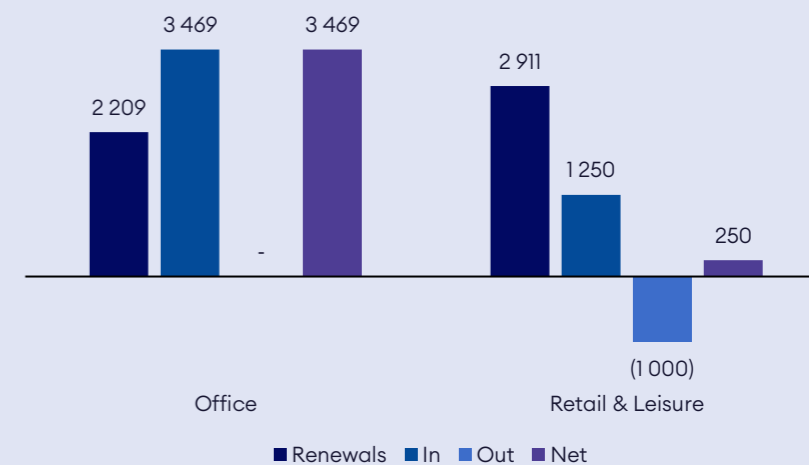
Lease maturity profile as of 31 March 2024

% of contractual rent to end of contract



Leasing activity in Q1 2024

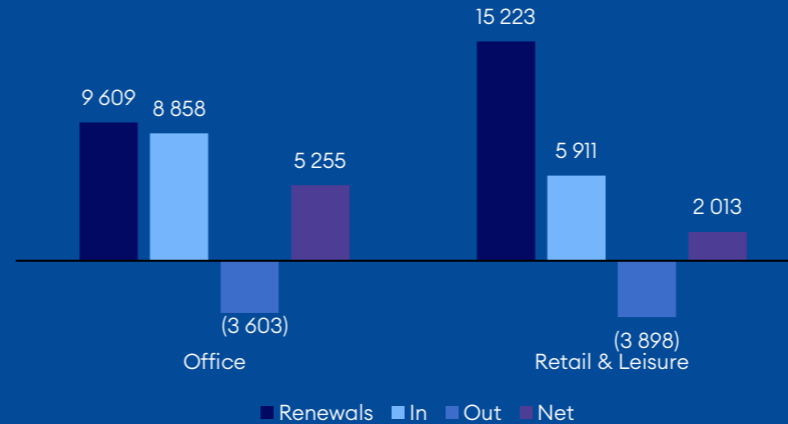
sq. m.





From a lowest occupancy point in September 2023, we embarked on a determined journey to revitalize the Fund's leasing landscape and elevate the stature of its portfolio. We have navigated this path, signing approx. 40,000 sq. m. in lease prolongations and in new leases over the past six months, contributing to an increase of occupancy by 7,200 sq. m. This achievement signifies our ascent towards our strategic occupancy ambitions, as we strive to maintain our current clients as well as improve the leasing situation through new partnerships. This resurgence underscores our commitment to securing sustainable, long-term cash flow as we solidify our position as an active player in a challenging environment. These recent successes demonstrate the attractiveness of our properties entering the new real estate growth cycle with rental income gradually increasing over the coming quarters as the tenants move in.

Leasing activity during Oct 2023 - Apr 2024
sq. m.



Portfolio and market overview

At the end of Q1 2024, the property portfolio of Baltic Horizon Fund consisted of 12 cash flow-generating properties in the Baltic capitals. Baltic Horizon believes it has established a well-diversified portfolio of centrally-located retail and office assets with well-known and long-term tenants including local commercial leaders, governmental agencies, nearshoring shared service centres and the Baltic headquarters of leading international companies.

The real estate market across the Nordic and Baltic regions is undergoing a gradual recovery amidst the aftermath of recent economic and geopolitical upheavals. Despite recent turbulence in capital markets, a more stable outlook is forecast for 2024 and 2025, providing a sense of reassurance to the real estate sector. Our Fund has proactively responded to evolving market sentiments by prioritizing investments in ESG strategies. Significantly, we have allocated resources towards enhancing the energy efficiency of our assets and embracing green energy sources, in alignment with the growing tenant demand for sustainable and environmentally friendly spaces.

As we navigate the evolving Baltic real estate landscape, we acknowledge the critical role of ESG considerations in driving tenant satisfaction and fostering long-term value creation. Despite persistent challenges such as rising vacancies and geopolitical uncertainties, our flexible leasing solutions position us well to capitalize on emerging opportunities and meet evolving tenant needs. Additionally, we are committed to adding value to surrounding communities by implementing multi-use principles across our portfolio. This includes incorporating spaces for communal gatherings, green recreational areas, and diverse amenities for entertainment and social interaction, as well as amenities such as restaurants, clinics, gyms, and service centres.

Retail portfolio development and future focus

Throughout 2023 and the beginning of 2024, we have observed a growing interest from tenants in our retail segment, and we anticipate this trend to persist into the latter part of 2024. We attribute this to the Fund's ownership of retail assets in appealing locations and our ongoing commitment to enhancing these assets to meet contemporary shopping standards.

This is evidenced by our substantial investments in developing multi-use concepts within these properties. Consequently, these centrally located assets are becoming increasingly attractive not only to traditional retail tenants but also to other tenants associated with lifestyle, health, or working communities.

Although customer visits have become less frequent, there has been an upward trend in spending during these visits, with a clear focus on specific purchases. The recovery of the tourism sector is expected to further boost footfall figures, as Galerija Centrs and Postimaja have traditionally been sought-after destinations for tourist shopping.

In this segment, we are pleased to announce the addition of new major tenants, namely ARKET, H&M Home, and IKI, which have brought renewed vitality to our retail assets and introduced fresh concepts to our clientele. Notably, the introduction of these vibrant stores and dining options at Galerija Centrs has triggered a 7% year-over-year increase in tenant turnovers, significantly bolstering its overall recovery. Reflecting the progressive evolution of our retail portfolio, we have recently finalized agreements with Perfectus Clinic and Suit Supply in Europa SC. The latter, a thriving men's fashion store, has committed to a long-term lease agreement and has already been relocated to the 2nd floor of Europa SC.

Furthermore, we are delighted to announce that Postimaja is now fully occupied, with the remaining premises leased out to Kilomax. Additionally, strategic efforts were made to enhance the H&M store at Postimaja, incorporating the H&M Home concept to strengthen the long-term partnership between the Fund and this key tenant.

Looking ahead, we anticipate the introduction of several new and exciting areas in our shopping centres in the coming months, in line with lease agreements totalling 4,282 sq. m signed in April 2024. These new leases are not included in the occupancy figures yet. The increased purchasing activity at Galerija Centrs, coupled with the robust performance of Pirita in Q1 2024, resulted in a notable rise in the NOI of the retail segment compared to the 2023 figures.



Postimaja



Europa Shopping Center

Office portfolio development and future focus

The office segment witnessed a shift in working practices during the pandemic, with many tenants adopting remote working arrangements where possible. However, employees have returned to offices for social interaction and productive collaboration in physical settings. To address the evolving office reality, Baltic Horizon has been revitalizing larger vacant office areas, transforming them into flexible working spaces to cater to smaller tenants' needs.

For our office assets, we are happy to confirm that we have successfully prolonged all major lease agreements in the portfolio that we expected to prolong during January-March 2024. The long-term focus in the office segment will be on modern buildings and long-term cooperation with public tenants, e.g. governmental or municipal organizations. While the rental levels might not always beat the top end of the market, there are other benefits that contribute positively, such as stable rental income and less tenant turnover.

Accomplishments in our leasing strategy includes the latest agreements with the Latvian State Police in Riga for over 4,060 sq. m for a period of 12 years and the Estonian Information System Authority in Tallinn for over 3,000 sq. m for a period of 5 years and a strong lease out of vacant premises in our newest office building in Vilnius. Since November 2023, our team has successfully signed leases totaling over 4,500 sq. m in the Meraki asset, culminating in a substantial increase in occupancy level to above 90%. The international office furniture company NARBUTAS signed a record-setting co-operation agreement for 3,200 sq. m and became our partner in Meraki Business Home.

In response to evolving market dynamics, the Fund is actively engaged in reletting current office vacancies, particularly in light of EMERGN's decision to reduce their rented area in S27. We are also actively seeking new small-scale tenants to occupy available spaces in S27. The well-configured floor layout of the building makes it suitable to accommodate smaller businesses or dedicate the building to one or two large tenants. Notably, several site negotiations with large-scale tenants in S27 are already in progress, leveraging our new strategic collaboration with the leading leasing agent in Latvia, Colliers.

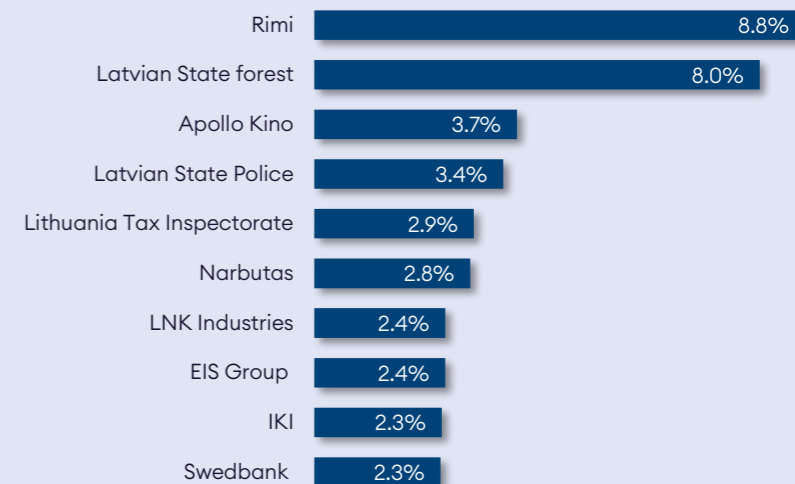
Additionally, various alternative concepts are being explored for the asset, with market research indicating demand for such upgraded offerings.

Furthermore, we are currently engaged in intensive negotiations to optimize occupancy within the Lincona building. A recent agreement has been reached with Pet24 to establish a pet store on the ground floor. Additionally, we are finalizing arrangements to secure a governmental tenant for the 4th floor, which is anticipated to elevate occupancy levels to above 90% for this particular asset.

The recent vacancies in S27 and Upmalas Biroji are anticipated to affect the office portfolio results. However, we expect this impact to be partially mitigated by the stability provided by the fixed lease agreements in the remaining portfolio, as well as newly signed leases kicking in during the upcoming months of 2024. The Fund has recently secured long-term prolongations and new leases encompassing approximately 2,700 sq. m in North Star and approximately 6,600 sq. m in Lincona. It is worth noting that rental indexations will play a pivotal role in sustaining organic growth within the office portfolio results. In early 2024, the Fund has applied rental indexations ranging from 5% to 9% for tenants without indexation caps.

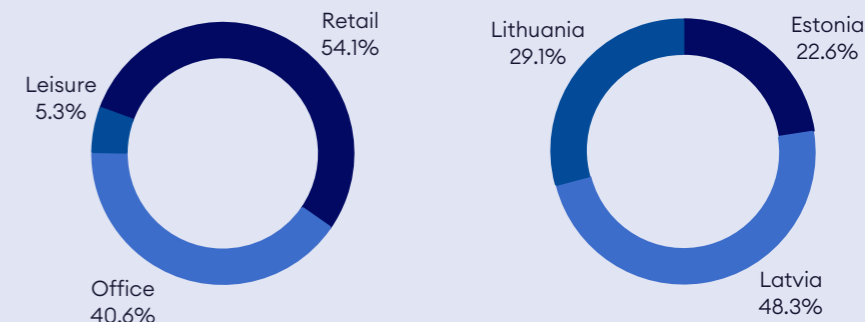
In conclusion, Baltic Horizon's offices are either showing stable performance or being transformed to fit today's market needs, while centrally located retail and leisure assets continue their steady recovery toward peak performance. The Fund remains committed to navigating dynamic market conditions, proactively responding to challenges, and seizing opportunities to deliver strong performance.

Rental concentration of the Fund's subsidiaries as of 31 March 2024



Other tenants represent 61.0%.

Fund segment and country distribution as of 31 March 2024



The management of the Fund provides two different yield calculations in this management review section. Direct property yield (DPY) is calculated by dividing NOI by the acquisition value and subsequent capital expenditure of the property. The net initial yield (NIY) is calculated by dividing NOI by the market value of the property.

During Q1 2024, the average actual occupancy of the portfolio was 81.6% (Q4 2023: 78.4%). The occupancy rate increased to 83.5% as of 31 March 2024 (31 December 2023: 81.1%). This overall occupancy rate increase was notably driven by significant uptake in Meraki and Postimaja. Additionally, new lease agreements were signed for Upmalas Biroji and Europa SC assets, while lease prolongations were executed across the majority of the portfolio's assets.

Aligned with its strategy for enhancing existing properties, the Fund has engaged new partners to manage its office and retail properties in Latvia. The management team anticipates that this adjustment will expedite the leasing process in Latvia, as evidenced by the increased frequency of property viewings and ongoing negotiations with well-known market players in recent weeks.

The Fund is actively leasing the premises vacated at the end of last year; however, the economic benefits of the new leases are not yet fully reflected in the figures for Q1 2024. Most of the new leases will start generating income and positively impact yields in the upcoming months.

Overview of investment properties as of 31 March 2024

Property	Sector	Acquisition year	Fair value ¹ (EUR '000)	NLA (sq. m)	Direct yield Q1 2024 ²	Net initial yield Q1 2024 ³	Occupancy rate	NOI development				
								Q1 2024	Q1 2023	2023	2022	2021
Europa SC	Retail	2015	36,740	17,047	2.6%	3.0%	84.2%	278	363	1,508	1,028	1,006
North Star	Office	2019	20,056	10,631	7.3%	7.8%	99.7%	390	383	1,495	1,371	1,208
Meraki	Office	2022	16,419	8,224	0.9%	1.1%	90.2%	47	62	63	(101)	-
Total Vilnius			73,215	35,902	3.4%	3.9%	90.7%					
Upmalas Biroji	Office	2016	20,482	11,212	3.6%	3.9%	58.8%	204	438	1,318	1,763	1,740
Vainodes I	Office	2017	16,710	8,128	6.4%	8.3%	100.0%	341	343	1,431	1,383	1,449
S27	Office	2018	13,960	7,450	1.7%	2.1%	42.8%	74	295	814	1,132	1,088
Sky SC	Retail	2013	5,660	3,259	7.8%	7.1%	100.0%	101	100	420	423	395
Galerija Centrs	Retail	2019	64,594	19,361	2.2%	2.7%	79.5%	442	254	2,139	2,193	1,448
Total Riga			121,406	49,410	3.2%	3.8%	74.0%					
Postimaja & CC Plaza complex	Retail	2018	20,338	9,232	3.4%	6.2%	100.0%	461	522	2,126	2,044	1,805
Postimaja & CC Plaza complex	Leisure	2015	13,242	7,914	5.0%	4.5%	81.1%					
Lincona	Office	2011	14,370	10,767	6.2%	7.0%	83.6%	251	275	1,068	1,102	1,114
Pirita SC	Retail	2016	8,760	5,425	6.5%	9.3%	97.1%	205	177	761	664	484
Total Tallinn			56,710	33,338	4.8%	6.5%	89.8%					
Total active portfolio								2,794	3,212	13,143	13,002	11,737
Total disposed properties⁴⁻⁶								-	990	1,474	4,428	5,267
Total portfolio			251,331	118,650	3.6%	4.5%	83.5%	2,794	4,202	14,617	17,430	17,004

1. Based on the latest valuation as of 31 December 2023, and recognised right-of-use assets,
2. Direct property yield (DPY) is calculated by dividing annualized NOI by the acquisition value and subsequent capital expenditure of the property.
3. The net initial yield (NIY) is calculated by dividing annualized NOI by the market value of the property.
4. The Fund completed the disposal of the Duetto I and Duetto II properties on 6 June 2023.
5. The Fund completed the disposal of the Domus Pro Retail and Office complex on 6 March 2023.
6. The Fund completed the disposal of G4S Headquarters on 8 November 2021.

The Fund's portfolio produced EUR 2.8 million of net operating income (NOI) during Q1 2024 (Q1 2023: EUR 4.2 million). Like-for-like net rental change provides a more comparable view on the performance of the underlying assets, as these calculations exclude the impact of net rental growth or decline due to acquisitions, developments, or disposals in 2024 and 2023.

The change in the Fund's like-for-like net rental income compares the growth in the net rental income of the portfolio that has been consistently in operation, and not under development, during the periods that are presented. Assets disposed of in 2023, including Duetto's and Domus PRO, are excluded from the calculations.

In Q1 2024, the net rental income of the portfolio on a like-for-like basis decreased significantly, primarily due to a notable decrease in NOI at S27 and Upmalas Biroji BC. This decrease resulted from the departure of tenants EMERGN and SEB. While these assets are in the process of transitioning to new tenants, the full re-occupancy of these premises will take time and is expected to impact the NOI.

The retail segment demonstrated a positive shift, with a notable increase in like-for-like net rental income of 9.9%. This rise in net rental income was primarily propelled by rent indexation and the commencement of rents from newly reconstructed areas in Europa SC and Galerija Centrs. The recent leasing activities should support further growth of the NOI of these assets.

The positive development of retail NOI has also had a favourable impact on the terms obtained for new bank loans, enabling us to save on financing costs.

Galerija Centrs, SKY SC, and Pirita SC experienced an uplift in net rental income during Q1 2024 compared to the same period last year. However, Postimaja & CC Plaza complex and Europa SC are currently constrained by the ongoing transition period of certain tenants in the buildings. Nonetheless, with agreements already signed, it is anticipated that these agreements will facilitate the proper growth of NOI soon.

The office segment experienced a negative change, with a 45.5% decrease in like-for-like net rental income. As previously disclosed, this decline is primarily attributed to two office assets - Upmalas Biroji BC and S27. However, other office assets are either generating stable returns or incurred one-off costs in preparation for new leases during Q1 2024. Once the new leases take effect, it is expected that these properties will either meet or surpass the results for 2023. Additionally, exposure to any operational cost increases is limited, as most of the Fund's office premises operate under the widely accepted triple net lease agreement structure.

EPRA like-for-like net rental income by segment

EUR '000	Fair value 31.03. 2024	Net rental income Q1 2024	Net rental income Q1 2023	Change (EUR '000)	Change
Like-for-like assets					
Retail	136,092	1,339	1,218	121	9.9%
Office	101,997	1,307	1,796	(489)	(27.2%)
Leisure	13,242	148	198	(50)	(25.3%)
Total like-for-like assets	251,331	2,794	3,212	(418)	(13.0%)
Disposed assets	-	-	990	(990)	(100.0%)
Total portfolio assets	251,331	2,794	4,202	(1,408)	(33.5%)

EPRA like-for-like net rental income by country

EUR '000	Fair value 31.03. 2024	Net rental income Q1 2024	Net rental income Q1 2023	Change (EUR '000)	Change
Like-for-like assets					
Estonia	56,710	917	974	(57)	(5.9%)
Latvia	121,406	1,162	1,430	(268)	(18.7%)
Lithuania	73,215	715	808	(93)	(11.5%)
Total like-for-like assets	251,331	2,794	3,212	(418)	(13.0%)
Disposed assets	-	-	990	(990)	(100.0%)
Total portfolio assets	251,331	2,794	4,202	(1,408)	(33.5%)

Sustainability

Certification

In 2023, the Fund finished the certification of its entire retail portfolio and renewed the certificates of the office portfolio. Meraki received its BREEAM interim design state certificate and is expected to receive its BREEAM new construction certification in 2024. Thus, the Fund achieved 100% certification coverage in the reporting period.

GRESB benchmarking

GRESB evaluation has become an integral self-evaluation tool and a guide for improvement and even contributes to the achievement of the sustainability goals for the Fund. GRESB Real Estate Assessment consists of two separate assessment modules: Management and Performance.

In 2023 the Fund received a 4-star GRESB rating. The Fund scored 27 points (out of 30) in the Management module and 55 points (out of 70) in the Performance module.

Renewable energy

One of the Fund's long-term targets is achieving the operational carbon neutrality target. A key aspect in achieving our target by 2030 is ensuring that our portfolio assets are powered by clean and renewable energy sources. Our assets Pirita and Meraki are equipped with on-site solar panels. During Q1 2024 all assets of the Fund purchased renewable electricity. The Fund is constantly seeking new methods to increase the use of renewable energy.

Green leases

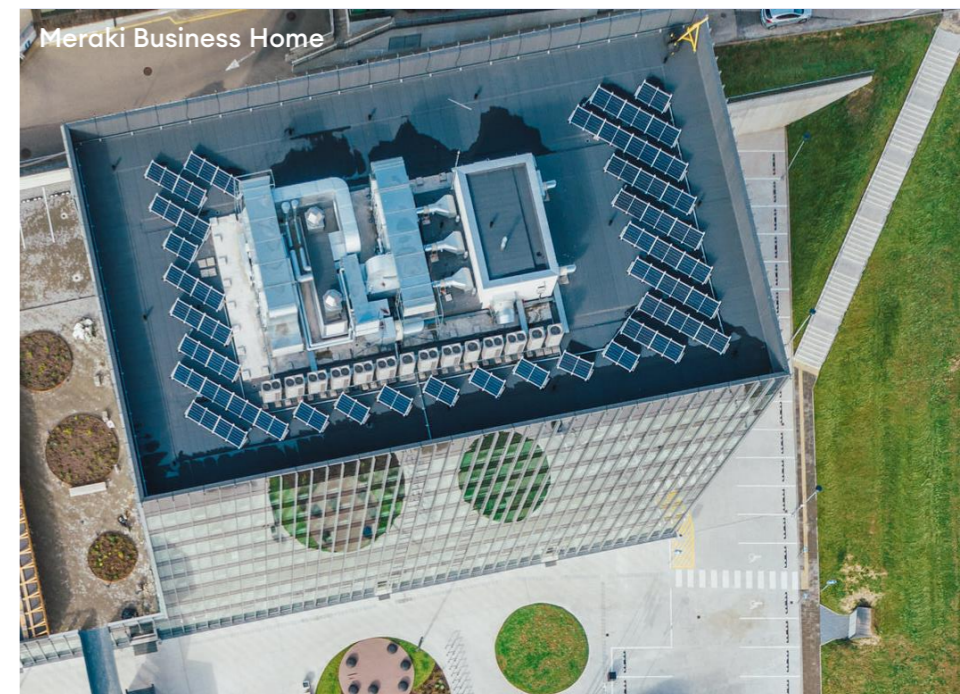
Achieving our sustainability targets would be impossible without cooperation with our tenants. To ensure that our sustainability efforts will lead to a successful futureproofing of our real estate assets, we have started including green lease clauses in our standard lease agreements. Green lease clauses, which cover topics such as sustainable operations, information sharing, use of renewable energy sources, and other relevant topics, are important tools that enable long-term ESG oriented changes in our portfolio and facilitate collaboration with tenants on ESG matters. During Q1 2024 our retail portfolio reached 77% coverage with green lease agreements. The office portfolio green lease coverage was 66%, making the total green lease coverage 72%.

Community health and wellbeing

Retail and office assets are integral to everyday life – that is why the Baltic Horizon Fund is actively engaged in promoting healthier lifestyles and empowering communities. In Q1 2024, the Fund's team implemented and supported various projects to forge partnerships and build community connections.

One of them, the Stop Before You Stop campaign, was aimed at raising awareness of burnout. A series of wellness and mental health support seminars took place in Europa shopping centre, along with the corresponding social media content.

In cooperation with the nearby offices, Europa celebrated the Employee Appreciation Day. The whole-day programme included a coffee with croissants in the morning and an afternoon discussion with some of the top experts in the field about work-life balance. The Fund was also active in supporting the initiatives of the Lithuanian Red Cross: First Aid Festival, which raised awareness of the importance of first aid skills, and the "LRK kalba" (Lithuanian Red Cross Talks) event, where volunteers shared their relevant experience.



GRESB rating 2023



BREEAM certifications



BREEAM Very good

S27, North Star, Vainodes, Upmalas Biroji, Galerija Centrs, Europa

BREEAM Good

Pirita, Coca Cola Plaza, Postimaja, SKY, Lincona

Financial report

Financial position and performance of the Fund

Net result and net rental income

In Q1 2024, The Group recorded a net loss of EUR 624 thousand against a net profit of EUR 22 thousand for Q1 2023. The net result was strongly impacted by higher financial expenses and one-off transaction fees. Earnings per unit for Q1 2024 were negative at EUR 0.01 (Q1 2023: EUR 0.00).

The Group earned net rental income of EUR 2.8 million in Q1 2024 (Q1 2023: 4.2 million). The results for Q1 2023 include two months' net rental income of the Domus Pro Retail and Office property (EUR 0.3 million) and the full-quarter net rental income of the Duetto properties (EUR 0.7 million), which were sold in February and May 2023, respectively.

On an EPRA like-for-like basis, the portfolio net rental income was 13% lower than in the same quarter of the previous year, mainly due to vacancies in office properties in Latvia due to the expiry of the agreement with the main tenant in Upmalas Biroji BC and EMERGN's decision to reduce their rented area in S27, as well as lower rental income in Europa due to new anchor tenant Ikl equipping the premises and opening in March.

Portfolio properties in the office segment contributed 46.8% (like-for-like Q1 2023: 55.9%) of net rental income in Q1 2024, followed by the retail segment with 47.9% (like-for-like Q1 2023: 37.9%) and the leisure segment with 5.3% (Q1 2023: 6.2%).

Retail assets located in the central business districts (Postimaja, Europa and Galerija Centrs) accounted for 37.0% of total portfolio net rental income in Q1 2024. Total net rental income attributable to neighbourhood shopping centres was 10.9% in Q1 2024.

During Q1 2024, investment properties in Latvia and Lithuania contributed 41.6% (like-for-like Q1 2023: 44.5%) and 25.6% (like-for-like Q1 2023: 25.1%) of net rental income, respectively, while investment properties in Estonia contributed 32.8% (like-for-like Q1 2023: 30.2%).

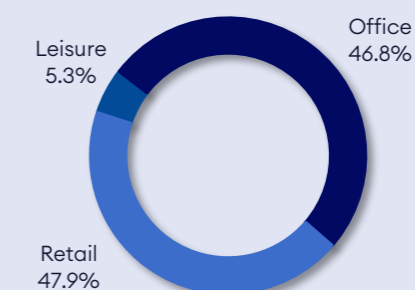
Gross Asset Value (GAV)

At the end of Q1 2024, the Fund's GAV was EUR 268.3 million (31 December 2023: EUR 261.1 million), 3.1% higher than at the end of the previous period. The increase is mainly related to the new loans taken by Europa and North Star from Šiaulių bankas, which were mainly used for partial early repayment of short-term bonds.

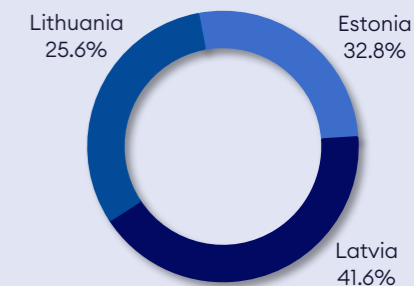
Investment properties

At the end of Q1 2024, the Baltic Horizon Fund portfolio consisted of 12 cash flow generating investment properties in the Baltic capitals. The fair value of the Fund's portfolio was EUR 251.3 million (31 December 2023: EUR 250.4 million) and incorporated a total net leasable area of 118.6 thousand sq. m. During Q1 2024 the Group invested approximately EUR 0.95 million in tenant fit-outs.

Net rental income by segment Q1 2024



Net rental income by country Q1 2024



Meraki Business Home



Interest-bearing loans and bonds

As of 31 March 2024 interest-bearing loans and bonds (excluding lease liabilities) were EUR 151.6 million (31 December 2023: EUR 143.5 million). Outstanding bank loans increased due to the additional loans taken by Europa and North Star, which were mainly used for partial early redemption of short-term bonds in the amount of EUR 4.5 million on 8 April 2024. Annual loan amortisation accounted for 1.5% of total debt outstanding. In February 2024, the Fund successfully refinanced Europa and Northstar loans with Šiaulių bankas. Additionally, in April 2024, the Fund prolonged the bank loan of S27. As of 31 March 2024, the Fund's consolidated cash and cash equivalents amounted to EUR 12.5 million (31 December 2023: EUR 6.2 million).

Cash flow

Cash inflow from core operating activities in Q1 2024 amounted to EUR 1.8 million (Q1 2023: cash inflow of EUR 2.9 million). Cash outflow from investing activities was EUR 1.3 million (Q1 2023: cash inflow of EUR 7.7 million) due to investments in existing properties and transaction costs. Cash inflow from financing activities was EUR 5.8 million (Q1 2023: cash outflow of EUR 8.5 million). In Q1 2024, the Fund received additional loans in Europa and Northstar in the amount of EUR 8.6 million, and paid regular amortisation and interest on bank loans and bonds.

Net Asset Value (NAV)

As of 31 March 2024, the Fund's NAV was EUR 108.7 million (31 December 2023: EUR 109.5 million). Compared to the year-end 2023, the Fund's NAV decreased by 0.7%. The operational performance result was offset by one-off EUR 0.3 million transaction costs and financial expenses. As of 31 March 2024, IFRS NAV per unit amounted to EUR 0.9087 (31 December 2023: EUR 0.9156), while EPRA net tangible assets and EPRA net reinstatement value were EUR 0.9503 per unit (31 December 2023: EUR 0.9546). EPRA net disposal value was EUR 0.9056 per unit (31 December 2023: EUR 0.9122).



Europa Shopping Center

Key earnings figures

EUR '000	Q1 2024	Q1 2023	Change (%)
Net rental income	2,794	4,202	(33.5%)
Administrative expenses	(585)	(736)	(20.5%)
Other operating income (expenses)	10	10	-
Losses on disposal of investment properties	(367)	(1,533)	(76.1%)
Valuation losses on investment properties	(4)	(4)	-
Operating profit	1,848	1,939	(4.7%)
Net financial expenses	(2,497)	(2,037)	22.6%
Loss before tax	(649)	(98)	562.2%
Income tax	25	120	(79.2%)
Profit (loss) for the period	(624)	22	(2936.4%)
Earnings per unit (EUR)	(0.01)	0.00	-

Key financial position figures

EUR '000	31.03. 2024	31.12. 2023	Change (%)
Investment properties	251,331	250,385	0.4%
Gross asset value (GAV)	268,273	261,138	2.7%
Interest-bearing loans and bonds	151,617	143,487	5.7%
Total liabilities	159,557	151,606	5.2%
IFRS NAV	108,716	109,532	(0.7%)
EPRA NRV	113,684	114,205	(0.5%)
IFRS NAV per unit (EUR)	0.9087	0.9156	(0.7%)
EPRA NRV per unit (EUR)	0.9503	0.9546	(0.5%)
Loan-to-Value ratio (%)	60.3%	57.3%	-
Average effective interest rate (%)	5.8%	5.2%	-

Financing

The Fund currently aims to use a 50% long-term leverage strategy. At no point in time may the Fund's leverage exceed 65%. The ability to borrow on attractive terms plays a major role in the investment strategy and cash distributions to unitholders.

Extension of bank loans

During Q1 2024, the Group refinanced the bank loans of Europa and North Star. The 5-year loan agreements were signed between Šiaulių bankas and Europa on 1 February 2024 and on 6 February 2024 with Northstar. The total amount of the BH Northstar UAB loan is EUR 9.5 million, while the BH Europa UAB loan is EUR 16.5 million. S27 bank loan was extended until November 2024.

Bank loans and bonds

During Q1 2024, regular bank loan amortisation was 2.1% p.a. (EUR 1.7 million p.a.). As of the end of Q1 2024, the LTV ratio temporarily increased to 60.3%, compared to 57.3% as of 31 December 2023. A bond repayment was executed after the reporting period, which is described in further paragraphs, resulting in a decrease of LTV in April 2024. The average interest rate as of 31 March 2024 increased to 5.8% (31 December 2023: 5.2%). The management team is actively engaged in initiatives aimed at reducing the LTV ratio to approx. 55% in the short-term and 50% in the long-term.

On 15 March 2024, the terms and conditions for the Fund's bonds were changed. According to the revised terms, the Debt Service Coverage Ratio (DSCR) requirement has been adjusted. From 1 January 2024 until 31 December 2024 DSCR must be above 0.85. From 1 January 2025 it must be above 1.2. Furthermore, the maturity of short-term bonds amounting to EUR 8 million was extended to 8 July 2024, following the recent repayment of short-term bonds in April 2024.

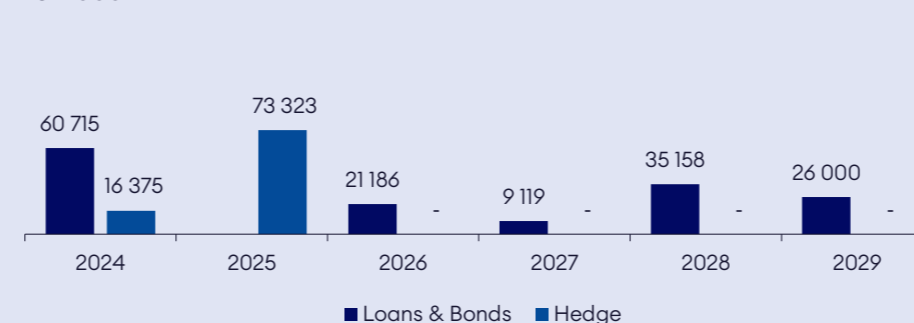
On 8 April 2024 the Fund early redeemed part of the short-term bonds in the amount of EUR 4.5 million. The total nominal amount of the bonds before the redemption was EUR 34.5 million, which was reduced to EUR 30 million following the redemption.

The table to the right provides a detailed breakdown of the structure of the Fund's consolidated financial debt as of 31 March 2024. Interest-bearing debt was comprised of bank loans with a total carrying value of EUR 117.7 million and bonds with a carrying value of EUR 34.5 million. 100% of the debt instruments were denominated in euros. Bank loans have been obtained by subsidiaries that hold the Fund's properties and the properties have been pledged as loan collateral. The parent entity holds the 5-year secured bonds. Loan arrangement costs are capitalised and amortised over the terms of the respective loans. As of 31 March 2024 the unamortised balance of loan arrangement costs for all loans and bonds was EUR 561 thousand.

The weighted average debt term to maturity was 2.6 years and the weighted average hedge term to maturity was 1 year as of 31 March 2024.

1. Amortised each month over the term of a loan/bond.

Maturity terms of loans, bonds and hedges as of 31 March 2024



Financial debt structure of the Fund as of 31 March 2024

Property	Maturity	Currency	Carrying amount (EUR '000)	% of total	Hedged portion (%)
Galerija Centrs	26 August 2024	EUR	30,000	19.8%	100.0%
CC Plaza and Postimaja	12 February 2026	EUR	16,598	10.9%	0.0%
Europa SC	31 January 2029	EUR	16,500	10.8%	111.5%
Upmalas Biroji BC	2 August 2028	EUR	10,390	6.9%	101.8%
Vainodes I	13 November 2024	EUR	10,268	6.7%	47.9%
North Star	5 February 2029	EUR	9,500	6.2%	94.7%
S27	13 November 2024	EUR	7,947	5.2%	73.0%
Lincona	31 December 2027	EUR	9,119	6.0%	0.0%
Pirita SC	20 February 2026	EUR	4,588	3.0%	0.0%
Sky SC	31 January 2028	EUR	2,768	1.8%	0.0%
Total bank loans		EUR	117,678	77.3%	76.0%
Less capitalised loan arrangement fees ¹		EUR	(183)		
Total bank loans recognised in the statement of financial position		EUR	117,495		
5-year secured bonds (short-term) 8 July 2024		EUR	12,500	8.2%	0.0%
5-year secured bonds (long-term) 8 May 2028		EUR	22,000	14.5%	0.0%
Total bonds		EUR	34,500	22.7%	0.0%
Less capitalised bond arrangement fees ¹		EUR	(378)		
Total bonds recognised in the statement of financial position		EUR	34,122		
Total debt recognised in the statement of financial position		EUR	151,617	100.0%	76.0%

Hedging policy and new hedges

As of 31 March 2024, 76.0% of total debt was hedged against interest rate risk while the remaining 24.0% had floating interest rates. The Fund hedges interest rates on a portion of its debt by acquiring IRS-type hedging instruments or limits the impact of rising interest rates with interest rate cap instruments (CAP).

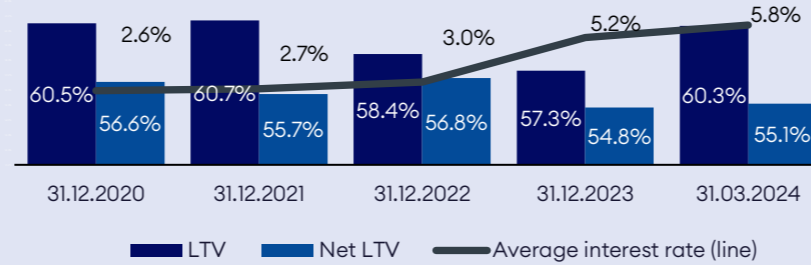
Covenant reporting

As of 31 March 2024, the Fund was in compliance with all the covenants set under the bond issue terms and conditions dated 8 May 2023 and amended on 15 March 2024.

As of 31 March 2024, the Fund was in compliance with all special conditions and covenants set under the bank loan agreements except for the Galerija Centrs property.

As of 31 March 2024, the LTV of Galerija Centrs was above the required level of 45%. If the 45% threshold is exceeded, then Galerija Centrs has to make a partial early repayment of the loan within 6 months from the bank’s notice to the extent that LTV does not exceed 45%. So, EUR 939,000 should be prepaid within 6 months if such a notice is received. No notice has been received from the bank to date.

LTV and average interest rate as of 31 March 2024



Financial covenants of secured bonds issued at the Fund level As of 31 March 2024

Equity Ratio

Equity divided by total assets.

Debt Service Coverage Ratio

EBITDA divided by the principal payments and interest expenses of interest-bearing debt obligations, on a rolling 12-month basis.

Covenant	Requirement	Ratio 31.03.2024
Equity Ratio	> 35.0%*	42.3%
Debt Service Coverage Ratio	> 0.85**	0.95

* Equity ratio must be above 35.0% until the collateral has been released and thereafter above 37.5 %.
 ** As stated in Bond Terms and Conditions amended on 15 March 2024, the DSCR of the Group must be above 0.85 from 1 January 2024 to 31 December 2024, and 1.2 afterwards.

EPRA performance measures

EPRA performance metrics

The European Public Real Estate Association (EPRA) publishes recommendations for disclosing and defining the main financial performance indicators applicable to listed real estate companies. Baltic Horizon supports the standardisation of reporting designed to improve the quality and comparability of information to investors.

The Group reports EPRA Earnings, EPRA NRV, NTA, NDV and EPRA LTV measures on a quarterly basis, while other EPRA measures are reported semi-annually.

EPRA Net asset value 31.03.2024

EUR '000	EPRA NRV	EPRA NTA	EPRA NDV
IFRS NAV	108,716	108,716	108,716
<i>Exclude:</i>			
V. Deferred tax liability on investment properties ¹	5,307	5,307	-
V. Deferred tax on fair value of financial instruments	12	12	-
VI. Fair value of financial instruments	(351)	(351)	-
<i>Include:</i>			
IX. Revaluation at fair value of fixed-rate loans	-	-	(378)
NAV	113,684	113,684	108,338
Fully diluted number of units	119,635,429	119,635,429	119,635,429
NAV per unit (EUR)	0.9503	0.9503	0.9056

1. All deferred taxes attributable to investment properties have been excluded from EPRA NTA calculations as the Fund intends to hold and does not intend to sell its investment properties in Lithuania.

EPRA Net asset value 31.12.2023

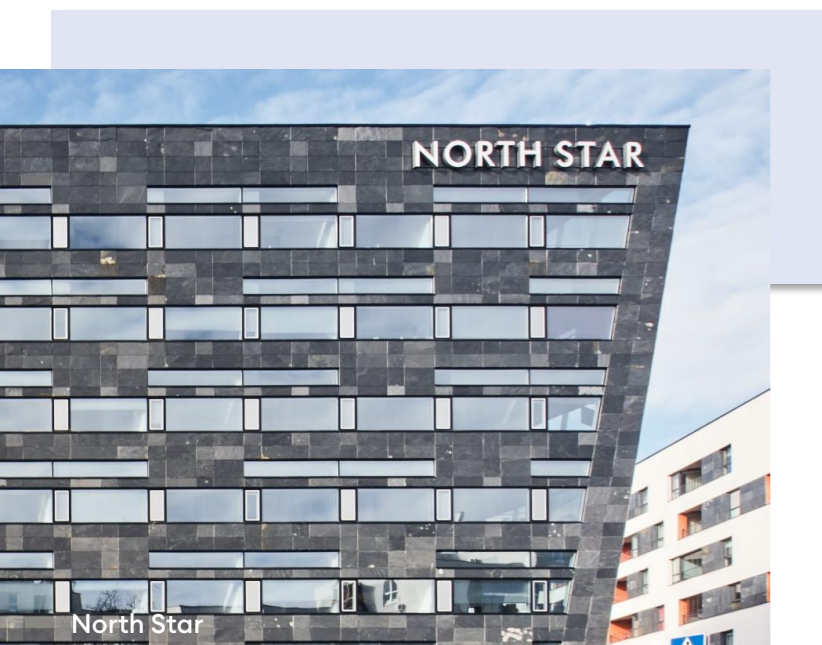
EUR '000	EPRA NRV	EPRA NTA	EPRA NDV
IFRS NAV	109,532	109,532	109,532
<i>Exclude:</i>			
V. Deferred tax liability on investment properties ¹	5,204	5,204	-
V. Deferred tax on fair value of financial instruments	40	40	-
VI. Fair value of financial instruments	(571)	(571)	-
<i>Include:</i>			
IX. Revaluation at fair value of fixed-rate loans	-	-	(401)
NAV	114,205	114,205	109,131
Fully diluted number of units	119,635,429	119,635,429	119,635,429
NAV per unit (EUR)	0.9546	0.9546	0.9122

1. All deferred taxes attributable to investment properties have been excluded from EPRA NTA calculations as the Fund intends to hold and does not intend to sell its investment properties in Lithuania.

For EPRA indicators and definitions, please refer to the EPRA indicators and definitions overview in the [Definitions and abbreviations](#) section.

Baltic Horizon wins EPRA Gold award

Baltic Horizon Fund received a prestigious award at the European Public Real Estate Association (EPRA) annual conference 2023 for the fourth year in a row. The Fund scored a Gold Award for the adoption of EPRA Best Practices Recommendations (BPR) – widely accepted industry standards for the highest level of transparency, comparability and compliance in financial reporting. EPRA assessed the financial statements of 182 European listed real estate entities as part of its annual award process.



EPRA Earnings Q1 2024

EUR '000	Q1 2024	Q1 2023
Net result IFRS	(624)	22
<i>Exclude:</i>		
I. Changes in fair value of investment properties	4	4
II. Profits or losses on disposal of investment properties	367	1,533
VIII. Deferred tax in respect of EPRA adjustments	(25)	(120)
EPRA Earnings	(278)	1,439
Weighted number of units during the period	119,635,429	119,635,429
EPRA Earnings per unit	(0.01)	0.01

EPRA LTV as of 31 March 2024

EUR '000	31.03.2024	31.12.2023
Net debt		
<i>Include:</i>		
Borrowings from financial institutions	117,678	109,509
Bond loans	34,500	34,500
Net payables	537	1,018
<i>Exclude:</i>		
Cash and cash equivalents	(12,459)	(6,182)
Net debt (A)	140,256	138,845
Property value		
<i>Include:</i>		
Investment properties at fair value	251,331	250,385
Total property value (B)	251,331	250,385
EPRA LTV (A/B)	55.8%	55.5%

Investor relations

Baltic Horizon Fund units are currently listed on the Fund List of the Nasdaq Tallinn Stock Exchange. Trading with Baltic Horizon units on the Nasdaq Tallinn Stock Exchange began on 6 July 2016. From 23 December 2016 until 31 October 2022 Baltic Horizon Fund units were also listed on the Nasdaq Stockholm Alternative Investment Funds market. Trading with the Swedish depository receipts (the “SDRs”) on the Nasdaq Stockholm Stock Exchange started on 31 October 2022.

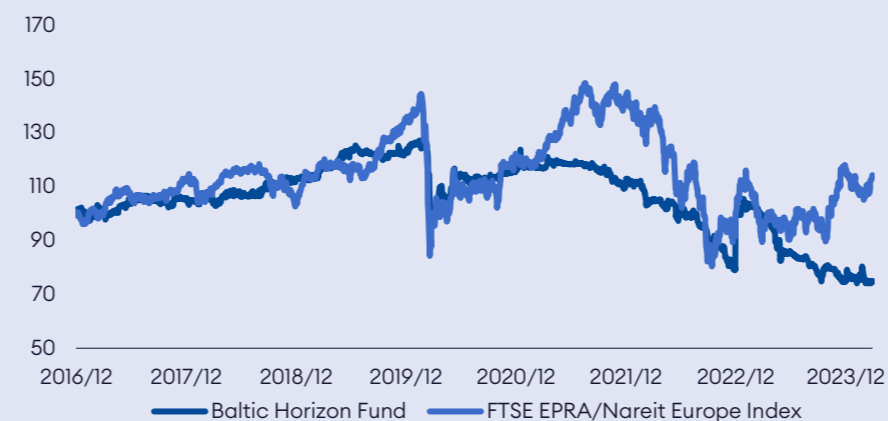
Trading information

As of 31 March 2024, the market capitalisation for Baltic Horizon Fund was approx. EUR 37.7 million (31 December 2023: EUR 37.7 million) based on the closing unit market prices on the Nasdaq Tallinn Stock Exchange. During Q1 2024, Baltic Horizon Fund units on the Nasdaq Tallinn Stock Exchange were trading at a discount compared to the net asset value per unit. At the end of March 2024, the closing unit price on the Nasdaq Tallinn Stock Exchange was EUR 0.3150. Following the price decline observed in 2023, the unit price has stabilized, predominantly fluctuating within the range of EUR 0.3 to EUR 0.35 since the onset of the current year.

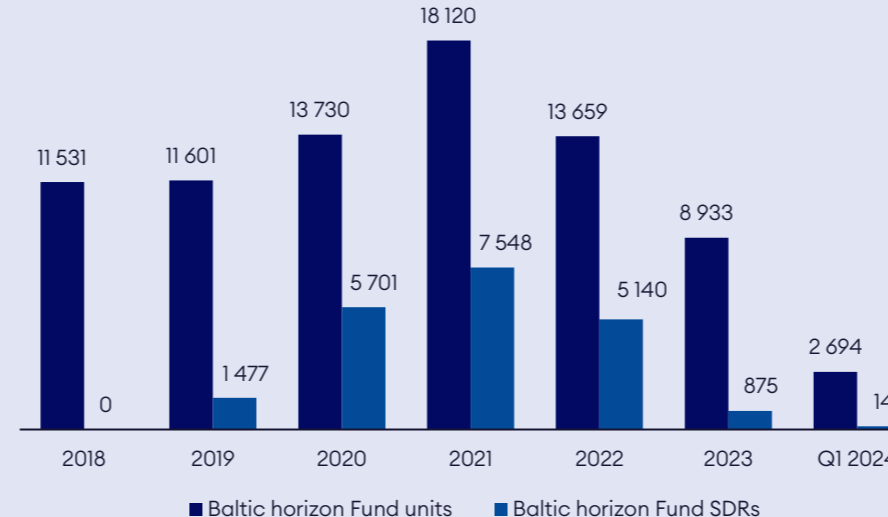
Baltic Horizon Fund’s total shareholder return on the unit during Q1 2024 amounted to 0.00%. Total shareholder return for a given period is equivalent to the movement in the unit price on the Nasdaq Tallinn Stock Exchange over the period plus dividends paid, divided by the opening unit price.

In total, 119,635,429 units were traded on the Nasdaq Tallinn and Nasdaq Stockholm stock exchanges, while the total Q1 2024 trading volume reached approx. 2.8 million units. The second graph shows the Baltic Horizon Fund units’ annual trading volume on the Nasdaq Tallinn and the Nasdaq Stockholm Stock Exchanges.

Development of the Baltic Horizon Fund total return on the Nasdaq Tallinn Stock Exchange (%)



Annual trading volume on Nasdaq Tallinn and Stockholm Stock Exchanges ('000 Units)



Key figures

EUR '000	31.03.2024	31.12.2023
Number of units issued (units)	119,635,429	119,635,429
Market capitalisation ¹ (EUR)	37,685,160	37,685,160
IFRS NAV per unit (EUR)	0.9087	0.9156
Unit price discount from IFRS NAV per unit ² (%)	(65.3%)	(65.6%)
EPRA NRV per unit (EUR)	0.9503	0.9546
Unit price discount from EPRA NRV per unit ³ (%)	(66.9%)	(67.0%)
Nasdaq Tallinn:		
Highest unit price during the period (EUR)	0.3730	0.6547
Lowest unit price during the period (EUR)	0.3010	0.3000
Closing unit price (EUR)	0.3150	0.3150
Nasdaq Stockholm:		
Highest unit price during the period (SEK)	3.58	6.40
Lowest unit price during the period (SEK)	3.26	3.26
Closing unit price (SEK)	3.42	3.30

1. Based on the closing prices and split between units on the Nasdaq Tallinn and the Nasdaq Stockholm Stock Exchanges.
2. Based on the closing price on the Nasdaq Tallinn Stock Exchange and the IFRS NAV per unit at the end of period.
3. Based on the closing price on the Nasdaq Tallinn Stock Exchange and the EPRA NRV per unit at the end of period.

During Q1 2024, Baltic Horizon Fund units on the Nasdaq Tallinn Stock Exchange were trading at a discount compared to the net asset value per unit. At the end of March 2024, units were traded at a 65.3% discount compared to the IFRS NAV per unit and 66.9% discount compared to the EPRA NRV per unit. This presents a distinctive opportunity for investors, who may anticipate the share price to converge towards NAV levels, a pattern observed in the Fund's trading history from 2016 to 2021. The first graph shows the Baltic Horizon Fund unit price in relation to its IFRS net asset value since 2020.

Dividend capacity

According to the Fund Rules issued as of 23 May 2016, a distribution to investors will be made if all of the following conditions are met:

- The Fund has retained such reserves as required for the proper running of the Fund;
- The distribution does not endanger the liquidity of the Fund;
- The Fund has made the necessary follow-on investments in existing properties, i.e. investments in the development of the existing properties of the Fund, and new investments. The total of the Fund's annual net income that may be retained for making such investments is 20% of the Fund's annual net income of the previous year.

The Fund sets a target of dividend distributions to its unitholders in the range between 80% of generated net cash flow (GNCF) and net profit after unrealized P&L items are adjusted. The distribution is based on the Fund's short-term and long-term performance projections. Management has discretion to distribute lower dividends than 80% of generated net cash flow (GNCF) if the liquidity of the Fund is endangered.

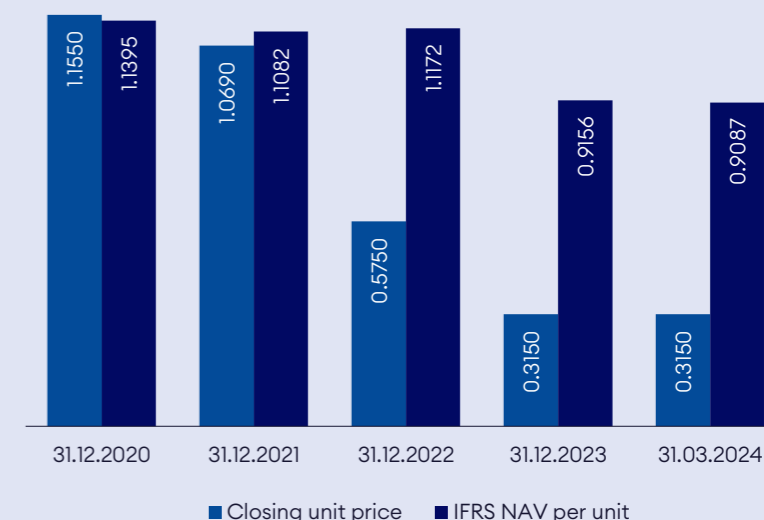
The Management Company of Baltic Horizon Fund has approved changes to cash distribution frequency. Starting from July 2022, Baltic Horizon Fund's quarterly cash distribution frequency was changed. At the Annual General Meeting the decision was announced to withhold the dividend payments in 2023 to strengthen the Fund and its asset performance.

Generated net cash flow (GNCF) calculation formula

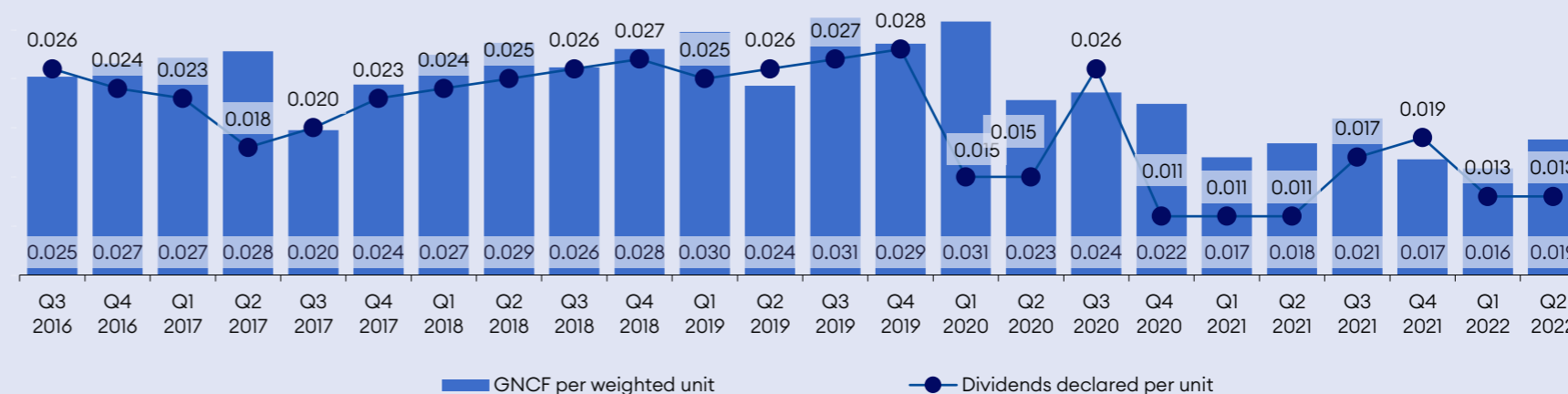
Item	Comments
(+) Net rental income	
(-) Fund administrative expenses	
(-) External interest expenses	Interest expenses incurred for bank loan financing
(-) CAPEX expenditure	The expenditure incurred in order to improve investment properties; the calculation will include capital expenditure based on annual capital investment plans
(+) Extraordinary income related to investment properties	
(+) Added back listing related expenses	
(+) Added back acquisition related expenses	Include the expenses for acquisitions that did not occur

Generated net cash flow (GNCF)

Nasdaq Tallinn unit price compared with NAV (EUR)



Dividend per unit (EUR)



Structure and governance

Baltic Horizon Fund is a closed-end contractual investment fund registered in Estonia on 23 May 2016. The Fund is defined as a real estate fund under the Estonian Investment Funds Act. The Fund cannot enter into agreements on its own. The unitholders own all the Fund's assets. The Fund has no employees except for the general directors of Lithuanian subsidiaries (3 at the reporting date) as required by Lithuanian law.

The Fund is a tax transparent and cost-efficient vehicle. The management fee is linked to the market capitalisation of the tradable units. It is also embedded in the Fund Rules that the management fee will decrease from 1.5% to as low as 0.5% of the market capitalisation as the Fund's assets grow.

The Fund operates under the REIT concept whereby the vast majority of the Fund's cash earnings are paid out and only 20% can be reinvested.

The Fund is managed by the Management Company, which is Northern Horizon Capital AS. The immediate team comprises of the Management Board, which is headed by the Fund Manager, and the Supervisory Board of the Management Company. The Fund also has its own Supervisory Board, which comprises of 4 independent board members.

Northern Horizon Capital AS is an experienced real estate asset manager. Northern Horizon Capital Group has proven itself as one of the leading real estate investors in the Baltic countries and elsewhere with an in-depth knowledge of the markets of operation.

Over the course of the organization's life, Northern Horizon Capital Group has been able to build a strong and cohesive team from diverse backgrounds with a focus on being conservative and thorough, yet dynamic in real estate acquisitions and management.

Commitment to corporate governance is rooted in the Management Company's focus on long-term business relations with investors, partners, and tenants. In all relations, the Management Company encourages a professional and open dialogue based on mutual trust and strives to earn the respect of its business partners through strong commitment, transparency and fair dealings. The investor's best interest is always considered by the Management Company to make sure that the investor is treated fairly. The Management Board ensures that conflicts of interests between related parties are avoided or are as small as possible.

The Management Company is obliged to establish, maintain and document procedures to identify, prevent and manage conflicts of interest and, when necessary, issue supplementing instructions to the policies, instructions and guidelines.

Governance chart



Management Board and Supervisory Board of the Management Company

The Management Board bears overall responsibility for the daily business of Baltic Horizon Fund. The Management Company's Management Board is composed of three members. The Management Board is supervised and advised by the Supervisory Board of the Management Company.

Supervisory Board of the Fund

The Fund has a Supervisory Board which consists of qualified members with recognised experience in the real estate markets in Estonia, Latvia, and Lithuania, impeccable reputation and appropriate education. In accordance with the Fund Rules, members of the Supervisory Board are appointed by the General Meeting for a period of at least two years. The Supervisory Board consists of three to five members. The current Supervisory Board members have been elected for an indefinite period.

The Supervisory Board acts solely in an advisory capacity and the Management Company remains responsible for making the decisions in connection with the Fund's management. The Supervisory Board members fulfil their consultation responsibilities collectively.

Supervisory Board members are entitled to remuneration for their service in the amount determined by the General Meeting. The chairman of the Supervisory Board is entitled to an annual remuneration of EUR 15,000 and a regular member is entitled to an annual remuneration of EUR 11,000. On the basis of the agreements concluded with each Supervisory Board member, Supervisory Board members are not entitled to any benefits from the Fund or the Management Company upon termination of their term of office.

The Fund administration services are provided by the Management Company. Accounting and depository services have been outsourced to Swedbank AS.

Valuations

The real estate property valuation policies of the Fund are determined in the Fund Rules based on common market practice. Only a licensed independent real estate appraiser of high repute and sufficient experience in appraising similar property and operating in the country where the relevant real estate property is located may evaluate real estate belonging to the Fund.

Each potential acquisition opportunity is subject to extensive commercial, legal, technical and financial/tax due diligence performed by the Management Company in cooperation with reputable local and international advisers.

Audit

The auditor of the Fund is KPMG Baltics OÜ, which is a member of the Estonian Association of Auditors. In addition to statutory audit services, KPMG Baltics OÜ has provided the Fund with translation services and other assurance services.

The Fund's activities are monitored on a regular basis by the Estonian Financial Supervision and Resolution Authority and the Supervisory Board of the Fund.

Board members

Members of the Management Board of the Management Company

Tarmo Karotam (Chairman)

Aušra Stankevičienė

Edvinas Karbauskas

Members of the Supervisory Board of the Management Company

Lars Ohnemus (Chairman)

Nerijus Žebrauskas

Daiva Liubomirskienė

Members of the Supervisory Board of the Fund

Reimo Hammerberg (Chairman)

Monica Hammer

Per V. Jenster

David Bergendahl

Risk management

The risk management function of the Fund is responsible for identifying, measuring, managing, and monitoring the risks which the Fund is or might be exposed to.

The risk management function is overseen by a dedicated member of the Management Board (who is not performing Portfolio Management or Investor Relations functions) and partly delegated to a sister company of the Management Company: Northern Horizon Capital AIFM Oy, which is a licensed AIFM in Finland. The risk management function maintains a list of all risk management related instructions, monitors these compared to internationally recommended best practice, and initiates changes and improvements when needed. The risk management function reports to the Fund's boards on a regular basis.

The risk management function assessed at the end of the reporting period that the Fund is currently in compliance with the intended risk management framework.

Principal risks faced by the Fund

Risk	Risk description
Market risk	The Fund is exposed to the office and retail markets in Riga, Tallinn, and Vilnius through its indirect investments in investment property (through subsidiaries). Although the Fund's portfolio is well-diversified across specified geographies and market segments, there remains a possibility of encountering risks that could impact multiple geographies or markets. This could have a negative impact on the properties' occupancy rates, lease rates and the Fund's rental income.
Liquidity risk	<p>The Fund is exposed to liquidity risk related to the renewal of its financing as it reaches maturity. Failure to renew the financing at acceptable terms or breaches of debt covenants could cause the need to dispose of the assets owned by the Fund. Please refer to note 10 for more information regarding asset acquisitions. Please refer to note 14 for more information regarding the maturity dates of the loans and borrowings.</p> <p>Most financing agreements require additional loan amortisation when debt covenants deteriorate. Thus a decrease in the performance or value of the Fund's properties due to changes in real estate yields could cause the need for additional liquidity.</p> <p>Real estate investments have low liquidity and there can be no assurance that the Fund will be able to exit the investments in a timely manner. By their nature, real estate investments or interests in other non-public entities are subject to industry cyclicality, downturns in demand, market disruptions and the lack of available capital for potential purchasers and therefore often difficult or time consuming to liquidate.</p>

Risk	Risk description
Interest rate risk	<p>The Fund is exposed to interest rate risk because of leverage (bank loans or bonds) used to finance its real estate investments. The Fund hedges against interest rate risk either by taking fixed rate loans or by using interest rate swaps or interest rate caps for the loans with variable interest rates. As 1) the Fund seeks to obtain financing on the best terms and conditions and 2) in the current market, fixed rate loans are often more expensive, the Fund hedges interest rate exposure by mainly using derivative instruments such as interest rate swaps, forwards and options. The Fund and its subsidiaries acquire swaps only for cash flow hedging purposes and not for trading.</p> <p>Given that a large part of external financing and related interest rate hedging mature in 2024 and given the rising market interest rates and hedging costs, there is a risk that new financing will be arranged at a higher cost.</p>
General property related risks	<p>Real estate as an asset class has some typical risks, for example those caused by construction or property maintenance errors. An unforeseen event such as a technical system failure may arise despite comprehensive control and careful maintenance. A number of assets owned by the Fund are older than 10 years and, therefore, may require unplanned repairs or maintenance CAPEX.</p> <p>Investments may also be needed for buildings to meet changing tenants' needs and regulatory or environmental requirements.</p>

Financial calendar 2024



9 May ■ Interest rate applicable to the bonds for the next interest period
15 May ■ NAV April

3 June ■ Annual General Meeting of unitholders and Swedish Depositary Receipt holders
17 June ■ NAV May

15 July ■ NAV June

7 August ■ Interest rate applicable to the bonds for the next interest period
8 August ■ Interim Financial Statements for 6 months of 2024
15 August ■ NAV July

16 September ■ NAV August

15 October ■ NAV September

7 November ■ Interest rate applicable to the bonds for the next interest period
7 November ■ Interim Financial Statements for 9 months of 2024
15 November ■ NAV October

16 December ■ NAV November

Stay up to date with Baltic Horizon

Register on www.baltichorizon.com to receive Nasdaq announcements and other news from Baltic Horizon Fund about projects, plans and more. You can also follow us on www.baltichorizon.com and on [LinkedIn](#), [Facebook](#), [X](#), and [YouTube](#).

Management board's confirmation

Members of the Management Board of the Management Company Tarmo Karotam, Edvinas Karbauskas and Aušra Stankevičienė confirm that according to their best knowledge, the condensed consolidated interim financial statements for three months of 2024, prepared in accordance with IFRS as adopted by the European Union, present a correct and fair view of the assets, liabilities, equity, financial position, financial performance and cash flows of the Fund and its subsidiaries, taken as a whole, and the management report gives a true and fair view of the development, the results of the business activities and the financial position of the Fund and its subsidiaries, taken as a whole, as well as of the significant events which took place during the three months of 2024 and their effect on the condensed consolidated interim accounts.

Consolidated financial statements



Consolidated statement of profit or loss and other comprehensive income

EUR '000	Notes	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Rental income		3,846	5,274
Service charge income	5	1,048	1,442
Cost of rental activities	5	(2,100)	(2,514)
Net rental income	4	2,794	4,202
Administrative expenses	6	(585)	(736)
Losses on disposal of investment properties		(367)	(1,533)
Other operating income		10	10
Valuation losses on investment properties	10	(4)	(4)
Operating profit		1,848	1,939
Financial income		4	-
Financial expenses	7	(2,501)	(2,037)
Net financial expenses		(2,497)	(2,037)
Loss before tax		(649)	(98)
Income tax charge	4, 9	25	120
Profit (loss) for the period	4	(624)	22

The accompanying notes are an integral part of these consolidated financial statements.

EUR '000	Notes	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Other comprehensive income that is or may be reclassified to profit or loss in subsequent periods			
Net gain (loss) on cash flow hedges	13b	(219)	(251)
Income tax relating to net gain (loss) on cash flow hedges	13b, 9	27	41
Other comprehensive loss, net of tax, that is or may be reclassified to profit or loss in subsequent periods		(192)	(210)
Total comprehensive loss for the period, net of tax		(816)	(188)
Basic and diluted earnings per unit (EUR)	8	(0.01)	0.00

Consolidated statement of financial position

EUR '000	Notes	31.03.2024	31.12.2023
Non-current assets			
Investment properties	4, 10	251,331	250,385
Intangible assets		11	11
Property, plant and equipment		6	4
Derivative financial instruments	19	253	295
Other non-current assets		534	647
Total non-current assets		252,135	251,342
Current assets			
Trade and other receivables	11	2,716	2,591
Prepayments		588	402
Derivative financial instruments	19	375	621
Cash and cash equivalents	12	12,459	6,182
Total current assets		16,138	9,796
Total assets	4	268,273	261,138
Equity			
Paid in capital	13a	145,200	145,200
Cash flow hedge reserve	13b	339	531
Retained earnings		(36,823)	(36,199)
Total equity		108,716	109,532

The accompanying notes are an integral part of these consolidated financial statements.

EUR '000	Notes	31.03.2024	31.12.2023
Non-current liabilities			
Interest-bearing loans and borrowings	14	89,936	64,158
Deferred tax liabilities	9	2,712	2,774
Other non-current liabilities		1,135	1,079
Total non-current liabilities		93,783	68,011
Current liabilities			
Interest-bearing loans and borrowings	14	61,932	79,584
Trade and other payables	15	3,413	3,343
Income tax payable		-	6
Other current liabilities		429	662
Total current liabilities		65,774	83,595
Total liabilities	4	159,557	151,606
Total equity and liabilities		268,273	261,138

Consolidated statement of changes in equity

EUR '000	Notes	Paid in capital	Cash flow hedge reserve	Retained earnings	Total equity
As of 1 January 2023		145,200	1,681	(13,226)	133,655
Comprehensive income					
Net loss for the period		-	-	22	22
Other comprehensive loss		-	(210)	-	(210)
Total comprehensive loss		-	(210)	22	(188)
As of 31 March 2023		145,200	1,471	(13,204)	133,467
As of 1 January 2024		145,200	531	(36,199)	109,532
Comprehensive income					
Net loss for the period		-	-	(624)	(624)
Other comprehensive loss	13b	-	(192)	-	(192)
Total comprehensive loss		-	(192)	(624)	(816)
As of 31 March 2024		145,200	339	(36,823)	108,716

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

EUR '000	Notes	01.01.2024 -31.03.2024	01.01.2023 -31.03.2023
Cash flows from core activities			
Profit (loss) before tax		(649)	(98)
Adjustments for non-cash items:			
Value adjustment of investment properties	10	4	4
Losses on disposal of investment properties		367	1,533
Depreciation of property, plant and equipment		(2)	-
Change in impairment losses for trade receivables	11	(20)	(8)
Financial income		(4)	-
Financial expenses	7	2,501	2,037
Working capital adjustments:			
Change in trade and other accounts receivable		(104)	185
Change in other current assets		39	(11)
Change in other non-current liabilities		56	15
Change in trade and other accounts payable		(94)	(662)
Change in other current liabilities		(234)	(36)
Income tax paid		(10)	(12)
Total cash flows from core activities		1,850	2,947

The accompanying notes are an integral part of these consolidated financial statements.

EUR '000	Notes	01.01.2024 -31.03.2024	01.01.2023 -31.03.2023
Cash flows from investing activities			
Interest received		4	-
Proceeds from disposal of investment property		(367)	9,864
Investment property development expenditure		-	(810)
Capital expenditure on investment properties		(950)	(1,317)
Total cash flows from investing activities		(1,313)	7,737
Cash flows from financing activities			
Proceeds from bank loans		8,600	11,000
Repayment of bank loans		(432)	(17,478)
Transaction costs related to loans and borrowings		(78)	(15)
Repayment of lease liabilities		(5)	(4)
Interest paid		(2,345)	(2,039)
Total cash flows from financing activities		5,756	(8,536)
Net change in cash and cash equivalents		6,277	2,148
Cash and cash equivalents at the beginning of the year		6,182	5,347
Cash and cash equivalents at the end of the period		12,459	7,495

Notes to the consolidated financial statements

1. Corporate information

Baltic Horizon Fund is a regulated closed-end contractual investment fund registered in Estonia on 23 May 2016. The Fund is managed by Northern Horizon Capital AS. Both the Fund and the Management Company are supervised by the Estonian Financial Supervision and Resolution Authority. The Depository of the Fund is Swedbank AS. The Fund is the ultimate parent and controlling entity of the group comprising the Fund and its subsidiaries (the “Group” or the “Fund”).

The Fund is a public fund with no particular lifetime (evergreen). Units of the Fund are made available to the public in accordance with the Fund Rules and applicable laws. The Fund is listed on the Fund List of the Nasdaq Tallinn Stock Exchange. The Fund’s Swedish depository receipts (the SDRs) are listed on the Nasdaq Stockholm Stock Exchange.

The Fund’s registered office is at Hobujaama 5, 10151 Tallinn, Estonia.

The objective of the Fund is to combine attractive income yields with medium to long-term value appreciation by investing primarily in commercial real estate, portfolios of real estate, and/or real estate companies and making exits from these investments. The objective of the Fund is to provide its investors with consistent and above average risk-adjusted returns by acquiring and managing a portfolio of high-quality cash flow-generating commercial properties, thereby creating a stable stream of high yielding current income combined with capital gains at exit. Although the objective of the Fund is to generate positive returns to investors, the profitability of the Fund is not guaranteed to investors.

At the reporting date, the Fund held the following 100% interests in subsidiaries:

Name	31.03.2024	31.12.2023
BH Lincona OÜ	100%	100%
BOF SKY SIA	100%	100%
BH CC Plaza OÜ	100%	100%
BH Europa UAB	100%	100%
Kontor SIA	100%	100%
Pirita Center OÜ	100%	100%
Vainodes Krasti SIA	100%	100%
BH S27 SIA	100%	100%
BH Meraki UAB	100%	100%
BH Galerija Centrs SIA	100%	100%
BH Northstar UAB	100%	100%

2. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group’s latest consolidated annual financial statements as of and for the year ended 31 December 2023. These interim condensed consolidated financial statements do not include all of the information required in the complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are relevant to understanding the changes in the Group’s financial position and performance since the last annual financial statements.

Going concern assessment

The management of the Fund has performed an assessment of the Fund’s future consolidated financial position, consolidated financial performance and cash flows and has concluded that the continued application of the going concern assumption is appropriate.

New standards, amendments and interpretations

A number of new standards and amendments to standards are not effective for annual periods beginning on 1 January 2024 but their earlier application is permitted. However, the Group has not early adopted any of the new or amended standards in preparing these interim condensed consolidated financial statements.

3. Summary of significant account policies

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the reported item in the future. The assumptions and judgements applied in these interim condensed consolidated financial statements were the same as those applied in the Group's consolidated financial statements for the year ended 31 December 2023.

Material accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements for the year ended 31 December 2023.

Fair value measurements

The Group measures certain financial instruments such as derivatives, and non-financial assets such as investment property, at fair value at the end of each reporting period. Also, the fair values of financial instruments measured at amortised cost are disclosed in the financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Group must be able to access the principal or the most advantageous market at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4. Operating segments

The Group's reportable segments are as follows:

Retail segment includes Europa Shopping Centre (Lithuania), SKY Shopping Centre (Latvia), Pirita Shopping Centre (Estonia), Postimaja Shopping centre (Estonia), and Galerija Centrs Shopping Centre (Latvia) investment properties.

Office segment includes Lincona Office Complex (Estonia), Upmalas Biroji (Latvia), Vainodes I (Latvia), S27 (Latvia), Meraki (Lithuania) and North Star (Lithuania) investment properties.

Leisure segment includes Coca-Cola Plaza (Estonia) investment property.

For management purposes, the Group is organized into three business segments based on the type of investment property. Management monitors the operating results of business segments separately for the purpose of making decisions about resources to be allocated and assessing performance. Segment performance is evaluated based on net rental income and net profit/loss.

Information related to each reportable segment is set out on the next page. Segment net rental income is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

Operating segments – 31 March 2024

EUR '000	Retail	Office	Leisure	Total
01.01.2024-31.03.2024:				
External revenue ¹	2,776	1,867	251	4,894
Segment net rental income	1,339	1,307	148	2,794
Net loss from fair value adjustment	(1)	(3)	-	(4)
Interest expenses ²	(750)	(546)	(62)	(1,358)
Income tax income	2	23	-	25
Segment net profit	504	387	81	972
As of 31.03.2024:				
Segment assets	140,758	104,840	13,571	259,169
Investment properties ³	136,092	101,997	13,242	251,331
Segment liabilities	69,277	47,626	6,655	123,558

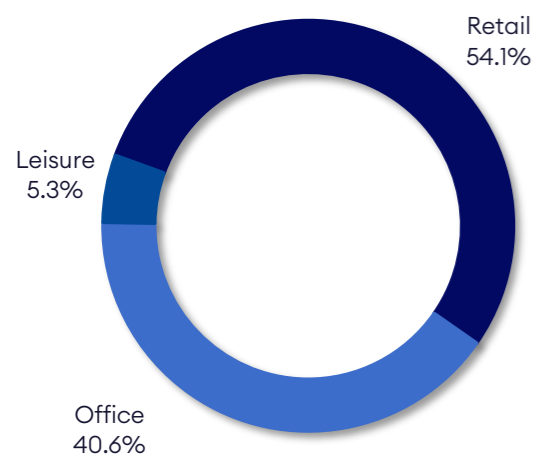
1. External revenue includes rental income and service charge income. The segments do not have inter-segment revenue.
2. Interest expenses include only external bank loan interest expenses and interest expenses on lease liabilities.
3. Additions to non-current assets consist of capital expenditure on investment property (EUR 950 thousand). Please refer to note 10.

Operating segments – 31 March 2023

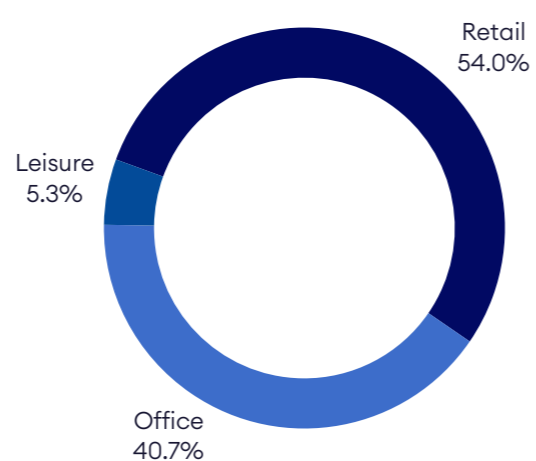
EUR '000	Retail	Office	Leisure	Total
01.01.2023-31.03.2023:				
External revenue ¹	3,274	3,172	270	6,716
Segment net rental income	1,443	2,561	198	4,202
Net loss from fair value adjustment	-	(4)	-	(4)
Interest expenses ²	(695)	(537)	(53)	(1,285)
Income tax income (expenses)	209	(89)	-	120
Segment net profit (loss)	(629)	1,707	150	1,228
As of 31.12.2023:				
Segment assets	140,308	104,702	13,545	258,555
Investment properties	135,259	101,886	13,240	250,385
Segment liabilities	61,219	47,681	6,813	115,713

1. External revenue includes rental income and service charge income. The segments do not have inter-segment revenue.
2. Interest expenses include only external bank loan interest expenses and interest expenses on lease liabilities.

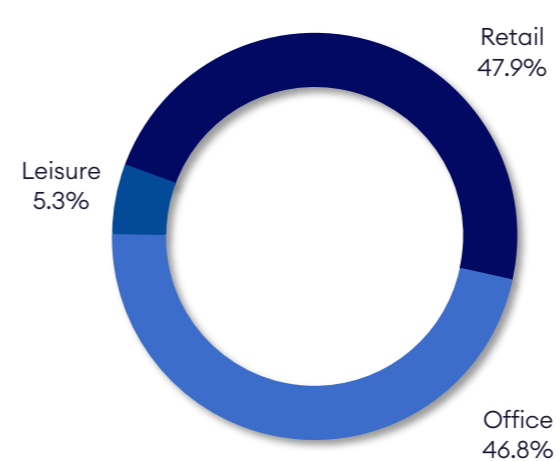
Investment properties as of 31 March 2024*



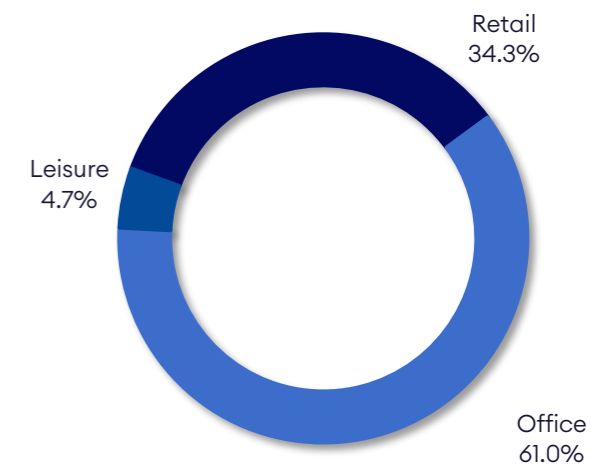
Investment properties as of 31 December 2023*



Segment net rental income for Q1 2024*



Segment net rental income for Q1 2023*



*As a percentage of the total for all reportable segments

Reconciliation of information on reportable segments to IFRS measures

Operating segments – 31 March 2024

EUR '000	Total reportable segments	Adjustments	Consolidated
01.01.2024-31.03.2024:			
Net profit (loss)	972	(1,596) ¹	(624)
As of 31.03.2024:			
Segment assets	259,169	9,104 ²	268,273
Segment liabilities	123,558	35,999 ³	159,557

1. Segment net profit for Q1 2024 does not include Fund management fee (EUR 330 thousand), bond interest expenses (EUR 1,016 thousand), Fund custodian fees (EUR 13 thousand), interest income (EUR 4 thousand) and other Fund-level administrative expenses (EUR 241 thousand).
2. Segment assets do not include cash, which is held at the Fund level (EUR 8,805 thousand), and other receivables at Fund level (EUR 299 thousand).
3. Segment liabilities do not include liabilities related to a bond issue at the Fund level (EUR 34,122 thousand), accrued bond coupon expenses (EUR 553 thousand) and other short-term payables at the Fund level (EUR 1,324 thousand).

Operating segments – 31 March 2023

EUR '000	Total reportable segments	Adjustments	Consolidated
01.01.2023-31.03.2023:			
Net profit (loss)	1,228	(1,206) ¹	22
As of 31.12.2023:			
Segment assets	258,555	2,583 ²	261,138
Segment liabilities	115,713	35,893 ³	151,606

1. Segment net profit for Q1 2023 does not include Fund management fee (EUR 387 thousand), bond interest expenses (EUR 537 thousand), bond arrangement fee amortisation (EUR 17 thousand), Fund custodian fees (EUR 17 thousand), and other Fund-level administrative expenses (EUR 248 thousand).
2. Segment assets do not include cash, which is held at the Fund level (EUR 2,284 thousand), and other receivables at Fund level (EUR 299 thousand).
3. Segment liabilities do not include liabilities related to a bond issue at the Fund level (EUR 34,099 thousand), accrued bond coupon expenses (EUR 577 thousand), management fee payable (EUR 859 thousand), and other short-term payables at the Fund level (EUR 358 thousand).

Geographic information

EUR '000	External revenue		Investment property value	
	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023	31.03.2024	31.12.2023
Lithuania	1,390	2,698	73,215	72,805
Latvia	2,280	2,734	121,406	121,400
Estonia	1,224	1,284	56,710	56,180
Total	4,894	6,716	251,331	250,385

Major tenant

No single lease accounted for more than 10% of the Group's total revenue. Rental income from one lease concluded with a tenant in the office segment represented EUR 319 thousand for Q1 2024 (EUR 319 thousand for Q1 2023).

5. Cost of rental activities

EUR '000	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Repair and maintenance	823	893
Utilities	419	537
Property management expenses	343	341
Real estate taxes	240	297
Sales and marketing expenses	171	274
Property insurance	35	36
Allowance (reversal of allowance) for bad debts	(20)	(8)
Other	89	144
Total cost of rental activities	2,100	2,514

Part of the total cost of rental activities (mainly utilities and repair and maintenance expenses) was recharged to tenants: EUR 1,048 thousand during period ended 31 March 2024 (EUR 1,442 thousand during period ended 31 March 2023).

6. Administrative expenses

EUR '000	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Management fee	330	387
Legal fees	39	146
Consultancy fees	31	23
Audit fees	31	31
Fund marketing expenses	19	31
Custodian fees	13	17
Supervisory board fees	12	12
Other administrative expenses	110	89
Total administrative expenses	585	736

The Management Company is entitled to receive an annual management fee which is calculated quarterly, based on the 3-month average market capitalisation of the Fund.

The Management Company is entitled to calculate the performance fee based on the annual adjusted funds from operations (AFFO) of the Fund. If AFFO divided by paid in capital during the year exceeds 8% per annum, the Management Company is entitled to a performance fee in the amount of 20% of the amount exceeding 8%. The performance fee based on this formula has been calculated starting from 1 January 2017. The performance fee first became payable in the fifth year of the Fund (i.e. 2020). Transactions with related parties are disclosed in note 17.

7. Financial expenses

EUR '000	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Interest on external loans and borrowings	2,372	1,818
Loan arrangement fee amortisation	40	48
Interest on lease liabilities	2	4
Other financial expenses	87	167
Total financial expenses	2,501	2,037

8. Earnings per unit

The calculation of earnings per unit is based on the following profit attributable to unitholders and weighted-average number of units outstanding.

Profit (loss) attributable to the unitholders of the Fund:

EUR '000	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Profit (loss) for the period, attributed to the unitholders of the Fund	(624)	22
Profit (loss) for the period, attributed to the unitholders of the Fund	(624)	22

Weighted-average number of units:

EUR '000	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Issued units at 1 January	119,635,429	119,635,429
Weighted-average number of units	119,635,429	119,635,429

Basic and diluted earnings per unit:

EUR '000	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Basic and diluted earnings per unit*	(0.01)	0.00

*There are no potentially dilutive instruments issued by the Group, therefore, the basic and diluted earnings per unit are the same.

9. Income tax

Real estate revenues, or capital gains derived from real estate are subject to taxes by assessment in the countries where the real estate is situated. The Fund's subsidiaries in Lithuania depreciate their historical property cost in accordance with applicable tax regulations. Depreciation is deducted from taxable profits in determining current taxable income.

The Group's consolidated effective tax rate in respect of continuing operations for the three-month period ended 31 March 2024 was minus 4.0% (three-month period ended 31 March 2023: minus 122.4%).

As of 31 March 2024, the Group had tax losses of EUR 2,617 thousand (31 December 2023: EUR 2,469 thousand) that are available indefinitely for offset against future taxable profits of the Lithuanian companies in which the losses arose. The deferred tax liability arising from the revaluation of derivative instruments to fair value amounted to EUR 12 thousand as of 31 March 2024 (31 December 2023: liability of EUR 39 thousand). As of 31 March 2023, deferred tax liabilities on the difference between investment property fair and tax value and other deferred tax liabilities amounted to EUR 5,317 thousand (31 December 2023: EUR 5,204 thousand). Other tax liability amounted to 10 thousand. Deferred tax is only applicable to the Fund's subsidiaries in Lithuania.

The major components of income tax for the periods ended 31 March 2024 and 2023 were as follows:

EUR '000	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Consolidated statement of profit or loss		
Current income tax for the period	-	-
Deferred tax for the period	25	120
Income tax income reported in profit or loss	25	120
Consolidated statement of other comprehensive income		
Deferred income tax related to items charged or credited to equity:		
Revaluation of derivative instruments to fair value	27	41
Income tax reported in other comprehensive income	27	41

10. Investment property

EUR '000	31.03.2024	31.12.2023
Balance at 1 January	250,385	333,123
Development and refurbishment expenditure	-	1,050
Capital expenditure	950	2,278
Disposals	-	(63,920)
Net revaluation loss on investment property	-	(21,859)
Additions to right-of-use assets (new leases)	-	15
Derecognition of right-of-use assets	-	(285)
Net revaluation loss on right-of-use assets	(4)	(17)
Closing balance	251,331	250,385
Closing balance excluding right-of-use assets	251,080	250,130

The fair value of the investment properties is approved by the Management Board of the Management Company, based on independent appraisals. Independent appraisals are performed in accordance with the Practice Statements and Relevant Guidance Notes of the RICS Valuation – Professional Standards approved by both the International Valuation Standards Committee (IVSC) and by the European Group of Valuers' Associations (TEGoVA). In accordance with that basis, the market value is an estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The appraisers derive the fair value by applying the methodology and valuation guidelines as set out by the Royal Institution of Chartered Surveyors in the United Kingdom and in accordance with IAS 40.

Fair value does not necessarily represent the liquidation value of the properties which would be dependent upon the price negotiated at the time net of selling costs. Fair value is largely based on estimates which are inherently subjective.

Valuation techniques used to derive Level 3 fair values

The values of the properties are based on the valuation of investment properties performed by Colliers and Newsec as of 31 December 2023, increased by right-of-use assets and subsequent capital expenditure.

The table on the next pages presents the following for each investment property:

- A description of the valuation techniques applied;
- The inputs used in the fair value measurement;
- Quantitative information about the significant unobservable inputs used in the fair value measurement.

Property		Valuation technique	Key unobservable inputs	Range
Europa Shopping Centre	Vilnius Lithuania	DCF	Discount rate	9.3%
Net leasable area (NLA)	17,047 sq. m		Rental growth p.a.	2.0% - 7.0%
Segment	Retail		Long-term vacancy rate	5.0% - 10.0%
Year of construction/renovation	2004		Exit yield	7.25%
			Average rent (EUR/sq. m)	14.1
Lincona Office Complex	Tallinn, Estonia	DCF	Discount rate	9.3%
Net leasable area (NLA)	10,767 sq. m		Rental growth p.a.	0.0% - 3.4%
Segment	Office		Long-term vacancy rate	10.0%
Year of construction/renovation	2002/2008		Exit yield	7.5%
			Average rent (EUR/sq. m)	10.1
Coca-Cola Plaza	Tallinn, Estonia	DCF	Discount rate	8.6%
Net leasable area (NLA)	7,914 sq. m		Rental growth p.a.	0.0% - 7.1%
Segment	Leisure		Long-term vacancy rate	2.0% - 5.0%
Year of construction/renovation	1999		Exit yield	7.0%
			Average rent (EUR/sq. m)	11.7
SKY Shopping Centre	Riga, Latvia	DCF	Discount rate	9.1%
Net leasable area (NLA)	3,259 sq. m		Rental growth p.a.	2.1% - 5.0%
Segment	Retail		Long-term vacancy rate	5.0%
Year of construction/renovation	2000/2010		Exit yield	7.25%
			Average rent (EUR/sq. m)	11.5

Property		Valuation technique	Key unobservable inputs	Range
Upmalas Biroji	Riga, Latvia	DCF	Discount rate	8.9%
Net leasable area (NLA)	11,212 sq. m		Rental growth p.a.	0.0% - 5.0%
Segment	Office		Long-term vacancy rate	2.0% - 5.0%
Year of construction/renovation	2008		Exit yield	7.0%
			Average rent (EUR/sq. m)	13.8
Pirita Shopping Centre	Tallinn, Estonia	DCF	Discount rate	10.0%
Net leasable area (NLA)	5,425 sq. m		Rental growth p.a.	0.0% - 3.4%
Segment	Retail		Long-term vacancy rate	5.0%
Year of construction/renovation	2016		Exit yield	8.0%
			Average rent (EUR/sq. m)	13.9
Vainodes I¹	Riga, Latvia	DCF	Discount rate	8.2%
Net leasable area (NLA)	8,128 sq. m		Rental growth p.a.	0.0% - 3.4%
Segment	Office		Long-term vacancy rate	5.0%
Year of construction/renovation	2014		Exit yield	6.9%
			Average rent (EUR/sq. m)	15.4
Postimaja	Tallinn, Estonia	DCF	Discount rate	8.6%
Net leasable area (NLA)	9,232 sq. m		Rental growth p.a.	0.0% - 7.1%
Segment	Retail		Long-term vacancy rate	2.0%-5.0%
Year of construction/renovation	1980		Exit yield	7.0%
			Average rent (EUR/sq. m)	14.0

* Vainodes I property valuation also includes building expansion rights. The market value of the additional building rights is EUR 1.0 million.

Property		Valuation technique	Key unobservable inputs	Range
S27	Riga, Latvia	DCF	Discount rate	8.45%
Net leasable area (NLA)	7,450 sq. m		Rental growth p.a.	0.0% - 5.0%
Segment	Office		Long-term vacancy rate	2.0% - 5.0%
Year of construction/renovation	2006/2014		Exit yield	6.5%
			Average rent (EUR/sq. m)	14.65
Galerija Centrs	Riga, Latvia	DCF	Discount rate	9.5%
Net leasable area (NLA)	19,361 sq. m		Rental growth p.a.	0.0% - 5.0%
Segment	Retail		Long-term vacancy rate	3.5% - 5.0%
Year of construction/renovation	1939/2006		Exit yield	7.5%
			Average rent (EUR/sq. m)	17.25
North Star	Vilnius, Lithuania	DCF	Discount rate	8.8%
Net leasable area (NLA)	10,631 sq. m		Rental growth p.a.	2.4% - 9.1%
Segment	Office		Long-term vacancy rate	5.0% - 15.0%
Year of construction/renovation	2009		Exit yield	7.0%
			Average rent (EUR/sq. m)	12.6
Meraki	Vilnius, Lithuania	DCF	Discount rate	9.9%
Net leasable area (NLA)	16,221 sq. m		Rental growth p.a.	1.9% - 3.0%
Segment	Office		Long-term vacancy rate	5.0%
Year of construction/renovation	2021		Exit yield	7.25%
			Average rent (EUR/sq. m)	11.2

The table in the next column sets out information about significant unobservable inputs used at 31 December 2023 in measuring investment properties categorised to Level 3 in the fair value hierarchy.

Type of asset class	Valuation technique	Significant unobservable input	Range of estimates	Fair value measurement sensitivity to unobservable inputs
Investment property	Discounted cash flow	Exit yield	2023: 6.5% - 8.0%	An increase in exit yield in isolation would result in a lower value of Investment property.
		Discount rate	2023: 8.2% - 10.0%	An increase in discount rate in isolation would result in a lower value of Investment property.
		Rental growth p.a.	2023: 0.0% - 9.1%	An increase in rental growth in isolation would result in a higher value of Investment property.
		Long-term vacancy rate	2023: 2.0% - 15.0%	An increase in long-term vacancy rate in isolation would result in a lower value of Investment property.

The book values of investment properties as of 31 March 2024 were as follows:

EUR '000	Total fair value Level 3
Latvia - Galerija Centrs (retail)	64,594
Lithuania - Europa (retail)	36,740
Latvia - Upmalas Biroji (office)	20,482
Estonia - Postimaja (retail)	20,338
Lithuania - North Star (office)	20,056
Latvia - Vainodes I (office)	16,710
Lithuania - Meraki (office)	16,419
Estonia - Lincona (office)	14,370
Latvia - S27 (office)	13,960
Estonia - Coca-Cola Plaza (leisure)	13,242
Estonia - Piritä (retail)	8,760
Latvia - SKY (retail)	5,660
Total	251,331

11. Trade and other receivables

EUR '000	31.03.2024	31.12.2023
Trade receivables, gross	2,650	2,325
Less impairment allowance for doubtful receivables	(605)	(625)
Accrued income	318	433
Other accounts receivable	353	458
Total	2,716	2,591

Trade receivables are non-interest-bearing and are generally on 30-day terms.

As of 31 March 2024, trade receivables at a nominal value of EUR 605 thousand were fully impaired (EUR 625 thousand as of 31 December 2023).

Movements in the impairment allowance for doubtful receivables were as follows:

EUR '000	31.03.2024	31.12.2023
Balance as of 1 January	(625)	(513)
Charge for the period	-	(248)
Amounts written off	-	136
Reversal of allowances recognised in previous periods	20	-
Balance at end of period	(605)	(625)

The ageing analysis of trade receivables not impaired is as follows (at the end of the period):

EUR '000	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30-60 days	60-90 days	90-120 days	>120 days
31.03.2024	2,045	674	485	297	139	321	129
31.12.2023	1,700	919	283	169	100	93	136

12. Cash and cash equivalents

EUR '000	31.03.2024	31.12.2023
Cash at banks and on hand	12,459	6,182
Total cash	12,459	6,182

As of 31 March 2024, the Group had to keep at least EUR 1,150 thousand (31 December 2023: EUR 1,150 thousand) of cash in its bank accounts due to certain restrictions in bank loan agreements.

13. Equity

13a. Paid in capital

The units are currently listed on the Fund List of the Nasdaq Tallinn Stock Exchange. The Fund's Swedish depository receipts (the SDRs) are listed on the Nasdaq Stockholm Stock Exchange. As of 31 March 2024, the total number of the Fund's units was 119,635,429 (31 December 2023: 119,635,429). Units issued are presented in the table below:

EUR '000	Number of units	Amount
As of 1 January 2024, and 31 March 2024	119,635,429	145,200

A unit represents the investor's share in the assets of the Fund. The Fund has one class of units. The investors have the following rights deriving from their ownership of units:

- to own a share of the Fund's assets corresponding to the number of units owned by the investor;
- to receive, when payments are made a share of the net income of the Fund in proportion to the number of units owned by the investor (pursuant to the Fund Rules);
- to call a general meeting in the cases prescribed in the Fund Rules and the law;
- to participate and vote in a general meeting pursuant to the number of votes arising from units belonging to the investor and the number of votes arising from units which have been issued and not redeemed as of ten days before the general meeting is held.

Subsidiaries did not hold any units of the Fund as of 31 March 2024 and 31 December 2023.

The Fund did not hold its own units as of 31 March 2024 and 31 December 2023.

13b. Cash flow hedge reserve

This reserve represents the fair value of the effective part of the derivative financial instruments (interest rate swaps), used by the Fund to hedge the cash flows from interest rate risk in the periods ended on 31 March 2024 and 31 December 2023. Please refer to note 18 for more information.

EUR '000	31.03.2024	31.12.2023
Balance at the beginning of the year	531	1,681
Movement in fair value of existing hedges	(219)	(1,273)
Movement in deferred income tax (note 9)	27	123
Net variation during the period	(192)	(1,150)
Balance at the end of the period	339	531

14. Interest-bearing loans and borrowings

EUR '000	Maturity	Effective interest rate	31.03.2024	31.12.2023
Non-current borrowings				
Secured bonds	May 2028	3M EURIBOR + 8.00%	34,122	34,099
Bank 1	Jan 2028	3M EURIBOR + 2.25%	2,763	2,792
Bank 3 ¹	Jan 2029	6M EURIBOR + 2.80%	16,450	-
Bank 3 ¹	Jan 2029	6M EURIBOR + 3.00%	9,472	-
Bank 1	Feb 2026	6M EURIBOR + 1.90%	4,585	4,626
Bank 4	Feb 2026	6M EURIBOR + 1.75%	16,593	16,720
Bank 1	Dec 2027	6M EURIBOR + 2.25%	9,118	9,198
Bank 5	Aug 2028	6M EURIBOR + 2.50%	10,303	10,363
Lease liabilities			251	255
Less current portion of bank loans and bonds			(13,703)	(13,878)
Less current portion of lease liabilities			(18)	(17)
Total non-current debt			89,936	64,158

EUR '000	Maturity	Effective interest rate	31.03.2024	31.12.2023
Current borrowings				
Bank 1 ¹	Mar 2024	6M EURIBOR + 2.65%	-	8,998
Bank 1 ¹	Mar 2024	3M EURIBOR + 3.90%	-	8,397
Bank 2	Aug 2024	6M EURIBOR + 3.10%	30,000	29,999
Bank 1 ²	Nov 2024	3M EURIBOR + 1.75%	7,947	7,946
Bank 1	Nov 2024	3M EURIBOR + 1.60%	10,264	10,349
Current portion of non-current bank loans and bonds			13,703	13,878
Current portion of lease liabilities			18	17
Total current debt			61,932	79,584
Total			151,868	143,742

- The loan was refinanced on 6 February 2024 with another bank.
- The agreement to prolong the loan was signed on 15 April 2024 with the same bank.

Loan and bond securities

Borrowings received were secured with the following pledges and securities as of 31 March 2024:

	Mortgages of the property*	Second rank mortgages for derivatives	Cross-mortgage	Commercial pledge of the entire assets
Bank 1	Lincona, SKY, S27, Vainodes I, and Pirita	Europa, Vainodes I	Pirita and Lincona for Pirita and Lincona bank loans, Vainodes I, SKY and S27 for Vainodes I, SKY and S27 bank loan	Vainodes I, S27
Bank 2	Galerija Centrs	Galerija Centrs		Galerija Centrs
Bank 3	Europa and North Star			
Bank 4	Coca-Cola Plaza and Postimaja ⁷			
Bank 5	Upmalas Biroji			Upmalas Biroji
Secured bonds	Meraki			

*Please refer to note 10 for the carrying amounts of assets pledged at period end.

	Guarantee	Pledge of land lease rights of the land plots	Pledges of bank accounts	Share pledge
Bank 1	Vainodes I and SKY for S27 bank loan; S27 and SKY for Vainodes I bank loan; Vainodes SKY I and S27 for SKY bank loan	Lincona,	SKY, S27 and Vainodes I	Vainodes Krasti SIA, BH S27 SIA
Bank 2	Baltic Horizon Fund for Galerija Centrs SIA up to EUR1,500,000			BH Galerija Centrs SIA
Bank 3			Europa, North Star	
Bank 5	Baltic Horizon Fund for Upmalas Biroji			Upmalas Biroji

15. Trade and other payables

EUR '000	31.03.2024	31.12.2023
Trade payables	908	974
Management fee payable	1,035	859
Accrued financial expenses	842	813
Accrued expenses	178	166
Tax payables	146	162
Other payables	304	369
Total trade and other payables	3,413	3,343

Terms and conditions of trade and other payables:

- Trade payables are non-interest-bearing and are normally settled on 30-day terms.
- Other payables are non-interest-bearing and have an average term of 3 months.

16. Commitments and contingencies**16a. Litigation**

As of 31 March 2024, there was no ongoing litigation, which could materially affect the consolidated financial position of the Group.

16b. Contingent assets

The Group did not have any contingent assets as of 31 March 2024.

16c. Contingent liabilities

According to BH Duetto UAB Share Sale and Purchase agreement, the Group has issued the NOI and defects guarantee. The NOI guarantee is valid until 31 December 2025 and covers the shortfall between the rent calculated on the basis of the conditions stated in the sale and purchase agreement and the actual NOI. The maximum potential liability under the defects guarantee is limited to EUR 600 thousand.

The Group did not have any other contingent liabilities as of 31 March 2024.

17. Related parties

During the reporting period, the Group entered into transactions with related parties. Those transactions and related balances are presented below. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. All transactions between related parties are priced on an arm's length basis.

Northern Horizon Capital AS

As set out in Baltic Horizon Fund Rules, Northern Horizon Capital AS (the Management Company) carries out asset manager functions on behalf of the Fund and the Fund pays management fees for it (note 6).

The Group's transactions with related parties during Q1 2024 and 2023 were the following:

EUR '000	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Northern Horizon Capital AS group		
Management fees	330	387

The Group's balances with related parties as of 31 March 2024 and 31 December 2023 were the following:

EUR '000	01.01.2024 - 31.03.2024	01.01.2023 - 31.03.2023
Northern Horizon Capital AS group		
Management fees payable	1,035	859

The Management Company is entitled to receive an annual management fee which is calculated quarterly, based on the 3-month average market capitalisation of the Fund. In case the market capitalisation is lower than 90% of the NAV of the Fund, the amount equal to 90% of the NAV of the Fund shall be used for the management fee calculation instead of the market capitalisation.

The fee is based on the following rates and in the following tranches:

- 1.50% of the market capitalisation below EUR 50 million;
- 1.25% of the part of the market capitalisation that is equal to or exceeds EUR 50 million and is below EUR 100 million;
- 1.00% of the part of the market capitalisation that is equal to or exceeds EUR 100 million and is below EUR 200 million;
- 0.75% of the part of the market capitalisation that is equal to or exceeds EUR 200 and is below EUR 300 million;
- 0.50% of the part of the market capitalisation that is equal to or exceeds EUR 300 million.

The Management Company is entitled to calculate the performance fee based on the annual adjusted funds from operations (AFFO) of the Fund. If AFFO divided by paid in capital during the year exceeds 8% per annum, the Management Company is entitled to a performance fee in the amount of 20% of the amount exceeding 8%. The performance fee based on this formula has been calculated starting from 1 January 2017. The performance fee first became payable in the fifth year of the Fund (i.e. 2020).

Northern Horizon Capital AS Group did not own any units of the Fund as of 31 March 2024.

Supervisory Board of the Fund

As set out in Baltic Horizon Fund Rules, Supervisory Board members are entitled to remuneration for their service in the amount determined by the General Meeting. The remuneration of the Supervisory Board of the Fund amounted to EUR 12 thousand during Q1 2024 (EUR 12 thousand during Q1 2023). Please refer to note 6 for more information regarding the total expenses related to the Supervisory Board of the Fund.

Entities having control or significant influence over the Fund

The holders of units owning more than 5% of the units in total as of 31 March 2024 and 31 December 2023 are presented in the tables below:

As of 31 March 2024	Number of units	Percentage
Swedbank AB / Nordic Issuing AB clients	24,878,020	20.8%
SEB Bank AB clients	18,134,581	15.2%
Swedbank AB clients	15,784,259	13.2%
Raiffeisen Bank International AG clients	9,533,317	8.0%

As of 31 December 2023	Number of units	Percentage
Swedbank AB / Nordic Issuing AB clients	24,077,945	20.1%
SEB Bank AB clients	15,689,287	13.1%
Swedbank AB clients	15,406,998	12.9%
Raiffeisen Bank International AG clients	9,410,507	7.9%

18. Financial instruments

Fair values

Set out below is a comparison by category of the carrying amounts and fair values of all the Group's financial instruments carried in the consolidated financial statements:

EUR '000	Carrying amount		Fair value	
	31.03.2024	31.12.2023	31.03.2024	31.12.2023
Financial assets				
Trade and other receivables	2,716	2,591	2,716	2,591
Cash and cash equivalents	12,459	6,182	12,459	6,182
Derivative financial instruments	628	916	628	916
Financial liabilities				
Interest-bearing loans and borrowings				
Bank loans	(117,495)	(109,388)	(117,495)	(109,388)
Bonds	(34,122)	(34,099)	(34,500)	(34,500)
Trade and other payables	(3,413)	(3,343)	(3,413)	(3,343)

Fair value hierarchy

Quantitative disclosures of the Group's financial instruments in the fair value measurement hierarchy as of 31 March 2024 and 31 December 2023:

As of 31 March 2024

EUR '000	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Trade and other receivables	-	-	2,716	2,716
Cash and cash equivalents	-	12,459	-	12,459
Derivative financial instruments	-	628	-	628
Financial liabilities				
Interest-bearing loans and borrowings				
Bank loans	-	-	(117,495)	(117,495)
Bonds	-	-	(34,500)	(34,500)
Trade and other payables	-	-	(3,413)	(3,413)

As of 31 December 2023

EUR '000	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Trade and other receivables	-	-	2,591	2,591
Cash and cash equivalents	-	6,182	-	6,182
Derivative financial instruments	-	916	-	916
Financial liabilities				
Interest-bearing loans and borrowings				
Bank loans	-	-	(109,388)	(109,388)
Bonds	-	-	(34,500)	(34,500)
Trade and other payables	-	-	(3,343)	(3,343)

Management assessed that the carrying amounts of cash and short-term deposits, rent and other receivables, trade payables and other current liabilities approximate their fair values largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions are used to estimate the fair values:

- Trade and other receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer, and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses on these receivables. As of 31 March 2024, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. The fair value of derivatives has been calculated by discounting the expected future cash flows at prevailing interest rates.
- The fair values of the Group's interest-bearing loans and borrowings are determined by discounting the expected future cash flows at prevailing interest rates. The estimated fair values of the Group's interest-bearing loans and borrowings were determined using effective agreements' interest rates which represent current market rate.
- Cash and cash equivalents are attributed to Level 2 in the fair value hierarchy.

19. Derivative financial instruments

The Group has entered into interest rate swaps (IRS) with SEB and interest rate cap (CAP) agreements with Swedbank, OP and SEB.

The purpose of derivative instruments is to hedge the interest rate risk arising from the interest rate fluctuations of the Group's non-current loans and some of the Group's current loans because the Group's policy is to have fixed interest expenses. According to the IRS agreements, the Group makes fixed interest payments to the bank and receives variable interest rate payments from the bank. An interest rate cap allows to limit the interest rate fluctuation to a certain level. IFRS 9 allows hedge accounting provided that the hedge is effective. In such cases, any gain or loss recorded on the fair value changes of the financial instrument is recognised in an equity reserve rather than the income statement. The ineffective part of the change in the fair value of the hedging instrument (if any) is recognised in the income statement. Specific documentation on each financial instrument is required to be maintained to ensure compliance with hedge accounting principles. Please refer to note 13b for more information.

EUR '000						Fair value	
Derivative type	Starting date	Maturity date	Notional amount	Variable rate (received)	Fixed rate (paid)	31.03.2024	31.12.2023
IRS	May 2018	Apr 2024	4,920	3M EURIBOR	0.63%	23	50
IRS	Mar 2018	Aug 2024	18,402	3M EURIBOR	0.73%	193	314
CAP	Aug 2024	Aug 2025	17,900	3M EURIBOR	3.0%	52	28
CAP	Aug 2023	Aug 2024	10,575	1M EURIBOR	3.0%	33	42
CAP	Feb 2023	Feb 2024	17,200	6M EURIBOR	3.0%	-	81
CAP	Apr 2024	Apr 2025	4,921	3M EURIBOR	3.0%	11	13
CAP	Sep 2023	Sep 2024	5,800	3M EURIBOR	3.0%	22	27
CAP	Aug 2022	Mar 2024	3,500	3M EURIBOR	2.0%	-	13
CAP	Aug 2022	Mar 2024	7,000	3M EURIBOR	2.0%	-	27
CAP	Mar 2024	Mar 2025	11,000	6M EURIBOR	3.0%	57	34
CAP	Oct 2022	May 2025	30,000	6M EURIBOR	3.0%	190	194
CAP	Sep 2022	Mar 2024	9,000	6M EURIBOR	1.0%	-	67
CAP	Mar 2024	Mar 2025	9,000	6M EURIBOR	3.0%	47	26
Derivative financial instruments, assets						628	916
Net value of financial derivatives						628	916

Derivative financial instruments were accounted for at fair value as of 31 March 2024 and 31 December 2023. The maturity of the derivative financial instruments of the Group is as follows:

Classification according to maturity

EUR '000	Liabilities		Assets	
	31.03.2024	31.12.2023	31.03.2024	31.12.2023
Non-current	-	-	253	295
Current	-	-	375	621
Total	-	-	628	916

20. Subsequent events

On 8 April 2024, the Fund early redeemed part of the short-term bonds in the amount of EUR 4,499,997.60. The redemption was carried out on 8 April 2024 by way of decreasing the nominal value of the bonds and the new nominal value is EUR 71,428.57 per bond. The total nominal amount of the bonds before the redemption was EUR 34,499,997 and after the redemption is EUR 29,999,999.40.

On 15 April 2024, the BH S27 SIA bank loan was prolonged until November 2024.

21. List of consolidated companies

Name	Registered office	Registration Number	Date of incorporation / acquisition	Activity	Interest in capital
BH Lincona OÜ	Hobujaama str. 5, Tallinn, Estonia	12127485	20 June 2011	Asset holding company	100%
BOF SKY SIA	Audēju iela 16 – 1, Riga, Latvia	40103538571	27 March 2012	Asset holding company	100%
BH CC Plaza OÜ (merged with BH P80 OÜ on 5 July 2023)	Hobujaama str. 5, Tallinn, Estonia	12399823	11 December 2012	Asset holding company	100%
BH Europa UAB	Konstitucijos ave. 7A-1, Vilnius, Lithuania	300059140	2 March 2015	Asset holding company	100%
Kontor SIA	Mūkusalas str. 101, Rīga, Latvia	40003771618	30 August 2016	Asset holding company	100%
Pirita Center OÜ	Merivälja str. 24, Tallinn, Estonia	12992834	16 December 2016	Asset holding company	100%
Vainodes Krasti SIA	Audeju str. 16, Riga, Latvia	50103684291	12 December 2017	Asset holding company	100%
BH S27 SIA	Skanstes iela 27, Riga, Latvia	40103810023	15 August 2018	Asset holding company	100%
BH Meraki UAB	Eitminių Str. 3-102, Vilnius, Lithuania	304875582	18 July 2018	Asset holding company	100%
BH Galerija Centrs SIA	Audeju str. 16, Riga, Latvia	40003311422	13 June 2019	Asset holding company	100%
BH Northstar UAB	Ulonų str. 2, Vilnius, Lithuania	305175896	29 May 2019	Asset holding company	100%

Management approval of consolidated financial statements

The interim condensed consolidated financial statements of Baltic Horizon Fund were approved for issue by the Management Board of the Management Company on 9 May 2024.

Tarmo Karotam
Chairman of the Management Board

Aušra Stankevičienė
Member of the Management Board

Edvinas Karbauskas
Member of the Management Board

Appendices



Definitions and abbreviations

AIFM

Alternative Investment Fund Manager.

AFFO

Adjusted Funds From Operations means the net operating income of properties less fund administration expenses, less external interest expenses and less all capital expenditures including tenant fit-out expenses invested into existing properties by the Fund. New investments and acquisitions and follow-on investments into properties are not considered to be capital expenditures.

Cash ratio

The ratio is calculated as cash and cash equivalents divided by current liabilities.

Current ratio

The ratio is calculated as current assets divided by current liabilities.

Direct Property Yield

NOI divided by acquisition value and subsequent capital expenditure of the property.

Dividend

Cash distributions paid out of the cash flows of the Fund in accordance with the Fund Rules.

Equity ratio

The ratio is calculated as total equity divided by total assets.

Fund

Baltic Horizon Fund.

GAV

Gross Asset Value of the Fund.

IFRS

International Financial Reporting Standards.

LTV

Loan-to-value ratio. The ratio is calculated as the amount of the external bank loan debt less lease liabilities (IFRS 16) divided by the carrying amount of investment property (including investment property under construction).

Management Company

Northern Horizon Capital AS, register code 11025345.

NAV

Net asset value for the Fund.

NAV per unit

NAV divided by the amount of units in the Fund at the moment of determination.

Net Initial Yield

NOI divided by market value of the property.

Net LTV

Net Loan-to-value ratio. The ratio is calculated as the amount of the external bank loan debt less lease liabilities (IFRS 16) and cash and cash equivalents divided by the carrying amount of investment property (including investment property under construction).

NOI

Net operating income.

Occupancy rate

The ratio is calculated as rented area divided by net leasable area.

Quick ratio

The ratio is calculated as current assets less inventory and prepaid expenses divided by current liabilities.

Return on assets

The ratio is calculated as profit/loss for the period divided by average assets.

Return on equity

The ratio is calculated as profit/loss for the period divided by average equity.

Triple Net Lease

A triple net lease is a lease agreement that designates the lessee, i.e. the tenant, as being solely responsible for all the costs relating to the asset being leased, in addition to the rent fee applied under the lease.

TTM

Trailing 12 months.

EPRA indicators and definitions

EPRA Indicators	EPRA definition	EPRA purpose
EPRA Earnings	Earnings from operational activities	A key measure of a company's underlying results and an indication of the extent to which current dividend payments are supported by earnings.
EPRA NRV	Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company, under different scenarios.
EPRA NTA	Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	
EPRA NDV	Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.	
EPRA LTV	Debt divided by market value of the property	Determines the percentage of debt compared to the appraised value of the properties.
EPRA Net initial yield (NIY)	Annualised rental income based on the cash rents passing at the reporting date, less non-recoverable property operating expenses, divided by the market value of the property, increased by (estimated) purchasers' costs.	A comparable measure for portfolio valuations. This measure should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.
EPRA Topped-up NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	
EPRA Vacancy rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	A 'pure' (%) measure of investment property space that is vacant, based on ERV.
EPRA Cost ratio	Administrative & operating costs (including & excluding the costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs.

5-year overview of key figures

Key earnings figures	Unit	Q1 2024	Q1 2023	Q1 2022	Q1 2021	Q1 2020
Rental income	EUR '000	3,846	5,274	4,959	4,677	6,209
Net rental income	EUR '000	2,794	4,202	4,193	4,173	5,772
Net rental income margin	%	72.6	79.7	84.6	89.2	93.0
Valuation gains (losses) on investment properties	EUR '000	(4)	(4)	(6)	(4)	(4)
EBITDA	EUR '000	2,219	3,476	3,541	3,428	4,891
EBITDA margin	%	57.7	65.9	71.4	73.3	78.8
EBIT	EUR '000	1,848	1,939	3,535	3,424	4,887
EBIT margin	%	48.0	36.8	71.3	73.2	78.7
Net profit (loss)	EUR '000	(624)	22	1,996	1,905	3,354
Net profit (loss) margin	%	(16.2)	0.4	40.3	40.7	54.0
Earnings per unit	EUR	(0.01)	0.00	0.02	0.02	0.03
Generated net cash flow	EUR '000	(1,115)	1,477	1,897	2,034	3,496
Generated net cash flow per unit	EUR/unit	(0.010)	0.012	0.016	0.017	0.031
Key financial position figures	Unit	31.03.2024	31.12.2023	31.12.2022	31.12.2021	31.12.2020
Total assets	EUR '000	269,165	261,138	343,963	346,338	355,602
Return on assets (TTM)	%	(8.0)	(7.6)	1.1	0.4	(3.7)
Total equity	EUR '000	108,716	109,532	133,655	132,584	136,321
Equity ratio	%	40.5	41.9	38.9	38.3	38.3
Return on equity (TTM)	%	(19.5)	(18.9)	3.0	1.1	(9.4)
Interest-bearing loans and borrowings	EUR '000	151,868	143,742	195,111	199,147	205,892
Total liabilities	EUR '000	160,449	151,606	210,308	213,754	219,281
LTV	%	60.3	57.3	58.4	60.7	60.5
Average cost of debt	%	5.8	5.2	3.0	2.7	2.6
Weighted average duration of debt	years	2.6	2.3	1.8	1.5	2.1
Current ratio	times	0.2	0.1	0.1	0.4	1.1
Quick ratio	times	0.2	0.1	0.1	0.4	1.0
Cash ratio	times	0.2	0.1	0.1	0.3	0.9
IFRS NAV per unit	EUR	0.9087	0.9156	1.1172	1.1082	1.1395
Key property portfolio figures	Unit	Q1 2024	Q1 2023	Q1 2022	Q1 2021	Q1 2020
Fair value of portfolio	EUR '000	251,331	250,385	333,123	327,359	339,992
Properties	number	12	12	15	15	16
Net leasable area	sq. m	118,650	119,201	151,870	144,081	153,345
Occupancy rate	%	83.5%	81.1%	90.5	92.1	94.3



Baltic Horizon Fund is managed by Alternative Investment Fund
Manager license holder Northern Horizon Capital AS.

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Baltic Horizon Fund is committed to contribute to
a greener future for generations to come.



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