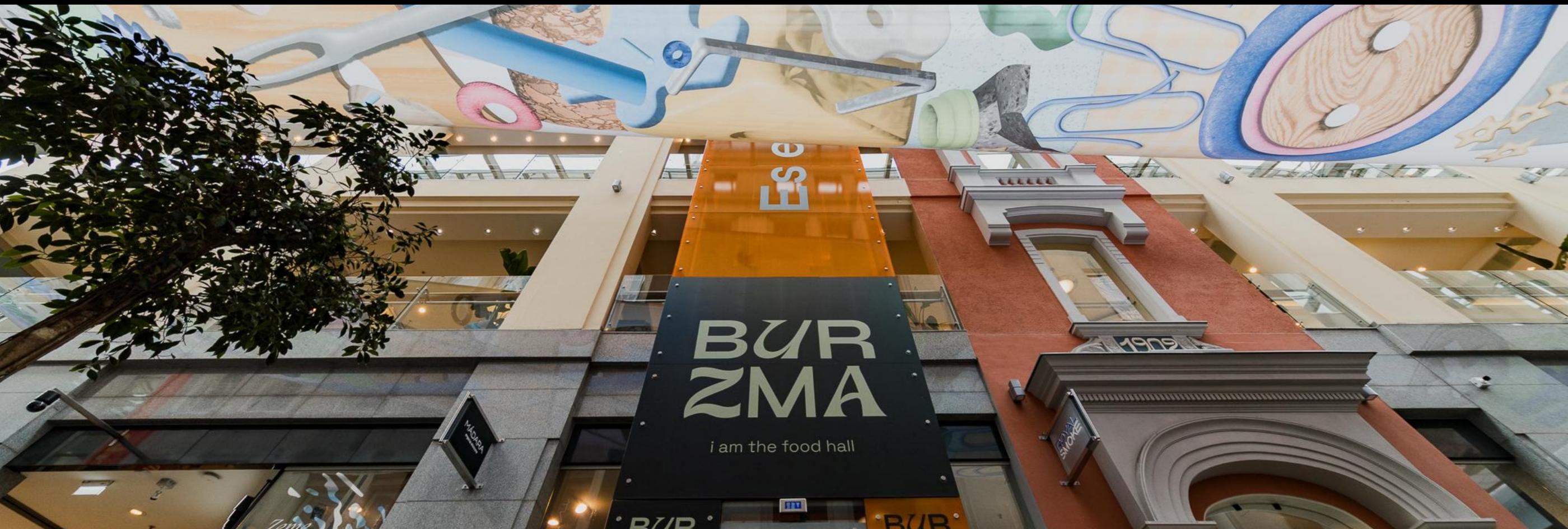


Annual report 2025



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Management report



Management review

Baltic Horizon Fund reports its annual result and the financial standing at the end of 2025. Following additional capital raised from unitholders in the first quarter of 2026, the Fund continues to operate as a going concern.

The year ended with a EUR 20.1 million net loss, following consecutive losses of EUR 16.8 million in 2024 and EUR 23.0 million in 2023 (EUR 59.9 million over a three-year cycle). This massive adjustment is largely a result of the mark down of the value of the Fund's investment portfolio in the total amount of EUR 58.1 million over the past three years (part of which is already realized through the disposals), but also due to continuous loss the Fund is suffering from. The underlying result from core operations for 2025 was a loss of EUR 0.7 million, compared to a loss of EUR 1.9 million in 2024. This figure excludes non-cash impacts, such as investment property revaluations, hedging instruments, and deferred taxes.

Reflecting back, this substantial valuation adjustment was driven by two fundamental reasons. First – the Fund was acquiring properties during the period of elevated market valuations and thus overpaid for most of its past investments, often supported by complex, high-leverage financing. Second – there was a historical reliance on external service providers and management structures that proved less adaptable to the significant shocks recently seen in the commercial property markets where the Fund operates. For the past 5 years the management has been primarily focused on ensuring the fundamental stability of Baltic Horizon Fund.

The Fund concluded 2025 with an equity level below the required thresholds for its bond covenants (ISIN: EE3300003235), with lenders of maturing property loans requiring strengthening of the capital of the Fund and accelerated amortization as conditions for their prolongation. In anticipation of these, the management in consultations with the Supervisory Board of the Fund and following a clear mandate from unitholders in December 2025, management executed a successful secondary public offering in March 2026. This capital raise secured EUR 12.3 million, effectively addressing imminent liquidity requirements and providing a solid runway through 2027. A significant portion of these proceeds, EUR 7.5 million, is being used for the partial redemption of outstanding bonds at the time of this report. With no property loans set to expire during 2026, the Fund's liquidity position is now stable, supporting its continued operations as a going concern.

Management has aggressively streamlined the Fund's administrative cost structure throughout 2025. By discontinuing the secondary listing in Stockholm and terminating non-core consultancy and marketing services, administrative expenses were reduced to EUR 1.9 million, down from EUR 2.4 million in 2024. The full benefit of these cost-saving measures will be realized during the 2026. To manage financial risks, the Fund holds interest rate swaps and monitors the interest rate environment.

During 2025 the ownership of the management company was taken up by the founders of a private investment company Grinvest, who have first invested into Baltic Horizon Fund in 2024 and since then became the largest unitholders. Following the new capital raising completed in March 2026, around 4.6% of the units are currently held by the management company (through its subsidiary Gene Investments OÜ).

The indebtedness of the Fund remains too high still, and restoring the performance of its investment portfolio will require sustained time, capital, and professional effort. Addressing these two are the essential building blocks for any future strategy choices. Consequently, the Fund will not be in a position to issue distributions to its unitholders during the coming year.

The Fund is advancing environmental sustainability by transitioning its property portfolio to wind and solar power through strategic green leases, while simultaneously driving social impact by hosting community health initiatives and climate awareness events at its retail and office hubs.

With a newly structured management team at both the Fund and property levels, we fully acknowledge the challenges of the past. Our focus is entirely forward-looking, as we remain dedicated to rebuilding value and realizing the Fund's long-term potential through collective effort. The Fund now owns a portfolio of great commercial properties, at adequately adjusted valuations, some of them – the true landmarks in the Baltic capitals. Operational adjustments are well underway, imminent debt risks are mitigated, and we are determined to restore a healthy balance sheet of Baltic Horizon Fund over the next 12 months. Restoring commercial performance of our properties is the ultimate priority and will determine both the cash flow generation capacity of the Fund and the market value of the units.



Key figures 2025

Key earnings figures	Unit	2025	2024	Change %
Rental income	EUR '000	15,098	15,136	(0.3%)
Net rental income	EUR '000	11,663	11,588	0.6%
Valuation gains (losses) on investment properties	EUR '000	(20,602)	(15,581)	(32.2%)
EBIT	EUR '000	(12,211)	(7,211)	(69.3%)
Net profit (loss)	EUR '000	(20,079)	(16,781)	(19.7%)
Earnings per unit	EUR	(0.14)	(0.12)	(16.7%)
Generated net cash flow ¹	EUR '000	(711)	(6,996)	89.8%
Generated net cash flow per unit ²	EUR/unit	(0.00)	(0.06)	100.0%

Key property portfolio figures	Unit	31.12.2025	31.12.2024	Change %
Fair value of portfolio	EUR '000	208,940	241,158	(13.4%)
Properties ³	number	11	12	(8.3%)
Total Net leasable area	sq. m	111,224	118,269	(6.0%)
Occupancy rate ⁴	%	86.2	82.1	5.0%

Key property portfolio figures	Unit	2025	2024	Change %
Direct property yield	%	3.9	3.8	2.6%
Net initial yield	%	5.2	4.7	10.6%

Key financial position figures	Unit	31.12.2025	31.12.2024	Change %
Total assets	EUR '000	216,620	256,048	(15.4%)
Total equity	EUR '000	78,250	98,095	(20.2%)
Equity ratio	%	36.1	38.3	(5.7%)
Interest-bearing loans and borrowings	EUR '000	133,285	149,227	(10.7%)
Total liabilities	EUR '000	138,370	157,953	(12.4%)
LTV	%	64.0	61.8	3.6%
Average cost of debt	%	6.1	6.7	(9.0%)
Weighted average duration of debt	years	2.3	2.8	(17.9%)
IFRS NAV per unit	EUR	0.5451	0.6833	(20.2%)

Key unit figures	Unit	31.12.2025	31.12.2024	Change %
Number of units outstanding	units	143,562,514	143,562,514	-
Highest unit price during the period	EUR	0.2850	0.3730	(23.6%)
Lowest unit price during the period	EUR	0.1517	0.2410	(37.1%)
Closing unit price	EUR	0.1550	0.2521	(38.5%)
Market capitalisation ⁵	EUR	22,252,190	36,192,110	(38.5%)

1. 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.

2. Generated net cash flow per numbers of units at the end of the period.

3. Properties includes 11 established cash flow properties.

4. Occupancy based on tenants moved in; 87.3% as at 31.12.2025 occupancy rate based on lease signing date.

5. Based on the closing prices units on the Nasdaq Tallinn Stock Exchange.

Property report

Leasing and tenant update

Leasing Update

At the end of 2025 the Fund owned the portfolio of 11 commercial properties across the three Baltic capitals, all of them acquired before 2020. Property management is being insourced and as of the beginning of 2026 most are managed by personnel exclusively employed by the subsidiaries of the Fund.

Independent valuations at year-end 2025 averaged 1,879 EUR per sq.m. (including parking). This remains significantly below current replacement costs, providing a distinct competitive advantage over new developments. This positioning allows the Fund to offer attractive rental terms within its market segments. However, most of the properties are being taken through extensive releasing and that entails necessary outlays to accommodate incoming tenants and upgrade properties to meet contemporary requirements. Over 20,000 sq.m. of commercial space is currently vacant or up for releasing during 2026.

Most significant asset enhancement projects are planned in the following properties:

- Lincona in Tallinn, as the property will be taken through a comprehensive upgrade and reletting during 2026;
- Hipokrata Retail center in Riga, given that its former anchor tenant Sky is effectively in insolvency at the time of publishing of this report;
- Vainodes office property where a significant refurbishment is committed under the terms of lease prolongation with its anchor tenant LVM;
- S27 and Upmalas Biroji, as both properties are accommodating new office tenants
- Europa and Galerija Centrs along their respective leasing of vacant retail and service spaces

Property Disposals

On 13 March 2025 Meraki Business Home disposal was finalized. The sales price of the asset was approximately EUR 16 million. Three holdings are identified as available for sale for as long as the Fund remains overindebted: North Star (Vilnius), Sky SC (Riga) and Pirita SC (Tallinn). Active disposal process for these will be started once the immediate property management objectives are achieved. Disposals for prices below latest reported fair value will not be considered.

Overview of investment properties as of 31 December 2025

Property	Sector	Acquisition year	Fair value ¹ (EUR '000)	NLA (sq. m)	Net initial yield 2025 ²	Average Net initial yield 2025 ³	Occupancy rate	NOI development			
								2025	2024	2023	2022
Galerija Centrs	Retail	2019	58,356	19,956	4.8%	4.6%	87.8%	2,802	2,536	2,139	2,193
Europa SC	Retail	2015	31,836	17,430	3.0%	2.7%	82.5%	944	1,010	1,508	1,028
Postimaja	Retail	2018	21,270	9,232	6.2%	6.0%	99.8%	1,312	1,347	1,319	1,180
North Star	Office	2019	18,778	10,706	6.7%	6.5%	93.2%	1,262	1,374	1,495	1,371
Upmalas Biroji	Office	2016	14,610	11,095	5.9%	4.7%	56.6%	869	823	1,318	1,763
Apollo Plaza complex	Leisure	2015	13,260	7,877	6.8%	6.8%	100.0%	905	579	807	864
Vainodes I	Office	2017	12,400	8,128	10.0%	8.1%	100.0%	1,242	1,432	1,431	1,383
S27	Office	2018	12,270	7,348	(1.2%)	(1.3%)	58.7%	(148)	(85)	814	1,132
Lincona	Office	2011	11,410	10,767	8.9%	7.9%	90.7%	1,015	1,038	1,068	1,102
Pirita SC	Retail	2016	10,050	5,425	8.3%	8.5%	95.1%	832	839	761	664
Sky SC	Retail	2013	4,700	3,260	9.3%	9.0%	100.0%	438	446	420	423
Total active portfolio			208,940	111,224	5.5%	5.2%	86.2%	11,473	11,339	13,080	13,103
Total disposed properties⁴⁻⁶								190	249	1,537	4,327
Total portfolio			208,940	111,224	5.5%	5.2%	86.2%	11,663	11,588	14,617	17,430

1. Based on the latest valuation as of 31 December 2025, recognized right-of-use assets and subsequent capital expenditure.

2. The net initial yield (NIY) is calculated by dividing the 2025 NOI by the market value of the property at year-end.

3. The average NIY is the calendar year average of monthly yields, where each month's yield is calculated as the annualized NOI divided by the property's current market value.

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 Meraki property on 13 March 2025.

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 and staff members of Lithuanian and Latvian subsidiaries (6 at the reporting date) as required by local law.

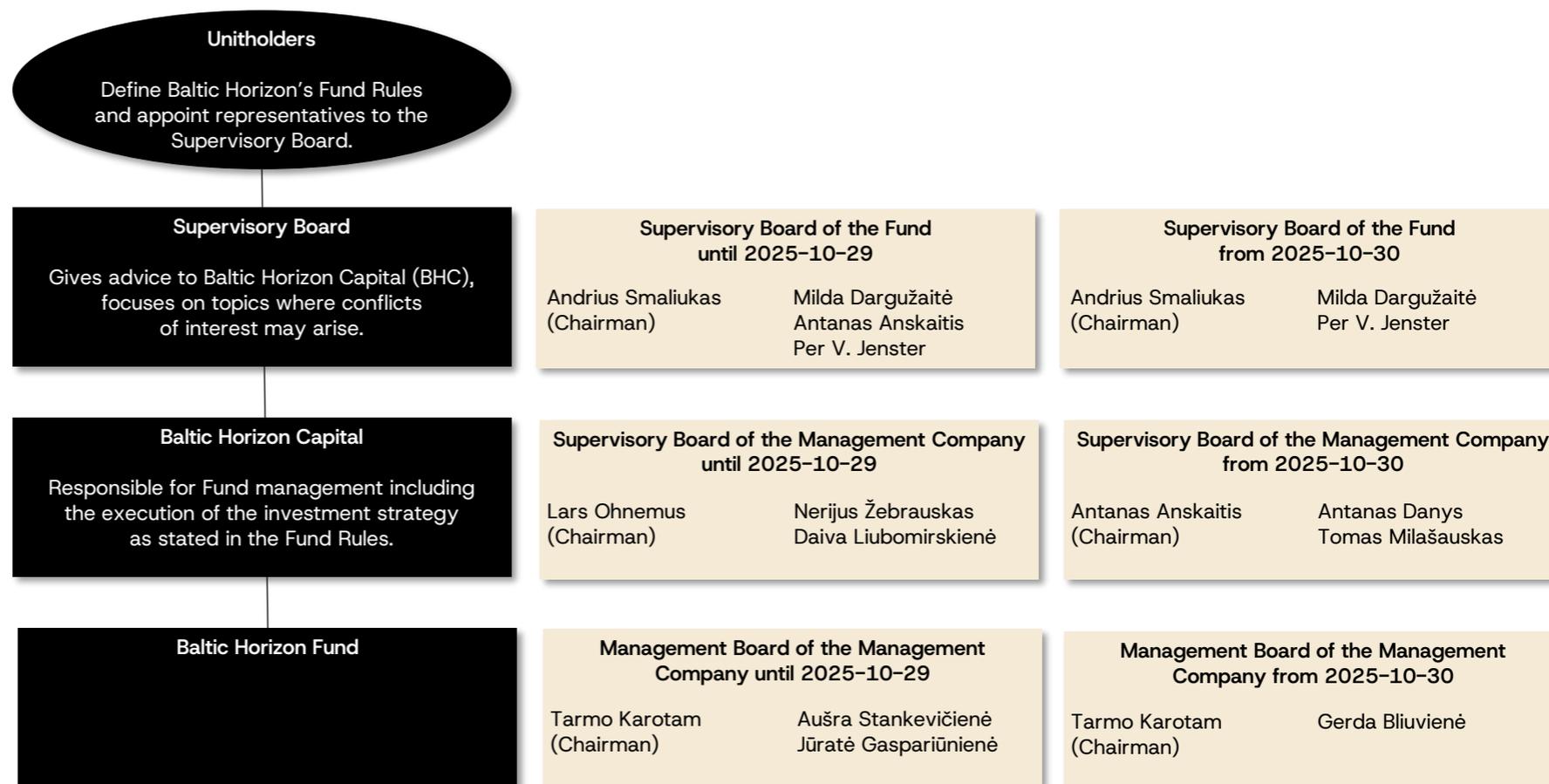
The Fund is managed by the Management Company, which is Baltic Horizon Capital AS (previously Northern Horizon Capital AS). The immediate team comprises of the Management Board, which is headed by the Fund Manager, and the Supervisory Board of the Management Company. The Fund also has its own Supervisory Board, which comprises of 3 independent board members.

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 structure



Management Board and Supervisory Board of the Management Company

The Management Board bears overall responsibility for the daily business of Baltic Horizon Fund. On 30 October 2025, the Management Board transitioned from a three-member body to a two-member body. As of year-end 2025, the Board is composed of Tarmo Karotam and Gerda Bliuvienė, following the departures of Aušra Stankevičienė and Jūratė Gaspariūnienė. 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 a two-year 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 former chairman of the Supervisory Board acting until 30 April 2025 was entitled to an annual remuneration of EUR 15,000 and a regular member was entitled to an annual remuneration of EUR 11,000, whilst the newly appointed chairman of the Supervisory Board acting from 1 May 2025 is entitled to an annual remuneration of EUR 36,000 and a regular member is entitled to an annual remuneration of EUR 11,000.

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

Bios of the members of the Management Board of the Management Company

Tarmo Karotam

Chairman of the Management Board / Fund Manager



Tarmo Karotam is the Fund Manager of Baltic Horizon Fund. He is a long-time member of Baltic Horizon Capital's investment management team and acted as the Fund Manager for BOF, which was the predecessor fund to Baltic Horizon Fund. Tarmo has many years of experience from the Baltic real estate sector. He graduated from EHL Hospitality Business School (B.Sc.) in 2005 and is a member of RICS (MRICS).

Gerda Bliuvienė

Member of the Management Board / Head of Fund finance and administration



Gerda Bliuvienė is the Head of Fund finance and administration of Baltic Horizon Fund. She previously served as the Head of Business Control at Grinvest Group. Prior to this role, she spent ten years with the Northern Horizon Group, where she was a Fund Controller and Senior Analyst. Gerda holds a Master's degree in Economics Policy from the University of Vilnius (2017).

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 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.

Bios of the members of the Supervisory Board of the Fund

Andrius Smaliukas Chairman of the Supervisory Board

Dr. Smaliukas is the Managing Partner at MMSP, a Lithuanian law firm focused on strategic corporate advisory and dispute resolution. He previously partnered at one of the leading Pan-Baltic firm, Valiunas Ellex, and holds nearly 20 years of experience as an arbitrator and international arbitration lead counsel. Dr. Smaliukas earned his Ph.D. and Master of Laws from Vilnius University, conducted postgraduate research at Oxford, and completed executive programs at Cambridge Judge Business School and Harvard Law School. Dr. Smaliukas serves on the boards of Staticus Group, Kesko Senukai, has extensive advisory experience in commercial real estate M&A and investment management across the Baltic countries.

Milda Dargužaitė Member of the Supervisory Board

Milda Dargužaitė is the former CEO of Northern Horizon Capital A/S. She was responsible for managing the company's operations and strategic direction, including the development of new funds and investment vehicles. Milda has significant experience in both the public and private sectors, locally and internationally. She joined the company in 2018 after roles as the Chancellor at the Lithuanian Prime Minister's Office, Managing Director of Invest Lithuania, and advisor to the Lithuanian Minister of Economy. Milda has a wealth of experience in finance and portfolio management from her time at Goldman Sachs in New York and Barclays in London. Milda Dargužaitė was the supervisory board member of Baltic Horizon Capital AS (previously Northern Horizon Capital AS) from July 2018 until September 2023.

Professor Per V. Jenster Member of the Supervisory Board

Dr. Per V. Jenster, Danish, received his PH.D from University of Pittsburgh, has a life-long vocation in real estate (20 years in the Baltics), along side a career as business professor i.a. at IMD, Copenhagen Business School and CEIBS in Shanghai. Per V. Jenster is a Professor Emeritus and International Dean of China's first National Interdisciplinary Institute for Aging Research, Southwest Jiaotong University, and is currently Chairman at Center for International Management & Industrial Development, Switzerland. Per V. Jenster has recently retired a Chairman at Niche Masters Fund after serving 10 years as head of the board of the investment company.

Management Board's confirmation

Members of the Management Board of the Management Company Tarmo Karotam and Gerda Bliuviene confirm that according to their best knowledge, the consolidated financial statements for the financial year 2025, 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 year 2025 and their effect on the consolidated accounts.

**Independent
auditor's report**

Independent auditors' report

To the Unitholders of Baltic Horizon Fund

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Baltic Horizon Fund ("the Fund" or "the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (Estonia) (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair value of investment properties

The carrying amount of investment properties in the consolidated statement of financial position as at 31 December 2025 was EUR 208,940 thousand; revaluation loss recognised in 2025 profit or loss and other comprehensive income was EUR 20,602 thousand.

We refer to the consolidated financial statements: Note 2d (material accounting policies), Note 6 (operating segments) and Note 12 (investment property).

The key audit matter

The Fund's primary activity is investing in commercial real estate. Consequently, investment properties represent the single largest category of assets on the Fund's statement of financial position as at 31 December 2025.

The investment properties are measured at fair value, estimated by the Fund with the assistance of external appraisers, using the discounted cash flow method.

We have assessed this area to be a key audit matter as the valuation process involves significant judgement in determining the appropriate valuation methodology, and in selecting and estimating the underlying assumptions to be applied. The valuations are highly sensitive to these key assumptions, including those relating to the capitalization rates and estimated net income, and a change in the assumptions may have a material impact on the valuation.

How the matter was addressed in our audit

In this area, we conducted, among others, the following audit procedures:

- We assessed the process applied by management in selecting, reviewing and assessing the work of the external appraisers engaged by the Fund.
- We assessed the competence and objectivity of the external appraisers, and also inspected the terms of their engagement with the Fund, to determine whether there were any matters that might have affected their objectivity or limited the scope of their work;
- Assisted by our own valuation specialists, we:
 - Evaluated the appropriateness of the valuation methodology applied by the Fund's external appraisers against relevant financial reporting standards, and against those applied by other appraisers for similar properties;
 - challenged the reasonableness of the key assumptions and inputs used by the Fund in estimating the fair values of investment properties (including market rent rates, exit yield, inflation and vacancy rates) by reference to our independent expectations developed based on our experience with the Fund's industry and external sources (such as publicly available market research by leading real estate appraisal agencies);
 - compared the estimated cash inflows to the terms of rental agreements;
 - made alternative calculations for discount rate (WACC – weighted average cost of capital), based on available market data, and compared it to the rate used in the Fund's calculations.
- We assessed the appropriateness and sufficiency of disclosures (including in respect of sensitivities to key assumptions) in the consolidated financial statements.



Other Information

Management is responsible for the other information. The other information comprises the information included in the management report and in the appendices of the annual report on the pages 49–57, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to state whether the information presented in the management report has been prepared in accordance with the applicable legal and regulatory requirements.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard and we state that the information presented in the management report is materially consistent with the consolidated financial statements and in accordance with the applicable legal and regulatory requirements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (Estonia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the

audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with the Requirements for iXBRL tagging of Consolidated Financial Statements included within the European Single Electronic Format Regulatory Technical Standard (ESEF RTS)

We have undertaken a reasonable assurance engagement on the iXBRL tagging of the consolidated financial statements included in the digital files Baltic_Horizon_Fund-2025-12-31-1-EN.xbri prepared by Baltic Horizon Fund.

Responsibilities of Management for the Digital Files Prepared in Compliance with the ESEF RTS

Management is responsible for preparing digital files that comply with the ESEF RTS. This responsibility includes:

- the selection and application of appropriate iXBRL tags using judgement where necessary;
- ensuring consistency between digitised information and the consolidated financial statements presented in human-readable format; and
- the design, implementation and maintenance of internal control relevant to the application of the ESEF RTS.

Auditors' Responsibilities

Our responsibility is to express an opinion on whether the electronic tagging of the consolidated financial statements complies in all material respects with the ESEF RTS based on the evidence we have obtained.

We apply the provisions of the International Standard on Quality Management (Estonia) 1 (revised) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (Estonia) (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about compliance with the ESEF RTS. The nature, timing and extent of procedures selected depend on the practitioner's judgment, including the assessment of the risks of material departures from the requirements set out in the ESEF RTS, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the tagging and the ESEF RTS, including of internal control over the tagging process relevant to the engagement;
- reconciling the tagged data with the audited consolidated financial statements of the Group dated 31 December 2025;
- evaluating the completeness of the tagging of the consolidated financial statements;
- evaluating the appropriateness of the Group's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- evaluating the use of anchoring in relation to the extension elements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements included in the annual report of Baltic Horizon Fund identified as Baltic_Horizon_Fund-2025-12-31-1-EN.xbri for the year ended 31 December 2025 are tagged, in all material respects, in compliance with the ESEF RTS.

Other Requirements of the Auditors' Report in Accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council

We were appointed by those charged with governance on 29 March 2016 to audit the consolidated financial statements of Baltic Horizon Fund for the year ended 31 December 2015. Our total uninterrupted period of engagement is 11 years, covering the periods ending 31 December 2015 to 31 December 2025.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Supervisory Board of the Group;
- we have not provided to the Group the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014. We also remained independent of the audited entity in conducting the audit.

Tallinn, 31 March 2026

Helen Veetamm
Certified Public Accountant,
Licence No 606

Liisa Piirsalu
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Consolidated financial statements

Consolidated statement of profit or loss and other comprehensive income

EUR '000	Notes	2025	2024
Rental income		15,098	15,136
Service charge income	7	4,947	4,744
Cost of rental activities	7	(8,382)	(8,292)
Net rental income	6	11,663	11,588
Administrative expenses	8	(1,923)	(2,373)
Other operating income (expenses)		126	18
Losses on disposal of investment properties	12	(1,475)	(863)
Valuation losses on investment properties	12	(20,602)	(15,581)
Operating profit (loss)		(12,211)	(7,211)
Financial income		69	196
Financial expenses	9	(9,193)	(10,540)
Net financial costs		(9,124)	(10,344)
Profit (loss) before tax		(21,335)	(17,555)
Income tax charge	6, 11	1,256	774
Loss for the period	6	(20,079)	(16,781)

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

EUR '000	Notes	2025	2024
Other comprehensive income that is or may be reclassified to profit or loss in subsequent periods			
Net gain (loss) on cash flow hedge	15b	252	(1,003)
Income tax relating to net gain (loss) on cash flow hedges	15b,11	(18)	52
Other comprehensive income (loss) net of tax, that is or may be reclassified to profit or loss in subsequent periods		234	(951)
Total comprehensive income (loss) for the period, net of tax		(19,845)	(17,732)
Basic earnings per unit (EUR)	10	(0.14)	(0.13)
Diluted earnings per unit (EUR)	10	(0.14)	(0.12)

Consolidated statement of financial position

EUR '000	Notes	31.12.2025	31.12.2024
Non-current assets			
Investment properties	6, 12	208,940	241,158
Intangible assets		-	4
Property, plant and equipment		7	5
Derivative financial instruments	21	-	1
Other non-current assets		242	1,225
Total non-current assets		209,189	242,393
Current assets			
Trade and other receivables	13	1,760	2,800
Prepayments		294	802
Cash and cash equivalents	14	5,377	10,053
Total current assets		7,431	13,655
Total assets	6	216,620	256,048
Equity			
Paid in capital	15a	151,495	151,495
Cash flow hedge reserve	15b	(186)	(420)
Retained earnings	16	(73,059)	(52,980)
Total equity		78,250	98,095

EUR '000	Notes	31.12.2025	31.12.2024
Non-current liabilities			
Interest-bearing loans and borrowings	16	77,443	98,491
Deferred tax liabilities	11	644	1,898
Derivative financial instruments	21	186	-
Other non-current liabilities		1,110	1,446
Total non-current liabilities		79,383	101,835
Current liabilities			
Interest-bearing loans and borrowings	16	55,842	50,736
Trade and other payables	17	2,729	4,473
Income tax payable		14	14
Derivative financial instruments	21	-	317
Other current liabilities		402	578
Total current liabilities		58,987	56,118
Total liabilities	6	138,370	157,953
Total equity and liabilities		216,620	256,048

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

Consolidated statement of changes in equity

EUR '000	Notes	Paid in capital	Cash flow hedge reserve	Retained earnings	Total equity
As of 1 January 2024		145,200	531	(36,199)	109,532
Comprehensive income (loss)					
Net loss for the period		-	-	(16,781)	(16,781)
Other comprehensive loss		-	(951)	-	(951)
Total comprehensive loss		-	(951)	(16,781)	(17,732)
Capital increase		6,295	-	-	6,295
As of 31 December 2024		151,495	(420)	(52,980)	98,095
As of 1 January 2025		151,495	(420)	(52,980)	98,095
Comprehensive income (loss)					
Net loss for the period		-	-	(20,079)	(20,079)
Other comprehensive loss	15b	-	234	-	234
Total comprehensive loss		-	234	(20,079)	(19,845)
As of 31 December 2025		151,495	(186)	(73,059)	78,250

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

Consolidated statement of cash flows

EUR '000	Notes	2025	2024
Cash flows from core activities			
Profit (loss) before tax	11	(21,335)	(17,555)
Adjustments for non-cash items:			
Value adjustment of investment properties	12	20,602	15,581
Losses on disposal of investment properties	12	1,475	863
Value adjustment of derivative finance instruments		(130)	317
Depreciation of property, plant and equipment		2	6
Change in impairment losses for trade receivables	13	540	202
Financial income		(69)	(196)
Financial expenses	9	9,193	10,540
Working capital adjustments:			
Change in trade and other accounts receivable		500	(411)
Change in other current assets		508	(177)
Change in other non-current liabilities		(336)	368
Change in trade and other accounts payable		(938)	481
Change in other current liabilities		(176)	(84)
Income tax paid		(16)	(43)
Total cash flows from core activities		9,820	9,892

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

EUR '000	Notes	2025	2024
Cash flows from investing activities			
Interest received		69	196
Proceeds/costs from disposal of investment property		15,178	(863)
Capital expenditure on investment properties		(4,764)	(6,354)
Total cash flows from investing activities		10,483	(7,021)
Cash flows from financing activities			
Proceeds from bank loans		490	23,156
Repayment of bank loans		(13,593)	(5,040)
Repayment of bonds		(3,000)	(12,500)
Transaction costs related to loans and borrowings		(20)	(311)
Proceeds from issue of units		-	6,295
Repayment of lease liabilities		(11)	(17)
Interest paid	16	(8,845)	(10,583)
Total cash flows from financing activities	16	(24,979)	1,000
Net change in cash and cash equivalents		(4,676)	3,871
Cash and cash equivalents at the beginning of the year	14	10,053	6,182
Cash and cash equivalents at the end of the period	14	5,377	10,053

Notes to the consolidated financial statements



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 Baltic Horizon Capital AS (previously 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 registered office is at Roseni 7, 10111 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	31.12.2025	31.12.2024
BH Lincona OÜ	100%	100%
BOF SKY SIA (merged into BH Riga SIA)	0%	100%
BH CC Plaza OÜ	100%	100%
BH Europa UAB	100%	100%
Kontor SIA	100%	100%
Pirita Center OÜ	100%	100%
Vainodes Krasti SIA (merged into BH Riga SIA)	0%	100%
BH Riga SIA (previously BH S27 SIA)	100%	100%
BH Novus UAB (previously BH Meraki UAB; merged into BH Northstar UAB)	0%	100%
BH Galerija Centrs SIA	100%	100%
BH Northstar UAB	100%	100%

During 2025 the Group undertook internal legal reorganisations. On 30 December 2025, Vainodes Krasti SIA and BOF SKY SIA were merged into BH S27 SIA. On 31 December 2025, BH Novus UAB was merged into BH Northstar UAB. These mergers did not result in any change in the Group's ultimate control over the underlying businesses and have been accounted for as common control transactions using predecessor values. There was no impact on the Group's profit or loss or equity in 2025 as a result of these mergers.

Baltic Horizon Fund merger with Baltic Opportunity Fund

On 30 June 2016 Baltic Horizon Fund was merged with Baltic Opportunity Fund by issuing 100 units in exchange for each unit in Baltic Opportunity Fund (ratio 1:100). During the public offering 41,979,150 units were listed on the NASDAQ Tallinn stock exchange, the offer price was EUR 1.3086 per unit, the total issue proceeds were EUR 29.7 million. Share capital was increased by EUR 21 million and the remaining amount of EUR 8.7 million was used to redeem the units for investors who decided to exit the Fund (EUR 7.5 million) and to pay off subscription fees (EUR 1.2 million).

The merger was treated as a restructuring of entities under common control. During the merger of Baltic Horizon Fund and Baltic Opportunity Fund, the assets and liabilities of the involved parties were recognized based on the Baltic Opportunity Fund's book values. As a result of this merger, no goodwill was recognised. At the time of the merger, the Fund had no assets and liabilities of its own. Thus, the historical financial and operational performance of Baltic Opportunity Fund prior to the merger is directly comparable the Fund's performance after the merger. In these consolidated financial statements, Baltic Opportunity Fund's financial results prior to the merger are presented as those of the Fund.

During four additional secondary public offerings in 2016, 2017 and 2020 and seven private placements in 2018 and 2019 the Fund raised additional net capital of EUR 99,424 thousand. During 2018, the Fund bought back and cancelled 404,294 units that were held on its own account. In mid-September 2024, the Fund issued 23,927,085 new units in a private placement. As a result of the offerings of the new units and cancellation of own units, the total number of the Fund's units increased to 143,562,514. On 9 March 2026, the Fund issued 83,013,636 new units in a public offering.

2. Summary of material accounting policies

Basis of preparation

The Group's consolidated financial statements for the year ended 31 December 2025 have been prepared in accordance with International Financial Reporting Standards (the "IFRS") as adopted for use in the European Union.

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. For further details, please refer to Note 4c.

New standards, amendments and interpretations adopted

The Fund applies certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025. These new standards and amendments did not have a material impact on the consolidated annual financial statements of the Fund when initially applied.

The following new standards and amendments are not yet effective for the annual reporting period ended 31 December 2025 and have not been applied in preparing these consolidated financial statements:

- Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments (Effective 1 January 2026): Clarify the timing of recognition and derecognition of financial assets/liabilities settled via electronic payment systems and provide updated guidance on the SPPI test for financial assets with ESG-linked features.
- Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity (Effective 1 January 2026): These amendments address the “own use” exemption and hedge accounting for renewable power purchase agreements (PPAs).
- IFRS 18 Presentation and Disclosure in Financial Statements (Effective 1 January 2027): Replacing IAS 1, this standard mandates a new structure for the statement of profit or loss (operating, investing, and financing categories), introduces requirements for Management Performance Measures (MPMs), and provides enhanced guidance on aggregation and disaggregation.
- Annual Improvements to IFRS Accounting Standards – Volume 11 (Effective 1 January 2026): Includes minor amendments to IFRS 9 regarding trade receivables and the derecognition of lease liabilities, as well as updates to IFRS 1, IFRS 7, IFRS 10, and IAS 7.

The Group is currently assessing the potential impact of IFRS 18, which is expected to have a material impact on the presentation and disclosure of its financial statements. The Group does not expect the other amended standards to have a significant impact on its consolidated financial statements when they become effective.

Material accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied unless otherwise stated in the following text.

The material accounting policies applied by the Fund are as follows:

2a. Presentation currency

The consolidated financial statements have been presented in thousands of euros (EUR), unless otherwise stated. The euro is the Fund’s functional and presentation currency.

2b. Consolidated financial statements

The consolidated financial statements include the Fund and its subsidiaries (together “the Group”). The Fund controls a subsidiary when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Inter-company balances and transactions, including unrealised profits and losses, are eliminated in consolidation.

Assets are recognised in the consolidated statement of financial position when it is probable that future economic benefits will flow to the Group and the value of the assets can be measured reliably.

Liabilities are recognised in the consolidated statement of financial position when it is probable that an outflow of resources will be required to settle the obligation and they can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each financial statement item below.

2c. Foreign currency translation

The functional currency of each Group company is determined with reference to the currency of the primary economic environment in which the entity operates. Transactions in other currencies than the functional currency are transactions in foreign currencies.

Foreign currency transactions are translated into the functional currency using the official exchange rate of the European Central Bank prevailing at the date of the initial transaction. Monetary assets and liabilities denominated in such currencies are translated at the rate of exchange ruling at the reporting date.

The cumulative effect of exchange differences on cash transactions are considered as realised gains and losses in the consolidated statement of profit or loss and other comprehensive income in the period in which they are settled.

On consolidation, where the functional currency of a foreign operation is different from the functional currency of the parent, the assets and liabilities are translated at the rate of exchange ruling at the reporting date.

The consolidated statements of profit or loss and other comprehensive income of such subsidiaries are translated at the rate in effect at the transaction date. The exchange differences arising on the currency translation are recorded as a separate component of equity reserves under the heading of “Foreign currency translation reserve”. On the disposal of a foreign operation, accumulated exchange differences recognised in other comprehensive income and accumulated in a component of equity are recognised in profit or loss.

Fair value adjustments and goodwill arising on the acquisition of a foreign entity are treated as assets and liabilities of the acquired entity and are recorded at the exchange rate at the date of the transaction.

2d. Investment properties

Investment properties are real estate properties (land or a building – or part of a building – or both) held to earn rentals or for capital appreciation or both, rather than for the use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business.

Investment property is initially recorded at cost including costs directly resulting from the acquisition such as transfer taxes and legal fees. The costs of adding new or improved qualities to an investment property compared to the date of acquisition, and which thereby improve the future yield of the property, are added to cost as an improvement. Costs, which do not add new or improved qualities to an investment property, are expensed in profit or loss under operating expenses.

Under IAS 40, investment properties are subsequently measured at fair value, as determined by independent appraisers, being the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Value adjustments are recognised in profit or loss within valuation gains or losses on investment properties.

2e. Dividends (distributions)

Proposed distributions are recognised as a liability at the time of declaration.

2f. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted in order to present the most reasonable current estimate. If the effect of the time value of money is material, the amount of a provision is equal to the present value of the expenses, which are expected to be incurred to settle the liability.

2g. Derivative financial instruments

The Group engages in derivative transactions for interest rate risk management purposes. Derivative financial instruments are carried in the consolidated statement of financial position at fair value. The estimated fair values of these contracts are reported as financial assets for contracts having a positive fair value; and financial liabilities for contracts with a negative fair value.

Gains or losses from changes in the fair value of derivative financial instruments, which are not classified as hedging instruments, are recognised in profit or loss as they arise.

2h. Hedge accounting

The Group applies hedge accounting for all interest rate swap contracts. The effectiveness of a hedge is assessed by comparing the value of the hedged item with the notional value implicit in the contractual terms of the financial instruments used in the hedge.

For the purposes of hedge accounting, hedges are classified as cash flow hedges which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to cash flow hedges, which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised initially in other comprehensive income and the ineffective portion is recognised in profit or loss. The gains or losses on effective cash flow hedges recognised initially in other comprehensive income are either transferred to profit or loss in the period in which the hedged transaction impacts the income statement or in which the hedge instrument or hedge relationship terminates.

2i. Interest-bearing loans and borrowings

Debts to banks and financial institutions are initially recognised at fair value less transaction costs incurred. Subsequently, these debt items are measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instruments. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

The Group classifies its financial liabilities as current when they are due to be settled within twelve months after reporting date, even if:

- (a) the original term was for a period longer than twelve months; and
- (b) an agreement to refinance, or to reschedule, payments on a long-term basis is completed after the reporting date and before the consolidated financial statements are authorised for issue.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2j. Other liabilities

Other liabilities, comprising payables to suppliers, guarantee deposits received from tenants and other payables, are measured at amortised cost using the effective interest rate method.

Deferred income is recognised under liabilities and includes payments received for future income.

2k. Financial assets

The Group recognises financial assets on its consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Classification

Financial assets in the scope of IFRS 9 are classified as either financial assets at amortised cost, fair value through profit or loss or fair value through other comprehensive income, as appropriate. The classification of financial assets depends on the contractual cash flow characteristics of the financial asset and the Fund's business model for managing them.

Financial assets held by the Group are comprised of trade and other receivables, cash and cash equivalents and derivative financial instruments. All financial assets unless otherwise stated are held to collect contractual cash flows and they are solely payments of principal and interest. Thus, they are measured using the amortised cost method. Derivative financial instruments do not meet measurement at amortised cost criteria and are measured at fair value through profit or loss.

Recognition and derecognition

When financial assets are recognised initially, they are measured at fair value, plus, in case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All “regular way” purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention are recognised at the trade date (the date that the Group commits to purchase or sell the asset), otherwise such transactions are treated as derivatives until the settlement date.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; and
- The Group either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment

Following the adoption of IFRS 9, the Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group’s financial assets subject to the expected credit loss model within IFRS 9 are only trade and other receivables and cash and cash equivalents. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of receivables over a period of 36 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the tenants to settle the receivable. Such forward-looking information would include:

- changes in economic, regulatory, technological and environmental factors, (such as industry outlook, GDP, employment and politics); and
- external market indicators; and
- tenant base.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

The Group’s cash and cash equivalents are considered to have low credit risk when they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term.

2l. Accounts receivable

Trade and other receivables are measured at amortised cost. Management assesses specific impairment on a customer-by-customer basis throughout the year. The Group holds trade and other receivables with the objective to collect the contractual cash flows.

2m. Cash and cash equivalents

Cash includes cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Restricted cash represents cash balances that are not available for general use by the Group due to financial contractual restrictions.

2n. Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow or economic benefits is possible.

2o. Subsequent events

Post-reporting date events that provide additional information about the Group’s position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post-reporting date events that are not adjusting events are disclosed in the notes when material.

2p. Revenue recognition

Rental income from operating leases represents rents charged to customers and is recognised on a straight-line basis, net of any sales taxes, over the lease term. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Service charge income is recognised on a gross basis in profit or loss when the Group is not acting as an agent on behalf of third parties. Revenue is presented on a gross basis as the Group makes a contract with third party service providers and carries the risks associated with such contracts. Service charge income is recognised in the accounting period in which the service is rendered. The transaction prices include fixed or variable fees that are specified in contractual terms with each customer. Invoices for service charges are issued on a monthly basis and the normal credit term is 30 days. When the Group is acting as an agent on behalf of the third parties, amounts collected from the tenants for the goods or services provided by the third party are recognised in accordance with IFRS 15 on a net basis in profit or loss and recharge revenue is recognised in the amount of commissions earned, if any.

2q. Expense recognition

Expenses are accounted for an accrual basis. Expenses are charged to the consolidated statement of profit or loss and other comprehensive income, except for those incurred in the acquisition of an investment property which are capitalised as part of the cost of the investment property and costs incurred to acquire borrowings which are capitalised. Operating expenses comprise costs incurred to earn rental revenue during the financial year to cover operations and maintenance of investment properties.

2r. Administrative expenses

Administrative expenses include costs and expenses which were incurred for the management of investment properties and the Group during the year.

2s. Current taxation

Taxation of the Group subsidiaries

The consolidated subsidiaries of the Group are subject to taxation in the countries in which they operate. Current taxation is provided for at the applicable current rates on the respective taxable profits. Starting from 1 January 2025, Estonia and Lithuania have implemented new income tax rates of 22% and 16%, respectively. In Latvia, a corporate income tax rate of 20% is applicable.

Taxation of the Fund

Gains from transfer of property

Income tax is charged on gains derived from the transfer of property by a contractual investment fund if:

1. the transferred immovable is located in Estonia; or
2. the transferred real right or right of claim is related to an immovable or a structure as a movable, which is located in Estonia; or
3. the transferred or returned holding is a holding in a company, contractual investment fund or other pool of assets of whose property, at the time of the transfer or return or during a period within two years prior to that, more than 50% was directly or indirectly made up of immovables or structures as movables located in Estonia and in which the transferor had a holding of at least 10% at the time of conclusion of the specified transaction.
4. gains were derived on the conditions specified in clause 3) upon the liquidation of a company, contractual investment fund or other pool of assets specified in the same clause.

Income tax is not charged on the part of the gains derived from the return of a holding specified in clause 3) or liquidation specified in clause 4) above if the income constituting the basis thereof has been taxed with income tax pursuant to the provisions of the Income Tax Act or at the level of a company that has repurchased the holding or paid the liquidation proceeds.

2t. Deferred taxation

Deferred taxes are calculated in the Fund's Lithuanian subsidiaries as follows:

Deferred income tax is provided using the liability method on temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (i) where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (ii) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax credits and unused tax losses can be utilised except:

- (i) where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and
- (ii) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilised. Unrecognised deferred income tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when an asset is realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in profit or loss or directly in equity.

Under Estonian and Latvian laws, corporate profit for the year is not subject to income tax. Income tax is levied on dividends, gifts, donations, entertainment expenses, non-business expenditures and transfer price adjustments.

Income tax payable on dividends is recognised as income tax expense and a liability at the time the dividend is declared, regardless of the period for which the dividend is declared or the period in which the dividend is actually distributed. The obligation to pay income tax arises on the 10th day of the month following the distribution of the dividend in Estonia and on the 20th day of the month following the distribution of the dividend in Latvia.

2u. 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.

2v. Business combinations

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control.

2w. Paid in capital

Incremental costs directly attributable to the issue or redemption of units are recognised directly in equity as a deduction from proceeds or part of the acquisition costs. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

Applying the acquisition method

The acquisition method is applied in the acquisition of new subsidiaries which qualify as a business, under which the identifiable assets and liabilities and contingent liabilities of these companies are measured at fair value at the acquisition date. The cost of the acquired company consists of the fair value of the paid consideration (cash or own shares). If the final determination of the consideration is conditional on one or several future events, these are only recognised in cost if the relevant event is likely and the effect on cost can be calculated reliably. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognised in accordance with IFRS 9 either in profit or loss or as a change in other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

When a transaction has not been identified as a business combination, it is accounted for as an acquisition of individual assets and liabilities where the initial purchase consideration is allocated to the separate assets and liabilities acquired, based on the price paid for them.

Assets are recognised in the consolidated statement of financial position when it is probable that future economic benefits will flow to the Group and the value of the assets can be measured reliably.

Liabilities are recognised in the consolidated statement of financial position when it is probable that an outflow of resources will be required to settle the obligation and they can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each financial statement item above.

Business combinations between entities under common control

A business combination is a combination between entities under common control if:

- the combining entities are ultimately controlled by the same party (or parties) both before and after the combination;
- common control is not transitory (not short-lived).

If a business combination is treated as a combination between entities under common control, then the transaction is accounted for under the predecessor values method. Under this method, the acquired assets and liabilities are recorded at their pre-acquisition carrying values and no goodwill is recorded.

3. Significant accounting judgments, estimates and assumptions

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 asset or liability affected in the future.

Judgments

Presentation of service charge income

Management considers the following indicator to determine that a Group entity is acting as a principal in the agreement with the tenants in regards to service charge income: the entity is primarily responsible for fulfilling the contract and has the right to terminate, freeze or amend the utilities and other services contracts, to enter into contracts with other providers or to switch to other supply types at any time.

When the tenants have the right to contract directly with the utility service companies from their suppliers upon the prior written consent of the entities, the Fund is treated as an agent.

When the Group acts as a principal, service charge income is recognised on a gross basis in the consolidated statement of profit or loss and other comprehensive income.

When the Group acts as an agent, both expenses and income are netted in the consolidated statement of profit or loss and other comprehensive income and recharge revenue is recognised in the amount of commissions earned.

Operating lease contracts – the Group as lessor

Leases in which substantially all risks and rewards of ownership are retained by the lessor are classified as operating leases. The Group has determined, based on an evaluation of the terms and conditions of the arrangements that it retains all the significant risks and rewards of ownership of its properties and so accounts for their leases as operating leases. One of the Fund's assets, Vainodes, has only one tenant with a long-term agreement. Based on the terms and conditions, the lease arrangement is treated as an operating lease due to the following reasons:

- all significant risks and rewards of the ownership of this property are retained by the Group;
- the ownership of the property will remain to the Group by the end of the lease term;
- there is no agreement with the lessee that would allow the lessee to purchase the property at a discount or significantly lower amount than the fair value of the property;
- the initial rent period agreed was for 20 years with a lease expiration on 11 July 2034. However, the tenant had the right to terminate the lease at any time starting from 11 July 2024. Therefore, the lease term does not comprise the major part of the economic life of the property;
- on 29 July 2025, an agreement was signed with the tenant to decrease the rental area by approximately 30% upon completion of the renovations (approximately at the end of Q3 2026);
- there is no agreement with the lessee that would allow for the lessee to continue the lease for a secondary period at a rent that is substantially lower than market rent;
- at the inception of the lease the present value of the minimum lease payments does not amount to all of the fair value of the leased property.

Estimates and assumptions

Deferred tax

The Group is subject to income and capital gains taxes in numerous jurisdictions. Significant judgment is required in determining the total provision for current and deferred taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain during the ordinary course of business. In particular, the effective tax rate applicable on the temporary differences on investment properties depends on the way and timing the investment property will be disposed of.

The Group recognises liabilities for anticipated tax provisions based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the net profit and deferred tax provisions in the period in which the determination is made.

In 2018, a new income tax system entered into force in Latvia. The system resembles the Estonian one but upon its application Latvian entities began to recognise deferred tax in their consolidated IFRS financial statements differently from the Estonian approach. In accordance with the Latvian treatment, deferred tax for investments in subsidiaries is to be recognised even if the investments are located in jurisdictions where corporate income tax is to be paid on the distribution of profit (Estonia and Latvia), except to the extent that the company is able to control the timing of the reversal of the taxable temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. In line with the treatment used in Estonia until that date, deferred tax liabilities were not recognised in such cases.

The Estonian Ministry of Finance asked the IFRS Interpretations Committee (IFRIC) to express an opinion on the correct interpretation of IAS 12 Income Taxes. In June 2020, IFRIC communicated its opinion on the correct interpretation of IAS 12 Income Taxes. IFRIC concluded that paragraph 39 of IAS 12 requires an entity to recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, except to the extent that:

- a) the parent is able to control the timing of the reversal of the temporary difference; and
- b) it is probable that the temporary difference will not reverse in the foreseeable future.

The Fund have determined that it can control the timing of the reversal of taxable temporary differences in subsidiaries due to 100% ownership in all subsidiaries. The taxable temporary difference in subsidiaries are not expected to reverse in the foreseeable future through a distribution of profits from subsidiaries due to the structure of the Group. The Fund has granted sizeable intercompany loans to subsidiaries and expects to receive repayments of intercompany loans instead of distributions of profits. In the view of the Group's management, the Fund meets the criteria for deferred tax liability recognition exemption. In the case of investments in subsidiaries, the Group's management has decided to continue to account for deferred tax liabilities using the policy applied to date. In line with the latter, in jurisdictions where corporate income tax is to be paid on the distribution of profit (as in Estonia and Latvia), a deferred tax liability is always zero because deferred tax liabilities arising on investments located in those jurisdictions are measured at the zero rate applicable to undistributed profits, as provided in paragraph 52A of IAS 12.

The maximum income tax liability which would arise if all of the available equity were distributed as dividends, is disclosed in note 11.

Detailed information on the deferred tax asset and liability of the Lithuanian subsidiary is disclosed in note 11.

Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engages independent valuation specialists to determine fair value. Information about valuation techniques and assumptions are disclosed in note 12.

4. Financial risk management

The risk management function of the Fund is the responsibility of the Management Company Baltic Horizon Capital AS. The manager of the Fund is responsible for identifying the Fund's market risk portfolio, preparing proposals regarding market risk limits, monitoring the limit utilisation and producing overall risk analyses of market risk. The manager maintains a list of all risk management related instructions, monitors their compliance with internationally recommended best practice, and initiates changes and improvements when needed. The manager assessed at the end of the financial year that the Fund is currently in compliance with the intended risk management framework.

4a. Credit risk

The Group has procedures in place to ensure that rental agreements are concluded with customers with an appropriate credit history and acceptable credit exposure limits are not exceeded. Credit risk related to tenants is also reduced by collecting rental deposits and taking rental guarantees. The Group limits its exposure to credit risk from trade and other receivables by establishing a credit term of 30 days or less. An amount is considered to be in default if it is more than 90 days past due. Regarding receivables ageing and losses refer to note 13.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, if any, in the statement of financial position.

There are no significant concentrations of credit risk within the Group. As of 31 December 2025, the total credit risk exposure was as follows:

EUR '000	2025	2024
Cash and cash equivalents (note 14)	5,377	10,053
Trade and other receivables (note 13)	1,760	2,800
Derivative financial instruments (note 21)	(186)	(316)
Total exposure to credit risk	6,951	12,537

At the end of 2025, the Group's provisions for bad debts amounted to EUR 994 thousand (2024: EUR 649 thousand).

The Fund is aiming to diversify its investments, and counterparties with low credit risk are preferred. Major acquisition and project finance credit risks are minimized by sharing these risks with banks and insurance companies. Credit risks related to the placement of liquid funds and to trading in financial instruments (counterparty credit risks) are minimized by making agreements only with such domestic and international banks and financial institutions which have a high credit rating.

4b. Interest rate risk

The Group's interest rate risk is related to interest-bearing borrowings. Fluctuations in interest rates affect interest expense (note 15b). The Group's exposure to interest rate cash flow risk is mitigated by the use of interest rate swaps and interest rate caps for the loans with variable interest rates. The Fund seeks to obtain financing on the best terms and conditions and in the current market, fixed rate loans are often more expensive, the Fund hedges interest rate exposure by mainly using derivatives. The Fund and its subsidiaries acquire swaps and caps only for cash flow hedging purposes and not for trading.

On 31 December 2025, 30.5% of the Group's borrowings were hedged against interest rate risk using interest rate swaps and caps (31 December 2024: 75.9%). The Group's management is of an opinion that a 30.5% hedge ratio is fully sufficient in the current interest environment. Development of interest rates is closely monitored, and additional hedges can be concluded any time if the interest environment changes.

The following table demonstrates the sensitivity of the Group's profit before tax and equity (through the impact on cash flow hedge reserve) to a reasonably possible change in interest rates, with all other variables held constant):

EUR '000	2025		2024	
	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
Increase in basis points, +50	295	107	389	502
Decrease in basis points, -50	(295)	(482)	(545)	(502)

4c. Liquidity risk

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. 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.

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.

The Fund's objectives are to maintain a balance between the continuity of funding and flexibility through the use of bank loans.

The management team and treasury department carefully monitor the Group's liquidity and consider various financing options to ensure the best possible financing terms for Baltic Horizon investors. As of 31 December 2025, the Fund's short-term liabilities (EUR 59.0 million) exceeded its short-term assets (EUR 7.4 million). The increase in short-term liabilities was primarily due to IFRS requirements to disclose loans and bonds with year-end covenant breaches, for which waivers were not received prior to the year-end date as current, as well as several loans maturing within the upcoming year.

As of the authorisation date, the loans for BH Riga SIA (previously BH S27 SIA; carrying amounts: EUR 9.6 million, EUR 7.4 million) originally maturing in 2026 have been extended for two years, with a new maturity date of 31 January 2028.

As of 31 December 2025, certain financial liabilities totalling EUR 36.6 million (including Bonds, BH Europa UAB, and BH Riga SIA (Sky property) loans) were classified as current liabilities due to non-compliance of financial covenants. While these obligations technically became due on demand under IFRS accounting standards, the Group has since resolved all instances of non-compliance:

- The equity ratio covenant non-compliance of the Fund's bonds (carrying amount: EUR 18.6 million) was remedied within the requested 20-day remedy period following a new unit offering concluded on 9 March 2026, which raised EUR 12.3 million in gross proceeds.
- BH Europa UAB loan (carrying amount: EUR 15.4 million) equity covenant non-compliance at year-end was resolved within the requested timeframe according to the loan agreement leading to a positive equity as of the authorisation date.
- NOI covenant for BH Riga SIA has been removed as of 18 March 2026 and waivers for Q4 2025 non-compliance have been received, thus, remedying the breach of the S27, Sky, Vainodes properties (carrying amounts: EUR 9.6 million, EUR 7.4 million, EUR 2.6 million).

Consequently, the Group has no immediate obligation for accelerated repayment during 2026. For further details on loan terms, refer to Note 16. Adjusting for the liabilities successfully remediated or extended after the reporting date, the effective short-term liabilities stand at EUR 5.4 million, resulting in a current ratio above 1.0.

Considering the loan extensions and the new funds received from the new unit offering, there is no uncertainty of going concern.

The table below summarises the contractual maturity profile of the Group's financial liabilities on 31 December 2025. The amounts are gross and undiscounted and include contractual interest payments.

EUR '000	Less than 3 months	4 months – 1 year	1–2 years	2–5 years	More than 5 years	Total	Carrying amount
Interest-bearing loans and borrowings (note 16)*	16,927	–	71,573	45,027	–	133,527	133,285
Derivative financial instruments (note 21)	–	–	(186)	–	–	(186)	(186)
Trade and other payables (note 17)	2,729	–	–	–	–	2,729	2,729
Total current and non-current	19,656	–	71,387	45,027	–	136,070	135,828

* This table represents the actual repayment schedule per the loan agreements. It excludes the IFRS-mandated classification of certain long-term liabilities (Europa, Sky, and Fund bonds) as short-term, which resulted from covenant non-compliance at the reporting date.

4d. Foreign exchange risk

The Fund's primary currency is the euro. In 2025 and 2024 the Group held no significant assets or liabilities and was not committed to undertake significant transactions in any currency other than the euro from this date.

5. Capital management

The Group seeks to maintain a strong capital base while generating a solid return over the long-term to unitholders through improving the capital structure.

The capital structure of the Group consists of borrowings (as detailed in note 16) and equity. The capital structure of the Group is reviewed regularly based on the cost of capital and the risks associated with each class of capital.

Management monitors capital using the loan-to-value ratio, which is borrowings divided by property value. The Group's target loan to value ratio is 50% or lower. As of 31 December 2025, the Group complied with all externally imposed capital requirements.

EUR '000	2025	2024
Interest-bearing loans and borrowings (excluding lease liabilities)	133,065	148,989
Investment properties	208,940	241,158
Gearing ratio (loan-to-value)	63.7%	61.8%

6. 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 (disposed property as of 13 March 2025; 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 below. 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 December 2025

EUR '000	Retail	Office	Leisure	Total
2025:				
External revenue ¹	11,943	6,526	1,576	20,045
Segment net rental income	6,328	4,430	905	11,663
Net gain (loss) from fair value adjustment	(8,510)	(12,075)	(17)	(20,602)
Interest expenses ²	(3,748)	(2,266)	(435)	(6,449)
Income tax income (expenses)	861	395	-	1,256
Segment net profit (loss)	(5,116)	(10,876)	452	(15,540)
As of 31.12.2025:				
Segment assets	129,934	71,792	13,587	215,313
Investment properties	126,212	69,468	13,260	208,940
Segment liabilities	67,588	42,947	8,113	118,648

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.

Operating segments – 31 December 2024

EUR '000	Retail	Office	Leisure	Total
2024:				
External revenue ¹	11,756	7,005	1,119	19,880
Segment net rental income	6,178	4,831	579	11,588
Net gain (loss) from fair value adjustment	(5,748)	(9,769)	(64)	(15,581)
Interest expenses ²	(3,509)	(2,785)	(323)	(6,617)
Income tax income (expenses)	394	380	-	774
Segment net profit (loss)	(3,160)	(8,019)	115	(11,064)
As of 31.12.2024:				
Segment assets	137,098	98,627	13,431	249,156
Investment properties	132,456	95,512	13,190	241,158
Segment liabilities	70,441	56,633	8,012	135,086

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.

Reconciliation of information on reportable segments to IFRS measures

Operating segments – 31 December 2025

EUR '000	Total reportable segments	Adjustments	Consolidated
01.01.2025–31.12.2025:			
Net profit / loss	(15,540)	(4,539)¹	(20,079)
As of 31.12.2025:			
Segment assets	215,313	1,307²	216,620
Segment liabilities	118,648	19,722³	138,370

1. Segment net loss for 2025 does not include Fund management fee (EUR 1,093 thousand), bond interest expenses (EUR 2,040 thousand), bond arrangement fee amortisation (EUR 353 thousand), Fund custodian fees (EUR 43 thousand), losses on disposal (EUR 622 thousand) and other Fund-level administrative expenses (EUR 388 thousand).
2. Segment assets do not include cash, which is held at the Fund level (EUR 1,307 thousand).
3. Segment liabilities do not include liabilities related to a bond issue at the Fund level (EUR 18,643 thousand), accrued bond coupon expenses (EUR 265 thousand), management fee payable (EUR 686 thousand), and other short-term payables at the Fund level (EUR 128 thousand).

Operating segments – 31 December 2024

EUR '000	Total reportable segments	Adjustments	Consolidated
01.01.2024–31.12.2024:			
Net loss	(11,064)	(5,717)¹	(16,781)
As of 31.12.2024:			
Segment assets	249,156	6,892²	256,048
Segment liabilities	135,086	22,867³	157,953

1. Segment net loss for 2024 does not include Fund management fee (EUR 1,278 thousand), bond interest expenses (EUR 3,240 thousand), bond arrangement fee amortisation (EUR 116 thousand), Fund custodian fees (EUR 49 thousand), losses on disposal (EUR 548 thousand) and other Fund-level administrative expenses (EUR 486 thousand).
2. Segment assets do not include cash, which is held at the Fund level (EUR 6,593 thousand) and prepayment and other receivables at the Fund level (EUR 299 thousand).
3. Segment liabilities do not include liabilities related to a bond issue at the Fund level (EUR 21,490 thousand), accrued bond coupon expenses (EUR 134 thousand), management fee payable (EUR 890 thousand), and other short-term payables at the Fund level (EUR 353 thousand).

Geographic information

EUR '000	External revenue		Investment property value ¹	
	2025	2024	31.12.2025	31.12.2024
Lithuania	5,242	5,670	50,614	71,874
Latvia	9,041	9,069	102,336	111,404
Estonia	5,762	5,141	55,990	57,880
Total	20,045	19,880	208,940	241,158

1. Investment property fair value including investment property under construction.

Major tenant

No single tenant accounted for more than 10% of the Group's total revenue.

7. Cost of rental activities

EUR '000	2025	2024
Repair and maintenance	3,149	3,273
Utilities	1,237	1,290
Property management expenses	1,358	1,260
Real estate taxes	958	978
Sales and marketing expenses	516	674
Property insurance	161	152
Allowance for bad debts	540	202
Other	463	463
Total cost of rental activities	8,382	8,292

Part of the total cost of rental activities (mainly utilities and repair and maintenance expenses) was recharged to tenants: EUR 4,947 thousand during the twelve-month period ended 31 December 2025 (EUR 4,744 thousand during the twelve-month period ended 31 December 2024).

8. Administrative expenses

EUR '000	2025	2024
Management fee	1,093	1,278
Legal fees	119	189
Consultancy fees	25	131
Audit fees	144	199
Fund marketing expenses	43	61
Custodian fees	43	49
Accounting fees	36	-
Supervisory board fees	61	53
Listing related expenses	111	-
VAT	24	-
Other administrative expenses	224	413
Total administrative expenses	1,923	2,373

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, however, based on the past performance of the Fund there is no prospect of this performance fee becoming payable in the medium term. Transactions with related parties are disclosed in note 19.

9. Financial expenses

EUR '000	2025	2024
Interest on external loans and borrowings	8,480	9,847
Loan arrangement fee amortisation	296	197
Interest on lease liabilities	9	10
Other financial expenses*	408	486
Total financial expenses	9,193	10,540

* Includes an early repayment fee for the bonds of EUR 200 thousand.

10. 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	2025	2024
Profit (loss) for the period, attributed to the unitholders of the Fund	(20,079)	(16,781)

Weighted-average number of units:

EUR '000	2025	2024
Issued units at the end of period	143,562,514	143,562,514
Weighted-average number of units	143,562,514	126,303,633

Basic and diluted earnings per unit:

EUR '000	2025	2024
Basic earnings per unit	(0.14)	(0.13)
Diluted earnings per unit*	(0.14)	(0.12)

*In September 2024, the Fund diluted its earnings per unit by issuing 23,927,085 new units to raise capital through a private placement.

11. 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 2025 was minus 5.9% (2024: minus 4.4%). The minus effective tax rate for 2025 is due to decrease in the fair values of Lithuanian investment properties.

The major components of income tax for the periods ended 31 December 2025 and 2024 were as follows:

EUR '000	2025	2024
Consolidated statement of profit or loss		
Current income tax for the period	(17)	(30)
Deferred tax for the period	1,273	804
Income tax income (expense) reported in profit or loss	1,256	774
Consolidated statement of other comprehensive income		
Deferred income tax related to items charged or credited to equity:		
Revaluation of derivative instruments to fair value	(18)	52
Income tax reported in other comprehensive income	(18)	52

Deferred tax is only applicable to Fund's subsidiaries in Lithuania. Deferred income tax as of 31 December 2025 and 2024 relates to the following:

EUR '000	Consolidated statement of financial position		Recognised in profit or loss	
	31.12.2025	31.12.2024	2025	2024
Tax losses brought forward	6,602	3,935	2,667	1,466
Revaluation of derivative instruments to fair value	-	18	-	-
Other adjustments	-	-	-	-
Deferred income tax assets	6,602	3,953	-	-
Investment property	(7,245)	(5,818)	(1,427)	(629)
Revaluation of derivative instruments to fair value	-	-	-	-
Other tax liability	-	(33)	33	(33)
Other adjustments	(1)	-	-	-
Deferred income tax liabilities	(7,246)	(5,851)	-	-
Deferred income tax income (expenses)	-	-	1,273	804
Deferred tax liabilities net	(644)	(1,898)	-	-
Reflected in the statement of financial position as follows:				
Deferred tax assets	-	-	-	-
Deferred tax liabilities	(644)	(1,898)	-	-
Deferred tax liabilities net	(644)	(1,898)	-	-

The reconciliation of the effective tax rate for the years ended 31 December 2025 and 2024 is as follows:

EUR '000	2025		2024	
Profit (loss) before income tax		(21,335)		(17,555)
At statutory tax rate	0.0%	-	0.0%	-
Effect of tax rates in foreign jurisdictions	(6.2%)	1,315	(4.8%)	841
Tax effect of non-deductible expenses	0.3%	(59)	0.4%	(67)
Change in unrecognized deferred tax	0.0%	-	0.0%	-
Total income tax expenses	(5.9%)	1,256	(4.4%)	774

As of 31 December 2025, the Group had tax losses of EUR 6,602 thousand that are available indefinitely for offset against future taxable profits of the Lithuanian companies in which the losses arose.

Summary of taxation rates by country is presented below:

	2025	2024
Lithuania ¹	16%	15%
Latvia ²	0%	0%
Estonia ³	0%	0%

- As of 1 January 2026, 17% income tax will apply to gross distributed profits.
- 20% income tax rate applies to gross distributed profits or 25% rate applies to net distributed profits.
- 20% income tax rate applies to gross distributed profits or 20% rate applies to net distributed profits. As of 1 January 2025, 22% income tax applies to gross distributed profits.

The maximum income tax liability which would arise if all of the available retained earnings in the subsidiaries in Estonia and Latvia were distributed as dividends to the Fund is EUR 1,214 thousand.

12. Investment property

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.

As of 30 November 2025, new external valuations were performed by independent property valutors Newsec. In the opinion of the Management Board, the fair value estimates of investment properties as at 30 November 2025 reflect their fair value as at 31 December 2025, as no significant events or changes have occurred during the last month of the financial year that would affect the inputs and assumptions used.

Valuations are prepared using the discounted cash flow model. Under the discounted cash flow model, the value of the property is estimated by compiling the net present values of future cash flows, which are obtained by applying a discount rate. This method first requires an estimate of potential gross income to which deductions for vacancy and collection losses are applied. The resulting net income is then capitalized or discounted at a rate that is commensurate with the risk inherent in the ownership of the property involved to produce a value estimate.

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.

The yield requirement (discount factor) is determined for each property. Investment property comprises buildings, which are rented out under lease contracts.

EUR '000	31.12.2025	31.12.2024
Balance at 1 January	241,158	250,385
Capital expenditure	4,764	6,354
Disposals ^{1,2}	(16,380)	-
Net revaluation loss on investment property	(20,584)	(15,564)
Net revaluation loss on right-of-use assets	(18)	(17)
Closing balance	208,940	241,158
Closing balance excluding right-of-use assets	208,720	240,920

- In 2025 the Group disposed of the Meraki offices (fair value: EUR 16.4 million; transaction value: EUR 16.0 million). The loss on disposal of Meraki accounted for EUR 853 thousand and is recorded in the Profit or Loss statement under the "Losses on disposal of investment properties" section.
- In 2024 and 2025, the Group incurred costs related to the 2023 disposals of Duetto and Domus Pro, amounting to EUR 622 thousand in 2025 and EUR 863 thousand in 2024. These disposals are recorded in the Profit or Loss statement under the "Losses on disposal of investment properties" section.

The Group holds ground lease agreements and a solar power plant lease agreement, which fall within the scope of IFRS 16. As a result, the Group has recognised right-of-use assets and lease liabilities. Right-of-use assets that meet the definition of investment property are presented within investment property and lease liabilities within interest-bearing loans and borrowing. As of 31 of December 2025, the closing balance of the right-of-use assets amounts to EUR 220 thousand (2024: EUR 238 thousand).

Fair value hierarchy

The following table shows an analysis of the fair values of investment properties recognised in the statement of financial position by their level in the fair value hierarchy as of 31 December 2025:

EUR '000	Total fair value Level 3	Total gain or (loss) for 2025 recognized in profit or loss
Latvia – Galerija Centrs (retail)	58,356	(2,997)
Lithuania – Europa (retail)	31,836	(4,853)
Estonia – Postimaja (retail)	21,270	(676)
Lithuania – North Star (office)	18,778	(1,047)
Latvia – Upmalas Biroji (office)	14,610	(4,788)
Estonia – Apollo Plaza (leisure)	13,260	(17)
Latvia – Vainodes I (office)	12,400	(3,651)
Latvia – S27 (office)	12,270	(856)
Estonia – Lincona (office)	11,410	(1,734)
Estonia – Piritā (retail)	10,050	245
Latvia – SKY (retail)	4,700	(228)
Total	208,940	(20,602)

There were no transfers between levels during the years. Gains and losses recorded in profit or loss for fair value measurements categorised within Level 3 of the fair value hierarchy amounted to a net loss of EUR 20,602 thousand as of 31 December 2025 (2024: a net loss of EUR 15,581 thousand) and are presented in the consolidated statement of profit or loss and other comprehensive income on the line 'Valuation losses on investment properties'.

Valuation techniques used to derive Level 3 fair values

The values of the properties are based on the valuation of investment properties performed by Newsec as of 31 December 2025 increased by right-of-use assets. The table on the next pages presents the following for each investment property segment:

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.

As of 31 December 2025:

Segment	Valuation technique	Key unobservable inputs	Range				
Retail	DCF	Vilnius Lithuania	Discount rate	8.6% – 9.78%			
		Tallinn, Estonia					
		Riga, Latvia					
		Net leasable area (NLA)			55,423 sq. m.	Rental growth p.a.	0.0% – 5.3%
Year of construction/renovation	1939–2016/2006–2010	Exit yield	7.0% – 8.5%				
		Average rent (EUR/sq. m)	11.78 – 16.58				
Office	DCF	Vilnius Lithuania	Discount rate	8.6% – 9.7%			
		Tallinn, Estonia					
		Riga, Latvia					
		Net leasable area (NLA)			48,123 sq. m.	Rental growth p.a.	0.0% – 5.1%
Year of construction/renovation	2002–2014/2008–2014	Exit yield	7.5% – 8.5%				
		Average rent (EUR/sq. m)	9.71 – 11.92				
Leisure	DCF	Tallinn, Estonia	Discount rate	9%			
		Net leasable area (NLA)			7,723 sq. m.	Rental growth p.a.	1.9% – 3.0%
		Year of construction/renovation			1999	Exit yield	7%
						Average rent (EUR/sq. m)	10.64

The table below sets out information about significant unobservable inputs used on 31 December 2025 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	2025: 7.0% – 8.5%	An increase in exit yield in isolation would result in a lower value of Investment property.
		Discount rate	2025: 8.6% – 9.78%	An increase in discount rate in isolation would result in a lower value of Investment property.
		Rental growth p.a.	2025: 0.0% – 5.3%	An increase in rental growth in isolation would result in a higher value of Investment property.

Sensitivity analysis of investment properties portfolio as of 31 December 2025 based on possible changes in exit yield and discount rate (WACC) are provided in the table below:

EUR '000	Movement in discount rate					
		-0.50%	-0.25%	0.00%	0.25%	0.50%
Movement in exit yield	-0.50%	224,600	220,450	216,660	212,610	208,700
	-0.25%	220,270	216,230	212,530	208,450	204,630
	0.00%	216,130	212,160	208,720	204,640	200,990
	+0.25%	212,290	208,510	204,950	201,140	197,460
	+0.50%	208,810	204,970	201,570	197,750	194,230

13. Trade and other receivables

EUR '000	31.12.2025	31.12.2024
Trade receivables, gross	2,293	2,346
Less impairment allowance for doubtful receivables	(994)	(649)
Accrued income	432	537
Other accounts receivable	29	566
Total	1,760	2,800

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

As of 31 December 2025, trade receivables at a nominal value of EUR 994 thousand were fully impaired (EUR 649 thousand as of 31 December 2024).

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

EUR '000	31.12.2025	31.12.2024
Balance as of 1 January	(649)	(625)
Charge for the period	(540)	(202)
Amounts written off	195	178
Balance at end of period	(994)	(649)

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	<30 days	Past due but not impaired			
				30-60 days	60-90 days	90-120 days	>120 days
As of 31.12.2025:							
Trade receivables, gross	2,293	732	370	113	80	104	894
Impairment allowance for doubtful receivables	(994)	(7)	(25)	(31)	(19)	(49)	(863)
Trade receivables, net	1,299	725	345	82	61	55	31
As of 31.12.2024:							
Trade receivables, gross	2,346	716	390	231	160	119	730
Impairment allowance for doubtful receivables	(649)	(4)	(5)	(10)	(9)	(34)	(587)
Trade receivables, net	1,697	712	385	221	151	85	143

14. Cash and cash equivalents

EUR '000	31.12.2025	31.12.2024
Cash at banks and on hand	5,377	10,053
Total cash	5,377	10,053

As of 31 December 2025, the Fund's consolidated cash and cash equivalents amounted to EUR 5.4 million. Of this balance, EUR 3.0 million is subject to internal use restrictions under credit agreements, which limit payments to owners and related parties but permit the settlement of operational liabilities. Additionally, EUR 1.0 million is restricted under a security account pledge agreement.

15. Equity

15a. Paid in capital

The units are currently listed on the Fund List of the Nasdaq Tallinn Stock Exchange. As of 31 December 2025, the total number of the Fund's units was 143,562,429 (31 December 2024: 143,562,429). Units issued are presented in the table below:

EUR '000	Number of units	Amount
As of 1 January 2025, and 31 December 2025	143,562,514	151,495

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 at ten days before the general meeting is held.
- Subsidiaries did not hold any units of the Fund as of 31 December 2025 and 31 December 2024.

15b. Cash flow hedge reserve

This reserve represents the fair value of the effective part of the derivative financial instruments (interest rate swaps and caps), used by the Fund to hedge the cash flows from interest rate risk in the periods ended on 31 December 2025 and 31 December 2024. Please refer to note 20 for more information.

EUR '000	31.12.2025	31.12.2024
Balance at the beginning of the year	(420)	531
Movement in fair value of existing hedges	252	(1,003)
Movement in deferred income tax (note 11)	(18)	52
Net variation during the period	234	(951)
Balance at the end of the period	(186)	(420)

16. Interest-bearing loans and borrowings

EUR '000	Maturity	Effective interest rate	31.12.2025	31.12.2024
Non-current borrowings				
Unsecured bonds ¹	May 2028	3M EURIBOR + 8.00%	-	21,490
Bank 1 ²	Jan 2028	3M EURIBOR + 2.25%	-	2,609
Bank 1	Feb 2027	6M EURIBOR + 1.90%	4,281	4,367
Bank 1	Dec 2027	6M EURIBOR + 2.25%	7,760	8,696
Bank 2 ³	Aug 2027	6M EURIBOR + 3.80%	28,120	-
Bank 3 ⁴	Jan 2029	6M EURIBOR + 2.80%	-	15,610
Bank 3	Feb 2029	6M EURIBOR + 3.00%	8,798	8,951
Bank 4	Nov 2029	6M EURIBOR + 3.00%	20,800	20,948
Bank 5	Aug 2028	6M EURIBOR + 2.50%	9,798	9,928
Bank 6	Jun 2029	6M EURIBOR + 4.10%	-	9,810
Lease liabilities			220	238
Less current portion of bank loans and bonds			(2,320)	(4,138)
Less current portion of lease liabilities			(14)	(18)
Total non-current debt			77,443	98,491

1. Despite the bond's maturity date of 8 August 2028, the remaining balance was reclassified as a current liability according to IFRS due to non-compliance with the equity ratio covenant at year-end.
2. Despite the loan's maturity date of 31 January 2028, the remaining balance was reclassified as a current liability according to IFRS due to non-compliance with the NOI covenant at year-end.
3. The loan was reclassified as long-term since the maturity of the loan was extended to August 2027.
4. Despite the loan's maturity date of 31 January 2029, the remaining balance was reclassified as a current liability according to IFRS due to non-compliance with the equity covenant at year-end.

EUR '000	Maturity	Effective interest rate	31.12.2025	31.12.2024
Current borrowings				
Unsecured bonds ¹	Nov 2025	3M EURIBOR + 8.00%	18,643	3,200
Bank 2 ³	Aug 2027	6M EURIBOR + 3.80%	-	29,000
Bank 3 ⁴	Jan 2029	6M EURIBOR + 2.80%	15,388	-
Bank 1 ²	Jan 2028	3M EURIBOR + 2.25%	2,552	-
Bank 1	Mar 2026	3M EURIBOR + 1.90%	7,364	7,665
Bank 1	Mar 2026	3M EURIBOR + 1.60%	9,561	9,915
Current portion of non-current bank loans and bonds			2,320	938
Current portion of lease liabilities			14	18
Total current debt			55,842	50,736
Total			133,285	149,227

1. Despite the bond's maturity date of 8 August 2028, the remaining balance was reclassified as a current liability according to IFRS due to non-compliance with the equity ratio covenant at year-end.
2. Despite the loan's maturity date of 31 January 2028, the remaining balance was reclassified as a current liability according to IFRS due to non-compliance with the NOI covenant at year-end.
3. The loan was reclassified as long-term since the maturity of the loan was extended to August 2027.
4. Despite the loan's maturity date of 31 January 2029, the remaining balance was reclassified as a current liability according to IFRS due to non-compliance with the equity covenant at year-end.

Financial covenants for bonds

As of 31 December 2025, the Fund was in compliance with the DSCR covenant set under the bond issue terms and conditions dated 8 May 2023 and amended on 26 September 2024. However, the Fund fell short under the requirement to keep the consolidated equity ratio of at least 37.5% in Q4 of 2025 – 36.1%. As of the authorisation date the management has remedied the non-compliance through a new unit offering. As a result of the offering, a total of 83,013,636 new units were issued, corresponding to approximately EUR 12.3 million in proceeds.

Bond covenant	Requirement	Ratio 31.12.2025
Equity Ratio	> 37.5%*	36.1%
Debt Service Coverage Ratio	> 1.00**	1.09

* Equity ratio must be above 37.5%.

** As stated in Bond Terms and Conditions amended on 26 September 2024, the DSCR of the Group must be above 1.00 for the period from 1 July 2025 to 30 September 2026 and above 1.20 afterwards.

Liquidity risk arising from loans and bonds

As of 31 December 2025, the Fund's current ratio was below 1, thus, the Fund has implemented measures to mitigate liquidity risk associated with short-term loans. As of the authorisation date, the loans for Vainodes and S27 properties have been extended for two additional years, with a new maturity date of 31 January 2028 and waivers for Q4 NOI covenant breach have been obtained for all properties.

As required by IFRS, the covenant non-compliances that have not been waived before year-end had to be disclosed as short-term. However, as of the authorisation date, the Fund's equity ratio covenant non-compliance has been resolved by the new unit offering and Europa and Sky properties loans' non-compliances have been resolved by raising equity and receiving a waiver from the lender respectively. Thus, these bonds and loans are not required to be repaid ahead of their maturities.

Financial covenants for bank loans

As of 31 December 2025, the Fund complied with all special conditions and covenants set under the bank loan agreements, except for the BH Galerija Centrs SIA, BH Europa UAB and BH Riga SIA (formerly named BH S27 SIA) companies. Management successfully addressed these non-compliances through a combination of formal lender waivers and a capital increase. Consequently, these breaches did not result in any contractual penalties or requirements for accelerated repayment. Therefore, the covenant breaches do not give rise to liquidity issues or cast doubt on the Fund's ability to continue as a going concern by the time of issuing the report.

BH Riga SIA (formerly named BH S27 SIA), prior to the merger that took place on 30 December 2025, had a joint obligation with SIA Vainodes Krasti and SIA BOF Sky to ensure that the Net Operating Income (NOI) totaled no less than EUR 2 million in aggregate. Following the merger, SIA Vainodes Krasti and SIA BOF Sky were absorbed into BH Riga SIA and subsequently dissolved, however, the NOI covenant remained under BH Riga SIA. The former companies with loan amounts of approximately EUR 9.6 million, EUR 2.6 million, and EUR 7.4 million, breached a joint covenant in all quarters of 2025. At the end of Q1, Q2 and Q3, the joint NOI was EUR 1.6 million, while at the end of Q4, it totalled EUR 1.5 million. The companies received waivers from the bank for all quarters.

BH Europa UAB breached the Debt-Service Coverage Ratio (DSCR) covenant in the first, third and fourth quarters of 2025 and breached the Equity covenant at the end of 2025. According to the bank agreement, which carries a loan amount of approximately EUR 15.4 million at year-end, the company's quarterly DSCR must be higher than 1.2, and equity must be positive. However, at the end of Q1, the DSCR was 1.13. at the end of Q3, the DSCR was 0.77 due to an increase in allowance for bad debts, and at the end of Q4, it was 0.96, while equity at year-end was EUR -1.2 million. The company received waivers from the bank for DSCR covenant for all quarters and the Company's equity was positive as of the date of the report.

Throughout 2025, BH Galerija Centrs SIA breached the Interest Coverage Ratio (ICR) and Loan-to-Value Ratio (LTV) covenants quarterly. According to the loan agreement, which carries a loan amount of EUR 28.1 million, the LTV ratio shall not exceed 45%, while the ICR ratio shall be at least 1.8 up until 31 December 2025 and 1.5 onwards. However, throughout the financial year, the LTV exceeded 45% (Q1 – 48%; Q2 – 48%; Q3 – 47%; Q4 – 48%), while the ICR ratio did not reach the 1.8 threshold in the first three quarters of the financial year (Q1 – 1.46; Q2 – 1.48; Q3 – 1.48). If the 45% threshold is exceeded, Galerija Centrs must make a partial early repayment of the loan within six months from the bank's notice to the extent that the LTV does not exceed 45%. Thus, EUR 1,995,500 should be prepaid within six months if such a notice is received. No notice has been received from the bank to date. The company received a waiver for the LTV ratio until 31 December 2025 and an ICR ratio waiver until 30 June 2026.

As of the date of the report, the financial situation indicates that the BH Riga SIA covenant will be breached in Q1 of 2026 and Galerija Centrs SIA LTV covenant will be breached throughout 2026. However, the necessary waivers have already been secured. As of 31 December 2025, the Group has other covenants from loan contracts for which The Group management expects to comply with within 12 months after the reporting date.

Reconciliation of movements of liabilities to cash flow arising from financing

EUR '000	1 January 2025	Changes from financing cash flows	Other movements	31 December 2025
Liabilities				
Interest-bearing loans and borrowings (excluding lease liabilities)	148,989	(16,123)	199	133,065
Lease liabilities	238	(13)	(5)	220
Accrued financial expenses	633	(8,845)	¹ 8,708	496
Total liabilities from financing activities	149,860	(24,981)	8,902	133,781
Equity				
Paid in capital	151,495	-	-	151,495
Retained earnings	(52,980)	-	² (20,079)	(73,059)
Total equity related changes	98,515	-	(20,079)	78,436
Total	248,375	(24,981)	(11,177)	212,217

1. During 2025, the Fund's interest expenses amounted to EUR 8,708 thousand.

2. In 2025, the Fund had a net loss of EUR 20,079 thousand. Please refer to note 6 for more information.

EUR '000	1 January 2024	Changes from financing cash flows	Other movements	31 December 2024
Liabilities				
Interest-bearing loans and borrowings (excluding lease liabilities)	143,487	5,169	333	148,989
Lease liabilities	255	(17)	-	238
Other financial expenses	-	317	(317)	-
Accrued financial expenses	813	(10,583)	¹ 10,403	633
Total liabilities from financing activities	144,555	(5,114)	10,419	149,860
Equity				
Paid in capital	145,200	-	6,295	151,495
Retained earnings	(36,199)	-	² (16,781)	(52,980)
Total equity related changes	109,001	-	(10,486)	98,515
Total	253,556	(5,114)	(67)	248,375

1. During 2024, the Fund's interest expenses amounted to EUR 10,403 thousand.

2. In 2024, the Fund had a net loss of EUR 16,781 thousand. Please refer to note 6 for more information.

Loan and bond security

Borrowings received had the following security as of 31 December 2025:

	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		Pirita and Lincona for Pirita and Lincona bank loans, Vainodes I, SKY and S27 for Vainodes I, SKY and S27 bank loan	BH S27 SIA
Bank 2	Galerija Centrs	Galerija Centrs		BH Galerija Centrs SIA
Bank 3	Europa and North Star			
Bank 4	Apollo Plaza and Postimaja			
Bank 5	Upmalas Biroji			Kontor SIA

*All properties are pledged as collateral for the bank loans. Please refer to note 12 for the carrying amounts of assets pledged at period end.

	Guarantee	Pledges of receivables	Pledge of land lease rights of the land plots	Pledges of bank accounts	Share pledge
Bank 1	Baltic Horizon Fund for BH S27 SIA up to 1,500,000			BH S27 SIA	BH S27 SIA
Bank 2	Baltic Horizon Fund for BH Galerija Centrs SIA up to EUR 5,000,000				BH Galerija Centrs SIA
Bank 3				BH Europa UAB, BH Northstar UAB	
Bank 5	Baltic Horizon Fund for Kontor SIA				Kontor SIA

17. Trade and other payables

EUR '000	31.12.2025	31.12.2024
Trade payables	1,112	1,963
Management fee payable	686	890
Accrued financial expenses	496	633
Accrued expenses	129	556
Tax payables	156	231
Other payables	150	200
Total trade and other payables	2,729	4,473

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.

18. Commitments and contingencies

18a. Operating leases – the Group as a lessor

The Group leases real estate under operating leases. The terms of the leases are in line with normal practices in each market. Leases are reviewed or subject to automatic inflationary adjustments as appropriate.

The leasing arrangements entered into or in relation with the Group's investment properties portfolio which include a clause authorising tenants to terminate the leasing arrangements with up to six-month notice are not considered as non-cancellable leases.

Lease payments receivable under non-cancellable leases are shown below. For the purposes of this schedule, it is conservatively assumed that a lease expires on the date of the first break option.

EUR '000	2025		2024	
	Amount receivable	%	Amount receivable	%
Year of expiry of first break option				
Within 1 year	13,435	24%	14,796	25%
Within 2 years	11,155	20%	12,432	21%
Within 3 years	9,290	16%	9,634	16%
Within 4 years	6,756	12%	7,636	13%
Within 5 years	4,777	8%	4,742	8%
6 years and more	11,027	20%	10,255	17%
Total	56,440	100%	59,495	100%

18b. Litigation

As of 31 December 2025, there was no ongoing litigation, which could materially affect the consolidated financial position of the Group.

18c. Contingent assets

The Group did not have any contingent assets as of 31 December 2025.

18d. Contingent liabilities

According to BH Duetto UAB Share Sale and Purchase agreement, the Group has issued the NOI and defects guarantee. The NOI guarantee was 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 capped at EUR 600 thousand. Of this amount, EUR 300 thousand is secured through a withholding from the sales price. Any claims arising under the defects guarantee were satisfied from the withholding amount prior to the use of any other funds. As of the reporting date, the withholding amount had been reduced by EUR 135 thousand and paid to the Fund. As of 31 December 2025, approximately 851 thousand EUR have been paid under the NOI guarantee scheme. Given that the guarantees reached maturity on this date, there are no remaining contingent liabilities outstanding under these conditions.

The Group did not have any other contingent liabilities as of 31 December 2025.

19. 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.

Baltic Horizon Capital AS

As set out in Baltic Horizon Fund Rules, Baltic 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 8). The Management company acquired Gene Investments OÜ which held 3.3% of the Fund units as of 31 December 2025.

The Group's transactions with related parties during 2025 and 2024 were the following:

EUR '000	2025	2024
Baltic Horizon Capital AS group		
Management fees	1,093	1,278

The Group's balances with related parties as of 31 December 2025 and 31 December 2024 were the following:

EUR '000	31.12.2025	31.12.2024
Baltic Horizon Capital AS group		
Management fees payable	686	890

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).

Baltic Horizon Capital AS Group did not own any units of the Fund as of 31 December 2025.

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 60 thousand in 2025 (EUR 48 thousand in 2024). Please refer to note 8 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 Management company acquired Gene Investments OÜ which held 3.3% of the Fund units as of 31 December 2025.

The holders of units owning more than 5% of the units in total as of 31 December 2025 and 31 December 2024 are presented in the tables:

As of 31 December 2025	Number of units	Percentage
Swedbank AB, Lithuania clients	57,399,802	40.0%
Skandinaviska Enskilda Banken AB clients	13,770,162	9.6%
Raiffeisen Bank International AG clients	8,543,169	6.0%

As of 31 December 2024	Number of units	Percentage
Skandinaviska Enskilda Banken AB clients	19,918,261	13.9%
Gene Investments OÜ	19,059,220	13.3%
Swedbank AB, Lithuania clients	16,495,001	11.5%
Skandinaviska Enskilda Banken AB	15,686,825	10.9%
Raiffeisen Bank International AG clients	9,622,389	6.7%
Swedbank AB / Nordic Issuing AB clients	7,954,736	5.5%

There were no transactions with the unitholders disclosed in the tables above.

20. 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	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Financial assets				
Trade and other receivables	1,760	2,800	1,760	2,800
Cash and cash equivalents	5,377	10,053	5,377	10,053
Derivative financial instruments	-	1	-	1
Financial liabilities				
Interest-bearing loans and borrowings				
Bank loans	(114,422)	(127,499)	(114,422)	(127,499)
Bonds	(18,643)	(21,490)	(19,000)	(22,000)
Trade and other payables	(2,729)	(4,473)	(2,729)	(4,473)
Derivative financial instruments	(186)	(317)	(186)	(317)

Fair value hierarchy

Quantitative disclosures of the Group's financial instruments in the fair value measurement hierarchy as of 31 December 2025 and 31 December 2024:

Period ended 31 December 2025

EUR '000	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Trade and other receivables	-	-	1,760	1,760
Cash and cash equivalents	-	5,377	-	5,377
Financial liabilities				
Interest-bearing loans and borrowings				
Bank loans	-	-	(114,422)	(114,422)
Bonds	-	-	(19,000)	(19,000)
Trade and other payables	-	-	(2,729)	(2,729)
Derivative financial instruments	-	(186)	-	(186)

Period ended 31 December 2024

EUR '000	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Trade and other receivables	-	-	2,800	2,800
Cash and cash equivalents	-	10,053	-	10,053
Derivative financial instruments	-	1	-	1
Financial liabilities				
Interest-bearing loans and borrowings				
Bank loans	-	-	(127,499)	(127,499)
Bonds	-	-	(22,000)	(22,000)
Trade and other payables	-	-	(4,473)	(4,473)
Derivative financial instruments	-	(317)	-	(317)

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 December 2025, 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.

21. Derivative financial instruments

The Group has entered into interest rate swaps (IRS) and interest rate cap (CAP) agreements with 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 15b for more information.

EUR '000						Fair value	
Derivative type	Starting date	Maturity date	Notional amount	Variable rate (received)	Fixed rate (paid)	31.12.2025	31.12.2024
IRS	Dec 2024	Nov 2027	13,150	6M EURIBOR	2.45%	(58)	(103)
IRS	Dec 2024	Nov 2027	13,150	6M EURIBOR	2.39%	(45)	(82)
IRS	Dec 2024	Oct 2027	2,361	3M EURIBOR	2.33%	(9)	(15)
IRS	Dec 2024	Oct 2027	8,012	6M EURIBOR	2.5%	(51)	(78)
IRS	Dec 2024	Oct 2027	4,012	6M EURIBOR	2.5%	(23)	(39)
CAP	Aug 2024	Aug 2025	17,900	3M EURIBOR	3.0%	-	1
Derivative financial instruments, assets						-	1
Derivative financial instruments, liabilities						(186)	(317)
Net value of financial derivatives						(186)	(316)

Derivative financial instruments were accounted for at fair value as of 31 December 2025 and 31 December 2024. The maturity of the derivative financial instruments of the Group is as follows:

Classification according to maturity

EUR '000	Liabilities		Assets	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Non-current	(186)	(317)	-	-
Current	-	-	-	1
Total	(186)	(317)	-	1

22. Subsequent events

As of 28 January 2026, BH Northstar UAB borrowed an additional EUR 1.5 million from the bank.

As of 9 March 2026, the Fund has issued 83 million new units, corresponding to approximately EUR 12.3 million in proceeds.

As of 18 March 2026, the Fund signed an agreement to extend the loans of BH Riga SIA (carrying amounts: EUR 7.4 million, EUR 9.6 million) for two years, with the repayment date set to 31 January 2028.

As of 25 March 2026, the anchor tenant of Sky SC vacated the premises after filing for bankruptcy. New re-leasing is already underway.

As of 31 March 2026, the Fund will redeem the fifth part of Baltic Horizon Fund EUR 42 million 5-year floating rate bonds maturing in 2028 (ISIN EE3300003235, the Bonds) in the total nominal amount of EUR 7,499,998.80.

There have been no other significant events after the end of the reporting period.

23. 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%
BH CC Plaza OÜ	Hobujaama str. 5, Tallinn, Estonia	12399823	11 December 2012	Asset holding company	100%
BH Europa UAB	Konstitucijos av. 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%
BH Riga SIA (previously BH S27 SIA)	Skanstes iela 27, Rīga, Latvia; Audeju str. 16, Rīga, Latvia; Audēju iela 16 – 1, Rīga, Latvia	40103810023	15 August 2018	Asset holding company	100%
BH Galerija Centrs SIA	Audeju str. 16, Rīga, 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 consolidated financial statements of Baltic Horizon Fund were approved for issue by the Management Board of the Management Company on 31 March 2026.

Tarmo Karotam

Chairman of the Management Board

Gerda Bliuviene

Member of the Management Board

Appendices



Definitions and abbreviations

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.

Direct Property Yield

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

Discounted cash flows (DCF)

Under the DCF method, a property's fair value is estimated using explicit assumptions about the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This involves the projection of a series of cash flows and applying to this an appropriate, market-derived discount rate to establish the present value of the income stream. The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods, re-letting, redevelopment, or refurbishment.

Discount rate

Rate used to discount the net cash flows generated from rental activities during the period of analysis.

Equity ratio

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

Exit yield

A rate used to estimate the resale value of a property at the end of the holding period. The expected net operating income per year is divided by the terminal cap rate to get the terminal value. The exit yield is calculated according to the growth rate of the stabilized net operating income or based on forecast.

Fund

Baltic Horizon Fund.

Highest and best use

For all investment property that is measured at fair value, the current use of the property is considered the highest and best use.

IFRS

International Financial Reporting Standards.

IRR

Internal rate of return.

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

Baltic 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.

NLA

Net leasable area. Leasable space that can be rented to tenants, excluding non-leasable areas such as hallways, utility rooms, and other common spaces.

NOI

Net operating income.

Occupancy rate

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

Rental growth

The estimated average increase in rent based on both market estimations and contractual indexations.

Periodic Article 8 reporting



Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Baltic Horizon Fund Legal entity identifier: 5299008IKT93E4SA0G49

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

Yes No

<input type="checkbox"/> It made sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input checked="" type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of 9 % sustainable investments <ul style="list-style-type: none"> <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It made sustainable investments with a social objective: ___%	<input type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments



To what extent were the environmental and/or social characteristics promoted by this financial product met?

This financial product promotes environmental and social characteristics such as greenhouse gas emission reduction, energy efficiency and environmental certification of buildings.

In connection to promoting environmental characteristics the Fund has the following targets:

- Operational in-use net zero carbon by 2030;
- 100% fossil-free electricity by 2030 across all real estate assets in the portfolio;
- 100 % certified (BREEAM in use or similar standard) assets by 2030;
- 100% green lease clauses signed by the tenants to ensure tenant collaboration on a best-effort basis on sustainability matters.

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

○ **How did the sustainability indicators perform?**

In 2025 each promoted characteristic was monitored separately based on the relevant metric:

- (i) percentage of the assets in the portfolio that use fossil-free electricity (based on gross asset value) was 93.6 %. 10 assets out of 11 assets had an electricity contract that specified the use of only for renewable energy;
- (ii) percentage of fossil free electricity of all electricity was 91.3%;
- (iii) portfolio’s location-based operational in-use GHG emissions scope 1-2 were 6 786 tCO2e;
- (iv) percentage of portfolio certification coverage (based on gross floor area) was 100 %; and
- (v) percentage of the portfolio where tenants signed the green lease clauses (based on gross floor area) on retail portfolio was 98 % and offices 99 % totaling the entire percentage of green lease coverage 98 %.

○ **... and compared to previous periods?**

	2023	2024
percentage of the assets in the portfolio that use fossil-free electricity	100%	89.2%
	(12 assets out of 12)	(10 assets out of 12)
percentage of fossil free electricity	91 %	86.6 %
portfolio’s operational in-use GHG emissions scope 1-2	6 216 tCO2	7 125 tCO2e
percentage of portfolio certification coverage	100 %	100 %
	(12 assets out of 12)	(12 assets out of 12)
percentage of the portfolio where tenants signed the green lease clauses (based on gross floor area)	72 %	98 %

○ **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

The Fund has not committed to making a minimum amount of sustainable investment.

However, the Fund screens the new investments (during the due diligence procedure) and the current investments (at least annually) for substantial contribution to the environmental objective of climate change mitigation either for sub-objective 7.1 (Construction of new buildings) or sub-objective 7.7 (Acquisition and ownership of buildings) and reports the percentage of assets that are taxonomy aligned annually in connection to the periodic report annexed to the annual report of the Fund as required by Sustainable Finance Disclosure Regulation (2019/2088) (“SFDR”) Article 11.

○ **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

The Fund has not committed to making a minimum amount of sustainable investment.

– How were the indicators for adverse impacts on sustainability factors taken into account?

The Fund has not committed to making a minimum amount of sustainable investment.

However, the Fund screens the new investments (during the due diligence procedure) and the current investments (at least annually) against the selected principal adverse impact indicators for real estate assets.

– Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Fund has not committed to making a minimum amount of sustainable investments.

Under the internal policies of the management company of the Fund, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are taken into account with respect to new investments as well as daily procedures and processes. However, no additional monitoring and reporting is performed.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

The Fund aims to reduce the principal adverse impacts of its investment decisions where possible and feasible. Fund intends to screen the new investments (during the due diligence procedure) and the current investments (at least annually) against the principal adverse impact indicators for real estate assets. The principal adverse impacts are reported annually if it is required under the periodic report annexed to the annual report of the Fund as required by SFDR Article 11.

The principal adverse impact indicators the Fund considers are:

Adverse sustainability indicator	Metric	Impact 2025	Impact 2024	Impact 2023	Explanation	Actions conducted, actions planned and targets set
Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport, or manufacture of fossil.	0	0	0	Assets are not involved in the indicated activities. A portion of the assets may use gas for heating; however, this does not meet the criteria for exposure to fossil fuels within the meaning of SFDR.	Assets are not involved in the indicated activities, so no additional action needs to be taken.
Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	44%	41%	39 %	Assets considered energy inefficient are assets with an energy rating below B.	Energy efficiency is considered as part of the due diligence process for investments, and a summary assessment is included in investment or divestment proposals in accordance with the Baltic Horizon Responsible Investment Policy.
GHG emissions	Scope 1 GHG emissions	891 tCo2e	778 tCo2e	505 tCo2	GHG emissions include operational emissions from heating, fuels and electricity consumption. Emissions are calculated using a location-based methodology in line with internationally recognised standards.	GHG emissions are considered as part of the due diligence process for investments, and a summary assessment is included in investment or divestment proposals in accordance with the Baltic Horizon Responsible Investment Policy.
	Scope 2 GHG emissions	5 894 tCo2e	6 347 tCo2e	5 711 tCo2		
	Total Scope 1-2 GHG emissions	6 786 tCo2e	7 125 tCo2e	6 216 tCo2		
Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	194 kwh/m2/yr 0,000194 GWh/m2/yr	182 kwh/m2/yr 0,000182 GWh/m2/yr	190 kwh/m2/yr ¹³ 0,000190 GWh/m2/yr	The energy consumption per square meter took into account the electricity consumption and energy used in heating/cooling.	Energy intensity is considered as part of the due diligence process for investments, and monitoring is conducted using internal benchmarking tools.
Waste production in operations	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract	0%	0%	5%	All properties were covered by a waste recovery or recycling contract.	All properties were covered by a waste recovery or recycling contract. No further actions were planned or targets set related to the criteria.



What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
Galerija Centrs	Retail	26.9%	Latvia
Europa	Retail	14.7%	Lithuania
Postimaja	Retail	9.8%	Estonia
North Star	Office	8.6%	Lithuania
Upmalas Biroji	Office	6.7%	Latvia
Apollo Plaza	Leisure	6.1%	Estonia
Vainodes I	Office	5.7%	Latvia
S27	Office	5.7%	Latvia
Lincona	Office	5.3%	Estonia
Pirita	Retail	4.6%	Estonia
SKY	Retail	2.2%	Latvia

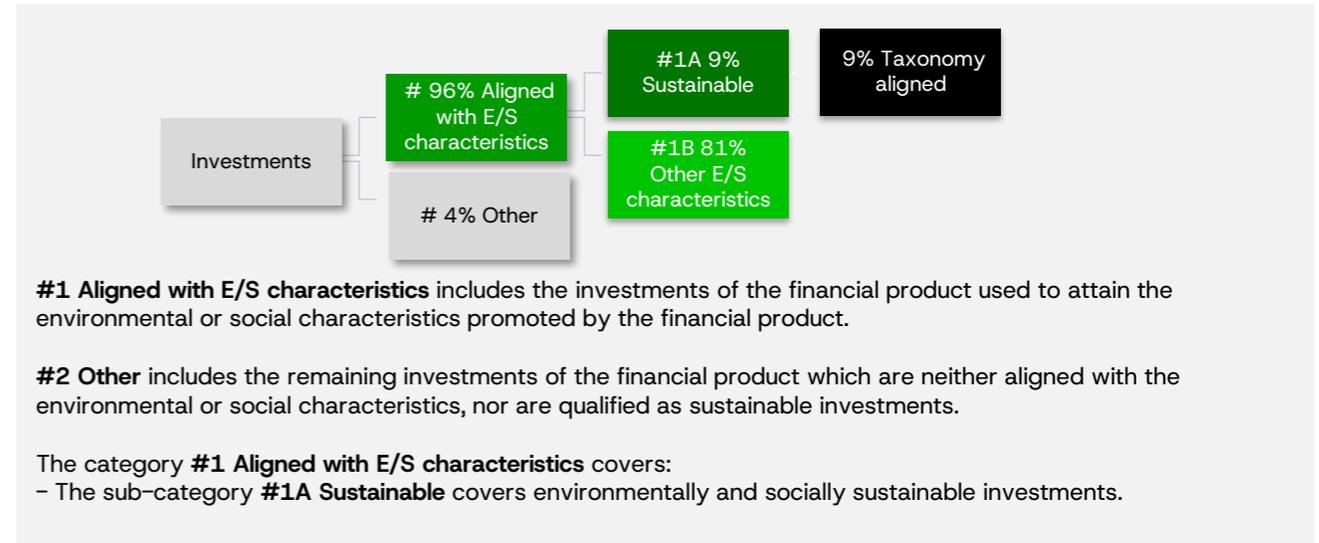
Asset allocation describes the share of investments in specific assets.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 1.1-31.12.2025



What was the proportion of sustainability-related investments?

What was the asset allocation?



In which economic sectors were the investments made?

Tertiary – real estate.



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

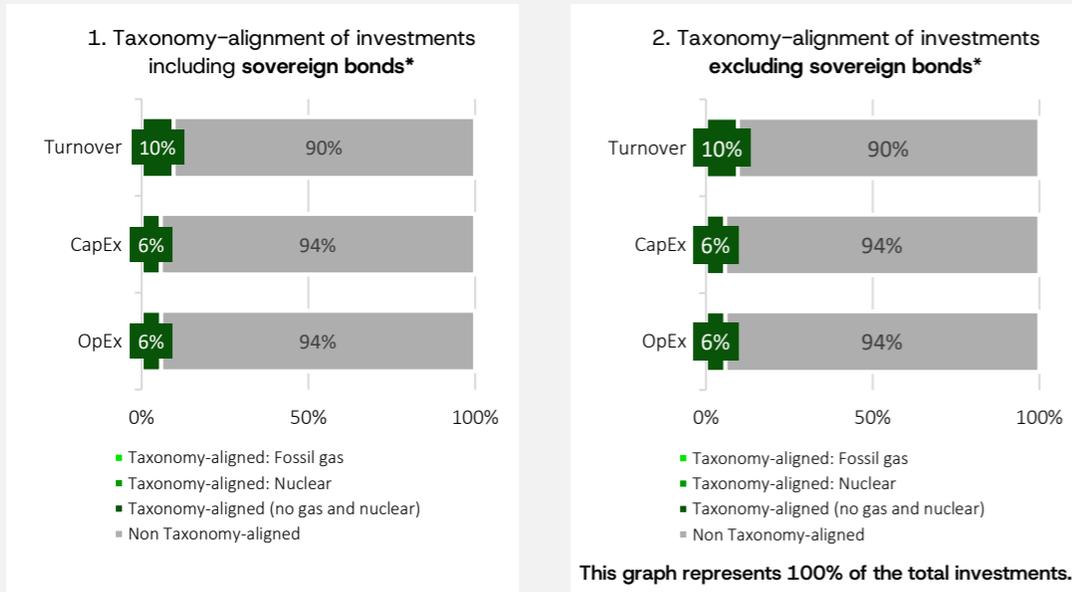
Market value of assets that were taxonomy aligned based on climate change mitigation criteria 7.7. was EUR 18 650 000– which is corresponding to 9 % EU Taxonomy alignment.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy ¹?

Yes:
 In fossil gas In nuclear energy

No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What was the share of investments made in transitional and enabling activities?

0.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

For 2023 the Fund had 14 % of taxonomy aligned assets.

For 2024 the Fund had 14 %² of taxonomy aligned assets.

For 2025 the Fund had 9 % of taxonomy aligned assets.

² The previously reported figure of 23% included assets that, upon further review, did not fully meet all alignment criteria.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

In accordance with its precontractual disclosure the Fund considered only EU taxonomy criteria while assessing sustainable investments.



What was the share of socially sustainable investments?

The fund did not make sustainable investments with social objective.



What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

#2 Other up to 4 % of the Fund's assets were held in form of cash or cash equivalents to maintain sufficient liquidity.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under Regulation (EU) 2020/852.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

During the reporting period, 10 out of 11 assets purchased renewable electricity proven by green electricity certification from the electricity provider or guarantee of origin certificate, with 91.3% of the Fund's total electricity consumption from renewable sources. All assets in the portfolio maintained their BREEAM In-Use certification, achieving 100% certification coverage. The Fund continued to include green lease clauses in rental agreements, maintaining 98% green lease coverage across the portfolio through ongoing tenant engagement and sustainability awareness initiatives.



How did this financial product perform compared to the reference benchmark?

No reference benchmark has been designated.

- How does the reference benchmark differ from a broad market index?

N/A

- How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?

N/A

- How did this financial product perform compared with the reference benchmark?

N/A

- How did this financial product perform compared with the broad market index?

N/A



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

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