Annual report 2024

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Management report

Letter to unitholders

In a world of turbulence, closing the gap between unit market price and portfolio value remains our key priority

In February of 2024, the Fund management team presented its strategic objectives to stabilize the Fund and to build a solid foundation for the future. We introduced ambitious goals to increase the portfolio occupancy and the net operating income, while managing the Fund's cash position. The strategic goals included considerations to dispose of non-strategic assets.

Throughout the year, management has been fully focused on delivering on the announced goals. However, external factors including the macroeconomic development and the muted business sentiment, have made 2024 more challenging than we had originally expected.

Portfolio occupancy

In 2024, we have progressed towards our 90% occupancy target. 69 existing tenants extended their lease agreements, and 61 new tenants moved to our buildings. New leases were signed for a total of 22,743 sq. m.

By the end of December 2024, the portfolio's **actual occupancy rate** reached 82.1% from the historic low of 77,1% in Q3 2023. Many of the new tenants started to moved in around year-end 2024, and thus, did not yet considerably impact net operating income by year's end.

As of February 2025, the **signed occupancy** stands at approx. 88.5% with leased premises set to be handed over to tenants during 2025. This is the first tangible result of our 'Modern City Life' strategy. We look forward to the positive effect on NOI as the new tenants move in and the actual occupancy of the Fund increases.

Asset optimization

Over the year, the team has put significant effort into rejuvenating and tailoring the Fund's centrally located buildings to the contemporary work and social trends, creating multifunctional spaces that accommodate diverse tenants while meeting the expectations of the 'Modern City' resident.

In 2025, these efforts will materialize in a larger food and beverage offering in Europa, more entertainment offerings and a worldclass fitness centre in Galerija Centrs, as well as new restaurants and leisure activities in Postimaja/CC Plaza.

In the office segment, our focus is primarily on modern buildings and long-term cooperation with public tenants, e.g. governmental or municipal organizations. During 2024, we have assisted Estonian Information System Authority in expanding its premises in Lincona, and we have set the stage for the prolongation of the lease agreement with Lithuanian Tax Authorities in North Star. In Upmalas Biroji, Latvian State Police has finalized the fitout of its premises, and in Vainodes, we are working closely with Latvian State Forestry on a stronger cooperation over the next decade.

Given the challenging situation of the Fund, extraordinary costs occurred. In 2025, focus is on minimizing those expenditures in the future.

Our roadmap to closing the gap between unit price and portfolio value

- Improving portfolio occupancy
- Intense focus on finance costs and Loan-to-Value ratio
- Asset optimization through ESG initiatives and refurbishment capex
- Full attention to operational results and costs

Performance tracking through strategic KPIs

Cost of capital

The Fund continues to be affected by the recent years' interest rate levels and high debt costs. A key strategic objective for the Fund management team is to reduce the costs of debt and the Loan-to-Value ratio.

In 2024, we have worked relentlessly to manage our debt and cashflow, while at the same time making partial repayments of the high interest bond.

Several loans were refinanced to free up capital for the partial early redemption of the bonds. The Fund Management team also raised EUR 6.29m new capital by way of a private placement of new units.

By the end of December 2024, the LTV ratio was 61.8%. Our efforts to bring down the LTV continues, and in January of 2025 the Fund has announced the intention to dispose up to three non-strategic assets in the efforts to bring LTV at around 50%.

Disposals

We see signs of recovery in the Baltic transaction market and the Fund management team has therefore initiated a structured process with the intention to dispose certain of its real estate assets, where the Fund does not see significant short-term opportunities for further value optimization.

The intended disposals are expected to result in a reduction in the LTV, and, if executed as planned, a partial or full repayment of the outstanding bond. However, there is no certainty that any transaction will take place if the conditions are not satisfactory and do not contribute to improving the net cash flow generation of the Fund.

DSCR

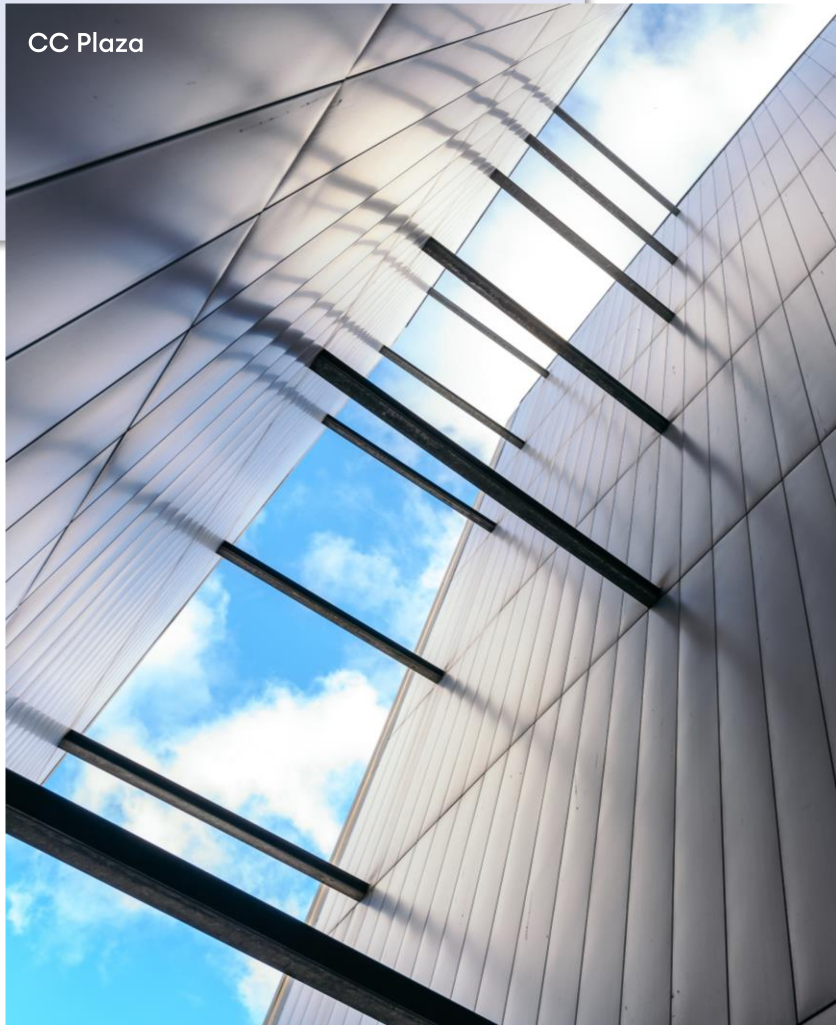
The combined effort involving increasing net operating income, reducing cost of debt and amortization and disposing of non-strategic is expected to considerable improve the Debt Service Coverage Ratio. As of 31 December 2024, the 12 month average DSCR was 0.78 whereas the monthly DSCR of February 2025 has already increased to 1.08. The Fund management team's goal is to reach a debt service coverage ratio of at least 1.2, and we expect to reach this by Q1 2026.

Strategic objectives 2025 and beyond

Looking into 2025, the focus of the Fund management team continues to be on four major objectives:

- Portfolio occupancy based on signed leases of 95%
- Actual portfolio occupancy target of minimum 90% based on tenants moved in
- Loan-to-Value target at 50% or lower by refinancing or disposing selected assets during the year
- Clear ESG and refurbishment strategy focused on cost efficiency of the properties and realizing the NOI potential of each of our assets

The overall objective of the management company is to offer a wide variety of investors to have investment access to Baltic commercial real estate through our listing on Nasdaq Tallinn Stock Exchange.



Executing our strategy

Over the past years, our focus has been on reshaping our strategy to foster sustainable value in a very demanding environment, concentrating efforts on avenues that promise reliable and consistent growth for our investors.

We firmly believe that the execution of the 'Modern City Life' strategy, introduced to investors in 2024, is paramount to their best interests. This strategy emphasizes developing centrally located, multi-functional properties with adaptable spaces designed to inspire, uplift, and enhance the lives of modern citizens and communities. Our value proposition is built on quality, flexibility, sustainability, and exceptional service, supported by strategic locations that cater to the evolving needs of our tenants, visitors and neighbours.

The Fund management team has implemented and specified its key performance indicators (KPIs) as a means to effectively measure and track performance because we acknowledge that clear and measurable benchmarks are essential for evaluating progress towards the Fund's objectives. By defining specific KPIs, the team aims to enhance transparency, accountability, and facilitate decision-making processes.

As we recap our goals for 2024, we are pleased to report the following achievements:

- We have successfully achieved 100% portfolio BREEAM certification.
- Despite receiving a 3-star GRESB rating in 2024, we have thoroughly analysed the assessment results and developed an action plan to achieve a 4-star GRESB rating in 2025.
- Although we did not reach our target of 90% portfolio occupancy by the end of 2024, we made significant progress, achieving an 86.5% occupancy rate based on lease signing date with actual occupancy subsequently increasing as tenants move in.
- We have recently announced our disposal strategy to reduce LTV levels. Some disposal processes have commenced as of February 2025, with the possible closing of transactions planned for later in the year.
- Looking ahead to 2025, we will continue with the same solid strategy and goals that will stabilize the Fund's financial position and maximize the potential of its portfolio.

KPI goals for 2024

Occupancy	Net operating income	Loan-To-Value	Portfolio composition	GRESB assessment
>90%	EUR 18m	=<50%	18 months	=>4 stars
Portfolio occupancy by the end of 2024 based on lease signing date	Clear ESG/refurbishment strategy with an aim to reach portfolio NOI per year potential by 2027	=<50%	Consider disposing of non-strategic assets over the next 18 months	GRESB real estate assessment rating

Progress update as of 31 December 2024

86.5%	EUR 11.6m	61.8%	Plans announced	3 stars
Portfolio occupancy by the end of 2024 based on lease signing date	In 2024 the Fund generated EUR 11.6m NOI converting to 98 EUR/sq. m.	LTV at the end of 2024	Disposal process for up to three properties announced	GRESB rating in 2024

KPI goals for 2025

Occupancy	NOI/sq. m.	Loan-To-Value	Portfolio composition
>90%*	EUR 130**	=<50%	12 months
Portfolio actual occupancy, tenants moved in, by the end 2025	Clear ESG/refurbishment strategy with an aim to reach portfolio NOI per square meter potential by 2027	=<50%	Consider disposing of non-strategic assets over the next 12 months

* While in 2024 the management focused on getting several new anchor leases signed, from 2025 onwards the focus shall be on actual occupancy target.

** Due to possible divestments, from 2025 the management has a new target of NOI/sq.m. rather than total NOI p.a.

Key figures **2024**

Key earnings figures	Unit	2024	2023	Change %
Rental income	EUR '000	15,136	17,743	(14.7%)
Net rental income	EUR '000	11,588	14,617	(20.7%)
Net rental income margin[1]	%	76.6	82.4	(7.0%)
Valuation gains (losses) on investment properties	EUR '000	(15,581)	(21,876)	28.8%
EBITDA	EUR '000	(6,836)	(13,701)	(50.1%)
EBITDA margin	%	(45.2)	(77.2)	(41.5%)
EBIT	EUR '000	(7,211)	(13,879)	(48.0%)
EBIT margin[2]	%	(47.6)	(78.2)	(39.1%)
Net profit (loss)	EUR '000	(16,781)	(22,973)	27.0%
Net profit (loss) margin	%	(110.9)	(129.5)	14.4%
Earnings per unit	EUR	(0.12)	(0.19)	36.8%
Generated net cash flow[3]	EUR '000	(6,996)	502	(1,493.6%)
Generated net cash flow per unit[4]	EUR/unit	(0.06)	0.00	(100.0%)

Key financial position figures	Unit	31.12.2024	31.12.2023	Change %
Total assets	EUR '000	256,048	261,138	(1.9%)
Return on assets (TTM)	%	(6.5)	(7.6)	(14.5%)
Total equity	EUR '000	98,095	109,532	(10.4%)
Equity ratio	%	38.3	41.9	(8.6%)
Return on equity (TTM)	%	(16.2)	(18.9)	(14.3%)
Interest-bearing loans and borrowings	EUR '000	149,227	143,742	3.8%
Total liabilities	EUR '000	157,953	151,606	4.2%
LTV	%	61.8	57.3	7.9%
Average cost of debt	%	6.7	5.2	28.8%
Weighted average duration of debt	years	2.8	2.3	21.7%
Current ratio	times	0.2	0.1	100.0%
Quick ratio	times	0.2	0.1	100.0%
Cash ratio	times	0.2	0.1	100.0%
IFRS NAV per unit	EUR	0.6833	0.9156	(25.4%)

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

Key figures **2024**

Key property portfolio figures	Unit	31.12.2024	31.12.2023	Change %
Fair value of portfolio	EUR '000	241,158	250,385	(3.7%)
Properties[5]	number	12	12	-
Total Net leasable area	sq. m	118,269	119,714	(1.2%)
Occupancy rate[6]	%	82.1	81.1	1.7%

Key property portfolio figures	Unit	2024	2023	Change %
Direct property yield	%	3.8	4.5	(15.6%)
Net initial yield	%	4.7	5.1	(7.8%)

Key unit figures	Unit	31.12.2024	31.12.2023	Change %
Number of units outstanding	units	143,562,514	119,635,429	20.0%
Closing unit price	EUR	0.2521	0.3150	(20.0%)
Closing unit price	SEK	2.76	3.30	(16.4%)
Market capitalisation[7]	EUR	36,192,110	37,685,160	(4.0%)

Key EPRA figures	Unit	2024	2023	Change %
EPRA Earnings	EUR '000	(1,141)	2,294	(149.7%)
EPRA Earnings per unit	EUR	(0.01)	0.02	(150.0%)

Key EPRA figures	Unit	31.12.2024	31.12.2023	Change %
EPRA NRV (Net Reinstatement Value)	EUR '000	104,333	114,205	(8.6%)
EPRA NRV per unit	EUR	0.7267	0.9546	(23.9%)
EPRA NTA (Net Tangible Assets)	EUR '000	104,333	114,205	(8.6%)
EPRA NTA per unit	EUR	0.7267	0.9546	(23.9%)
EPRA NDV (Net Disposal Value)	EUR '000	97,585	109,131	(10.6%)
EPRA NDV per unit	EUR	0.6797	0.9122	(25.5%)
EPRA LTV	%	58.5	55.5	5.4%

5. Properties includes 12 established cash flow properties.
6. Occupancy based on tenants moved in; 86,5% as at 31.12.2024 occupancy rate based on lease signing date.
7. Based on the closing prices units on the Nasdaq Tallinn Stock Exchange.

Q1

Changes in the property management teams in Latvia

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

Partial early redemption of the bonds

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

Amendments to the bond terms and conditions

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

Q2

Partial early redemption of the bonds

On 8 April 2024, the Baltic Horizon Fund early redeemed a short-term part of the bonds in the amount of EUR 4.5 million. The redemption entailed decreasing the nominal value of the bonds and the new nominal value is EUR 71,428.57 per bond. The total nominal amount of the bonds before the redemption was EUR 34.5 million and after the redemption is EUR 30 million.

Mandatory early redemption of the short-term part of the bonds

On 14 June 2024 the Baltic Horizon Fund announced its plan to mandatorily redeem the short-term part of the bonds in the amount of EUR 8.0 million. The redemption was carried out on 8 July 2024 and it entailed decreasing the nominal value of the bonds. The total nominal amount of the bonds before the redemption was EUR 30 million and after the redemption is 22 million. The new nominal value of the bonds is EUR 52,380.95 per bond.

Annual General Meeting

The Annual General Meeting of Baltic Horizon Fund investors took place on 3 June 2024 in Tallinn, Estonia. Fund Manager Tarmo Karotam presented the FY2023 audited annual report of the Baltic Horizon Fund and the interim report for Q1 2024.

Bondholders' consent for a second ranking mortgage for Meraki

On 21 June 2024 the Fund requested, by written procedure, the consent of the bondholders to waive the obligation set out in the terms and conditions of the bonds and to grant consent for the Fund to create a second ranking mortgage on the assets of BH Meraki UAB to secure external financing. The quorum was met and the resolutions were adopted by the bondholders. The external financing received was used to redeem the short-term part of the bonds on 8 July 2024.

Annual ESG report

On 1 July the Baltic Horizon Fund published its annual ESG report for 2023. The report covers the Fund's operations and achievements for 2023, including obtaining BREEAM certification for the whole portfolio and maintaining a 4-star evaluation in the annual GRESB assessment. The Fund's focus in the current year is on 100% green lease coverage and further expansion of the renewable energy solutions for its properties.

Q3

Release of the mortgage securing the bonds

The mandatory partial early redemption of the bonds was completed on 8 July 2024. The Fund requested Triniti Collateral Agent IX OÜ, a company that acts as the agent in relation to 5-year floating rate bonds maturing in 2028 to release the collateral encumbering the property held by BH Meraki UAB with the first ranking mortgage to secure the obligations of the issuer deriving from the bonds. On 15 August 2024 the collateral was released.

Private placement of new units

Northern Horizon Capital AS, the management company of Baltic Horizon Fund, raised EUR 6.29 million in the private placement, mainly targeting institutional investors in select European countries, which took place under the resolution taken by the general meeting of investors announced on 6 August 2024 and was closed on 12 September 2024. 23,927,085 new units were issued at EUR 0.2631 with the first trading day on Nasdaq Tallinn Stock Exchange being 20 September 2024.

Amendments to the bond terms and conditions

On 26 September 2024 the bondholders approved by written procedure the amendments to the terms and conditions of the Baltic Horizon Fund 5-year bonds maturing in 2028. The bondholders decided to add an obligation for mandatory early redemption of the bonds with a total nominal value of EUR 3,000,000 by 7 November 2025 and to change the Fund's Debt Service Coverage Ratio requirement above 0.75 for the period from 30 September 2024 to 30 June 2025, above 1.00 for the period from 1 July 2025 to 30 September 2026 and above 1.20 thereafter.

Changes in the property management team in Estonia

Newsec has been appointed as property manager for Baltic Horizon Fund's properties in Estonia starting from 1 September 2024. Newsec already manages Baltic Horizon Fund's Lithuanian portfolio and retail properties in Latvia. This strategic partnership is expected to accelerate the leasing process.

Q4

Changes in the Management Board of the management company

Jūratė Gaspariūnienė was elected as a new member of the Management Board of Northern Horizon Capital AS, the management company of the Baltic Horizon Fund. Starting from 1 December 2024, the management board of Northern Horizon Capital AS will be as follows: Tarmo Karotam (the Chairman of the Board), Aušra Stankevičienė and Jūratė Gaspariūnienė.

EPRA Gold award

For the fifth time in a row, European Public Real Estate Association (EPRA) has awarded Baltic Horizon Fund a Gold Award in recognition of its financial reporting. The annual EPRA BPR Awards recognises the efforts of listed real estate companies to align with the recommendations. The survey is performed by Deloitte, and this year, 178 companies were assessed.

2024 GRESB results

Baltic Horizon Fund has participated in the annual GRESB assessment since 2020, and in 2022, the Fund crossed the threshold to 4-star level. However, with broader commitment and improved performance in the sector, requirements and expectations are also increasing and new best practice standards are emerging. Against this backdrop, Baltic Horizon Fund announces a 3-stars rating this year with 80 points, 1.5 points below the 4 stars-threshold.

Business environment

Estonia

In 2024, the Estonian economy remained in recession due to weak domestic demand. Despite higher wages and lower household debt servicing costs, several tax increases in 2025 will limit private consumption. Real GDP is projected to grow by 1.1% in 2025 and 2.6% in 2026. HICP inflation is forecasted at 3.6% in 2025, driven by tax hikes, and is expected to decrease to 2.4% in 2026. Several factors contribute to the weak growth in 2024 and beyond, including the permanent loss of cheap inputs from Russia, rising wages that diminish Estonian competitiveness, weak growth in the country's main trading partners, and lingering geopolitical concerns. Private consumption is expected to be subdued in 2025 due to forthcoming tax hikes and the postponement of the rise in the minimum tax-free threshold from 2025 to 2026, which will reduce consumers' purchasing power.

Looking ahead to 2025, the Estonian economy is expected to see modest growth. Real GDP is projected to grow by 1.1%, with inflation remaining high at 3.6% due to substantial tax increases. Public expenditure will be driven by defense spending, investment, and increases in child benefits.

Latvia

In 2024, Latvia's economy stagnated. Despite significant wage growth, private consumption has not yet fully recovered. However, public expenditure remains strong, particularly in healthcare and research. The economy is forecasted to improve in 2025 and 2026, with GDP growth projected at 1% and 2.1%, respectively. Inflation dropped to 1.2% in 2024 due to a decline in energy prices and a general slowdown in other price categories. As energy prices normalize, inflation is expected to rise to 2.2% in 2025 and 2026. Real GDP has grown due to stronger investment growth and public consumption expenditure. However, private consumption recovery remained weak in the first half of 2024.

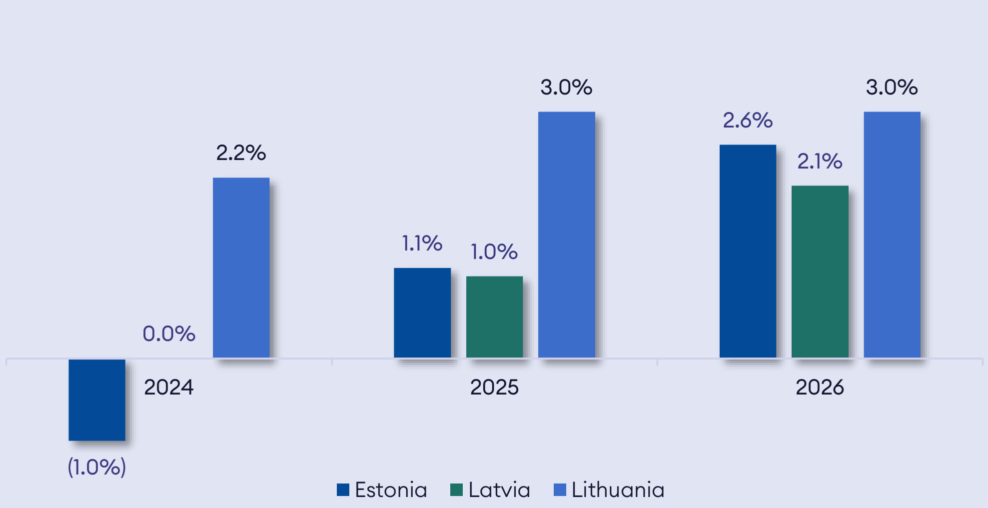
Looking ahead to 2025, goods exports are expected to recover progressively, in line with improved demand from Latvia's main trading partners. The labor market is set to remain tight, supporting further expansion of real income, which should eventually boost private consumption.

Lithuania

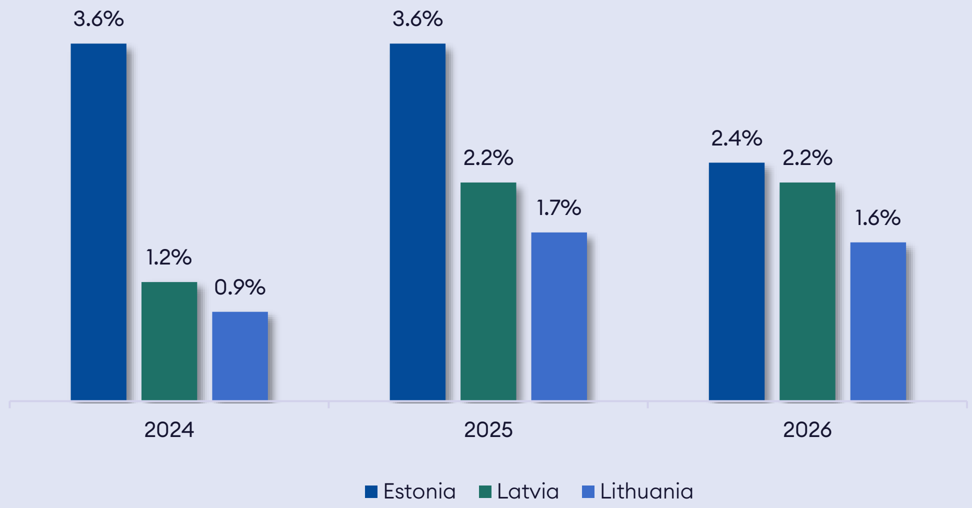
In 2024, Lithuania's economy grew by 2.2% driven by strong private consumption and robust services exports. The easing of inflation and continued growth in nominal wages are supporting private consumption, despite a growing savings rate. The inflation rate (HICP) slowed down significantly to 0.9% in 2024, mainly due to the fast decline in energy and unprocessed food prices.

Looking ahead to 2025, Lithuania's economy is forecast to grow by 3% as investment expansion resumes and consumption remains strong. The inflation rate is expected to rise to 1.7% due to higher services inflation and other components returning to trend values.

GDP growth (%, yoy)



Inflation (%, yoy)



Source: European Commission Economic Forecast, 15 November 2024

Outlook for 2025

In 2025 the Fund will focus on flexible and sustainable solutions to meet tenant demands and market conditions. Our key goals are increasing the occupancy of the portfolio and decreasing the LTV by way of repaying part of the bonds.

In 2025, the Baltic commercial real estate market is anticipated to navigate both considerable challenges and emerging opportunities. Persisting economic uncertainty is expected to keep demand for commercial spaces subdued. Key factors influencing this trend include evolving consumer preferences, the continued expansion of e-commerce, and the shift toward remote work, all of which are reshaping the need for office and retail properties.

While economic forecasts cautiously suggest potential market stabilization in the coming year, a rapid recovery remains unlikely due to geopolitical uncertainties and evolving tenant and consumer needs. Recognizing these challenges, the Fund's management has taken proactive measures to enhance financial stability by reducing leverage through partial bond repayment. This strategy aims to alleviate financial pressure, positioning the Fund for more sustainable financial performance.

As part of this initiative, the Fund has announced a strategic plan to divest select assets, with the objective of reducing the LTV ratio to below 50% and fostering a more stable recovery. Up to three assets have been identified for potential disposal based on their life cycle, optimization potential, and alignment with the Fund’s long-term strategy. Among these, the Postimaja and CC Plaza complex in Tallinn has been introduced to the market, following the Fund’s successful achievement of 100% occupancy and WALT exceeding five years. Given limited opportunities for further value enhancement beyond its development potential–an avenue the Fund does not intend to pursue in the short term–the asset has been prioritized for sale. To facilitate the divestment process, the Fund has engaged Newsec Advisers UAB and Redgate Capital AS as financial advisors. The sales process is set to commence in February, with the aim of closing later in the year.

On 7 March 2025 the Fund has signed an asset purchase agreement to sell the Meraki property. Transaction was closed on 13 March 2025. At the end of 2024, the property had an occupancy of 86% and WAULT of 4.3 years. Due to anticipated vacancies in the office sector and an increasing supply, the Fund has decided not to proceed with the development of a second tower, for which the permit remains valid. The current market conditions, characterized by recovering investor activity, present an improved opportunity to sell the property. Potential buyers have also shown preliminary interest in Lincona and Pirita Center.

If the divestment plan proceeds as anticipated, the Fund will be positioned to repay a significant portion of its bonds while continuing to invest in its remaining property portfolio. This will enable the Fund to concentrate on unlocking value in its other assets in alignment with its strategic objectives, providing a solid foundation for future growth.

To achieve our goal of increasing portfolio occupancy, we are adapting to the evolving needs of our tenants and customers. The rise of e-commerce and online shopping has transformed the traditional concept of shopping centres. Visitors now seek not only to try on and purchase goods but also to enjoy entertainment and experiences.

This trend is evident in the success of our food courts, such as Burzma and Dialogai, as well as the interactive exhibition Kosmopark, which has attracted a significant number of visitors in Europa and now operates in Galerija Centrs. Following this success, we have signed a new 3-year lease with an entertainment operator to open a Danger Park on the second floor of Europa shopping centre in May 2025. In addition to opening brand new MyFitness in February 2025, we are also considering various entertainment concepts for Galerija Centrs. Additionally, we will continue to offer the community a variety of events and temporary pop-ups in both shopping centres.

In line with our strategic goal to increase occupancy, we are reviewing the concept in Europa and seeking the best tenant mix. We are currently negotiating a lease with a 700 sq m. anchor fashion leader and in February 2025 signed an agreement with Spaces co-working operator, which find the shopping centre and its location ideal for their concept, for an area of approx. 1,800 sq m. We believe that the combination of entertainment and a wide range of catering options, which will expand from the food court to a newly planned restaurant zone on the first floor facing Konstitucijos Avenue, along with strategic changes to the tenant mix on the second and third floors, will maximize visitor flow and fully exploit the potential of the shopping centre.

While the traditional shopping centre concept remains effective for Galerija, as evidenced by increasing foot flow and turnover, we are exploring additional concepts for currently vacant premises to complement our existing tenants and expand the range of services offered to visitors.

Our strategic efforts have already yielded positive results in some properties. As of the end of 2024, the Postimaja and CC Plaza complex is fully leased. Our partnership with Apollo Group as the anchor tenant will transform the complex into a vibrant urban destination, featuring a diverse mix of entertainment, dining, and retail options.

Office tenants are currently looking not just for a place to work during the day, but rather for hybrid working spaces or bult-to-suit solutions with increased expectation over ESG, workplace wellbeing features and easily reachable services, which become increasingly important. During the last year, we witnessed a higher demand for mixed-use projects that combine commercial spaces with services, including catering, medical clinics and fitness centres. We believe, that in the upcoming years demand for such concepts will grow further and will add value to the properties.

We continue to adapt to market demands by diversifying our office tenant mix beyond traditional occupiers, integrating catering operators, medical clinics, and even kindergartens into our office buildings. This approach not only enhances tenant diversification but also meets the needs of both our customers and the surrounding communities.

In the office sector, our primary challenge and focus in 2025 will be addressing the remaining vacancies in S27 and Upmalas. A significant milestone in 2024 was securing a lease agreement for approximately 3,680 sq. m. in S27 with the International School of Riga, a leading provider of international education serving students from preschool through high school, set to open in the second half of 2025. Even in the current market conditions we are confident that the International School of Riga coming into the building together with the renovation and improvements that are being done will enable us to attract new tenant segments that recognise the value of synergy.

Our commitment to supporting existing and prospective tenants, along with our ability to tailor office spaces to individual requirements, positions us well to lease the remaining areas in North Star and Meraki in the coming quarters.

In 2025, we will continue advancing our social and environmental commitments. All our assets have been BREEAM-certified, and by the end of 2024, we achieved 98% green leases across our portfolio, with a target to further increase this share in the coming year.

Our investments in green energy projects remain a key priority, and from Q1 2025, all our properties tin Latvia and Lithuania will transition to using energy from remote solar panels. In Estonia, we are actively exploring solutions in our properties to reduce the reliance to gas. Additionally, we are evaluating new technologies and sustainability initiatives hat align with our ESG strategy while enhancing energy efficiency, optimizing property performance, and reducing operational costs.

Recently, we announced a 3-star GRESB rating of 80 points, falling 1.5 points short of the 4-star threshold. This decline, compared to previous years, reflects increasing industry-wide commitments, heightened requirements, and evolving best practices. The management team has conducted a thorough analysis of the assessment results and developed an action plan aimed at restoring the Fund's 4-star rating in 2025.

Simultaneously, to reinforce its financial position, the Fund is committed to improving its debt service ratio and reducing loan-to-value levels. By focusing on increasing occupancy rates and optimizing property concepts, we aim to enhance asset performance and maximize net operating income. Adaptive leasing strategies, property repositioning, and targeted investments in high-demand segments will remain key priorities. These initiatives are designed to create long-term value for investors while ensuring the Fund remains resilient in a dynamic market environment.

> “Our efforts are designed to create long-term value for investors while ensuring the Fund remains resilient in a dynamic market environment.

Property report

Portfolio facts

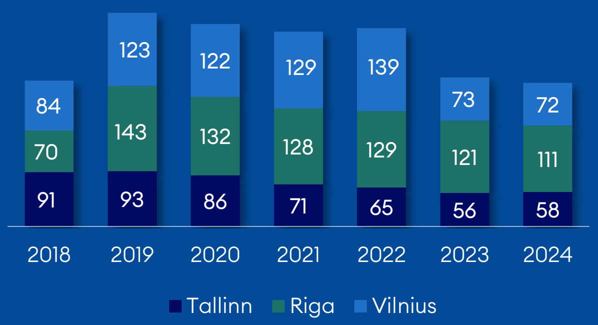
As of 31 December 2024

241.2m EUR
portfolio value

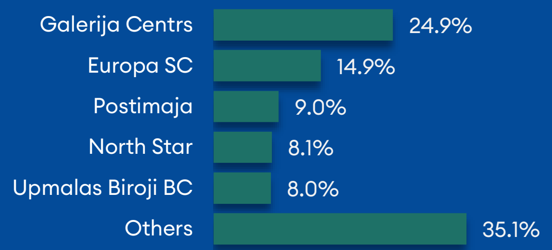
12 income
generating properties

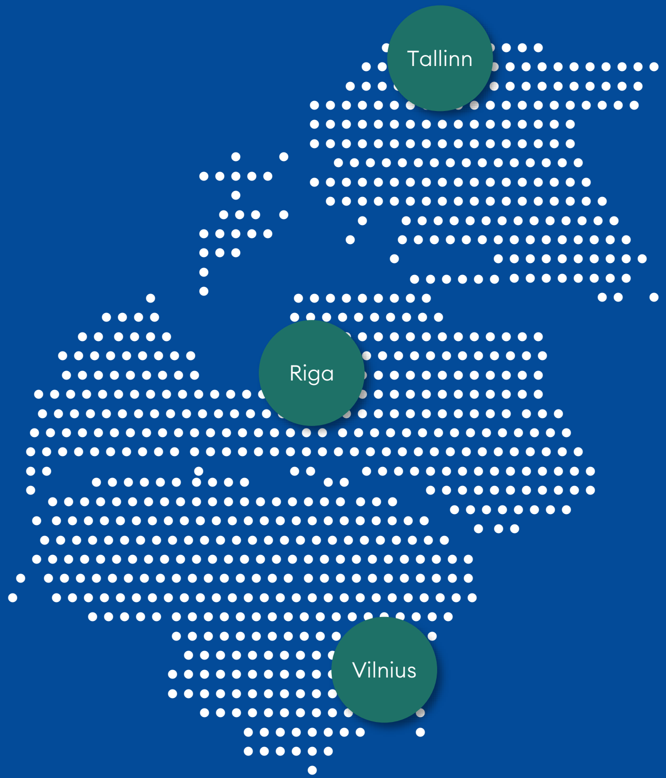
118,269 sq.m.
leasable area

Portfolio value (EURm)



TOP 5 properties





Portfolio by countries

Tallinn
4

Riga
5

Vilnius
3

Portfolio by segments

Retail
54.9%

Office
39.6%

Leisure
5.5%

Leasing and tenant update

In a challenging environment characterized by increasing real estate market vacancies across all Baltic states in recent periods, the Fund also faced outflows of some tenants, however it has demonstrated its adaptability and the attractiveness of its properties by renewing a significant amount of existing leases and signing a substantial number of new leases in 2024.

This success was primarily attributable to significant deals with prominent anchor tenants such as Narbutas in Meraki (3,200 sq. m) and Apollo Group in Coca-Cola Plaza (2,200 sq. m), International School of Riga in S27 (3,680 sq. m) and significant leases in Galerija Centrs signed with My Fitness (1,700 sq. m) and Expo GROUP (2,000 sq. m). The Fund team has been diligently negotiating with current tenants to extend lease agreements, while also actively engaging with new tenants to fill the vacancies. These efforts have resulted in lease renewals of approximately 23,800 sq. m and a net lease inflow of approximately 4,800 sq. m.

During 2024, the Fund signed new leases for 22,743 sq. m, securing an annual rental income of EUR 2,945 thousand for future periods.

Furthermore, 61 new tenants have been attracted to our buildings, while 69 existing tenants have decided to continue their cooperation with us.

By the end of December 2024, the occupancy of the portfolio increased to 82.1%. Calculating based on the lease signing date, the occupancy already exceeds 86%. Signed premises will be handed over to tenants in 2025.

Notably, less than 20% of the leases are set to expire during 2025, while the vast majority expire in 2026 and later. We aim to spread our lease terms evenly so that no more than 20% of our leases expire each year. Recent successful leasing activity is reflected in the increase in the weighted average unexpired lease term until the first break option, which was 3.3 years as of 31 December 2024 (compared to 2.9 years as of 31 December 2023).

Confirmation of active leasing efforts and client trust

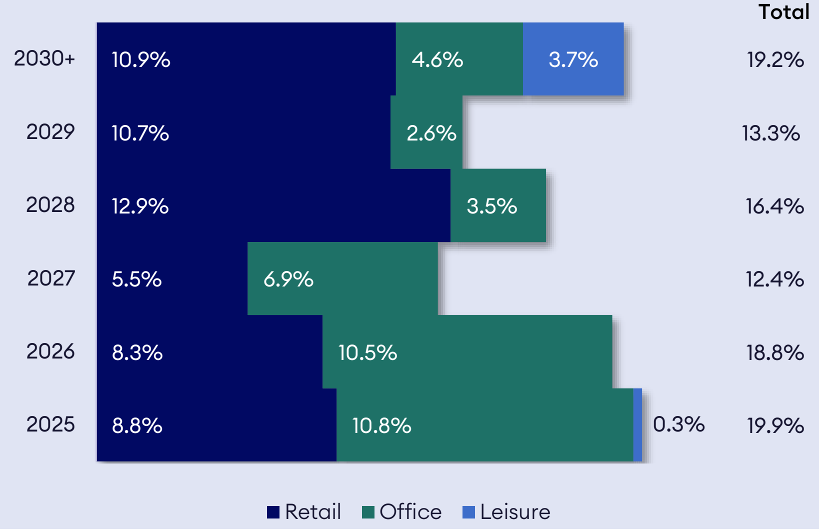
2.9y
WAULT until the first break as of 31 December 2023

3.3y
WAULT until the first break as of 31 December 2024

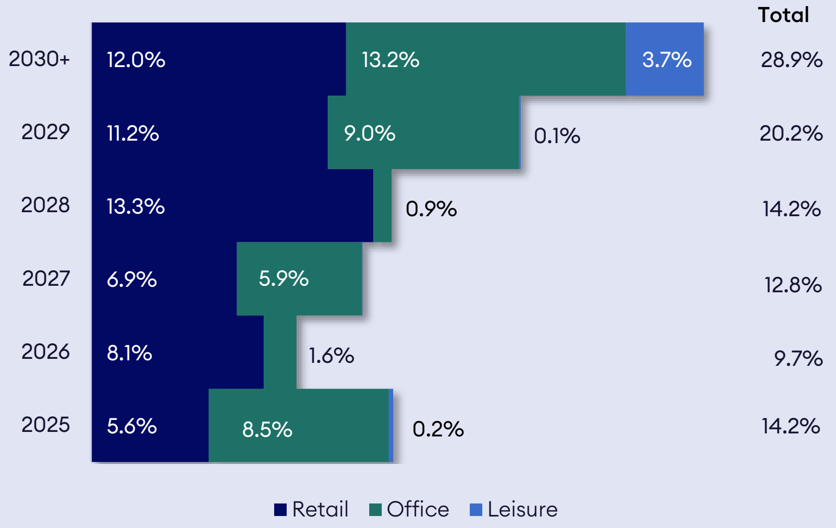
82.1%
Portfolio occupancy rate (handover date) as of 31 December 2024

86.5%
Portfolio occupancy rate (signing date) as of 31 December 2024

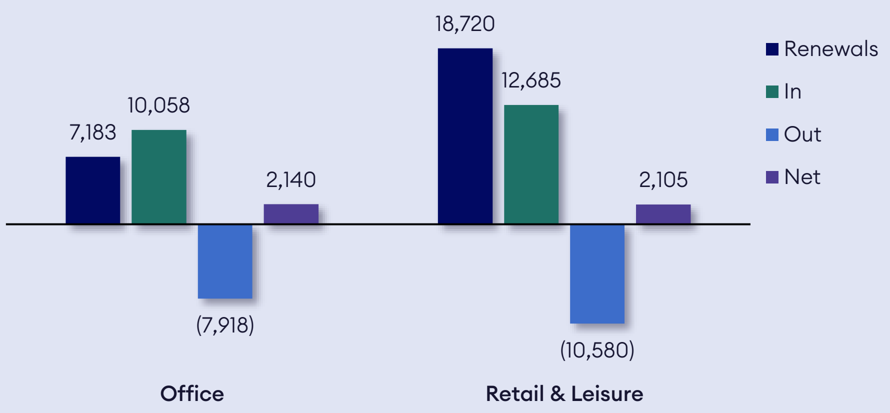
Lease maturity profile as of 31 December 2024
% of contractual rent to first break option



Lease maturity profile as of 31 December 2024
% of contractual rent to end of contract



Leasing activity in January – December 2024
sq. m.



Portfolio and market overview

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

In 2024, the Baltic commercial real estate market experienced varied dynamics across its sectors. Investment activity remained subdued, with total volumes below EUR 1 billion, marking the lowest level since 2015. Elevated interest rates contributed to reduced transaction numbers and exerted upward pressure on yields. With decreasing EURIBOR rates and improving financing conditions investment volume is likely to increase in 2025.

During the year competition in the office segment increased due to new projects completed in all Baltic capitals that increased the supply by more than 40,000 sq. m. Rental rates largely stabilized across the region, though landlords became more flexible with fit-out incentives and lease terms to attract tenants.

In the retail sector, while foot traffic in shopping centres rebounded, spending patterns remained cautious, influenced by inflation and economic uncertainty. From the supply perspective, some major retail projects progressed, but overall expansion was modest and cautious due to changing shopping habits of the customers.

While challenges persist, the Baltic commercial real estate market shows signs of cautious optimism for 2025. Despite improving forecasts, the Baltic Horizon Fund maintains a prudent approach and will continue striving to enhance portfolio occupancy by offering multiuse spaces and aligning with the evolving needs of tenants and local communities.

Retail portfolio development and future focus

In recent years, shopping centres have evolved from purely retail-focused spaces into multifunctional lifestyle destinations. Visitors now seek more than just shopping–they expect experiences, entertainment, and social engagement. Adapting to this shift, the Fund has been introducing not only new retail names including IKI, ARKET, H&M Home, but also dining areas, wellness facilities and even cultural events in its retail properties.

Introduction of the new stores, dining and entertainment options at Galerija Centrs, including the 2,000 sq. m interactive entertainment centre Kosmopark, operated by Expo GROUP, opened at the end of September, has triggered a 3% increase in the number of visitors and turnovers. We expect footfall to increase even further after the opening of MytFitness, that signed a 2,000 sq. m 12-year lease agreement in Galerija Centrs. New tenants contribute not only to higher occupancy but also expand the range of services offered to visitors.

Europa SC recently celebrated the opening of the renewed Suitsupply, Tops, Holland & Barrett, which chose Europa for its first store in Lithuania (opened in partnership with Eurokos), and Perfectus clinic. Next openings include new entertainment concept Danger park opening in H1 2025 and the replanned restaurant zone on the first floor. Our current focus is on finding the best tenant mix to accommodate the needs of the visitors and consequently lease out the vacant areas. The Fund is engaged in advanced negotiations with well-known fashion leaders and in February 2025 it signed a 1,800 sq. m. agreement with an operator of Spaces, international co-working brand. These efforts evidence exceptional performance of the leasing team as well as the Fund's commitment to accommodate the needs of the surrounding communities.

The Postimaja and CC Plaza complex is now fully leased. By partnering with Apollo Group as the anchor tenant, we will revitalize the complex into a dynamic urban hub, offering a rich blend of entertainment, dining, and retail experiences.

Meraki Business Home

Office portfolio development and future focus

In recent years the work landscape has notably shifted towards hybrid models, blending remote and on-site work. As a result, more and more tenants are looking for smaller office spaces and flexible leases. To address the evolving office reality, Baltic Horizon has been revitalizing larger vacant office areas, transforming them into flexible working spaces to adapt to tenant needs as well as looking for ways to adapt the office space for other use.

We have successfully extended all major lease agreements in our office portfolio that we expected to extend during 2024. The long-term focus in the office segment is on modern buildings and long-term cooperation with both public (e.g. government or municipal) and private organizations. While the rental levels may not always be at the top end of the market, there are other benefits that contribute positively, such as stable rental income, longer leases and lower tenant turnover.

Accomplishments in our leasing strategy include recent agreements with the International School of Riga in S27 for 3,680 sq. m. and the Estonian Information System Authority in Tallinn for over 3,000 sq. m for a period of 5 years, as well as strong leasing of vacant premises in Meraki. During the 2024 new leases were signed with leading local and global names such as Narbutas and Hertz, and existing tenants in Meraki expanded their space, which increased the occupancy in the building to over 86%.

North Star in Vilnius has seen increased interest from tenants during the year, resulting in the signing of significant leases with tenants such as Edrana and Maisto Bankas. The business centre is another example of the Fund's efforts to better meet the needs of the surrounding neighbourhoods and communities, as evidenced by the signing of new leases with Antėja and Inmedica clinic, which are expected to open their doors in Q2 2025.

To adapt to changing market conditions, the Fund is proactively working to lease out existing office vacancies.

In Q4 2024 the Fund signed a significant agreement with the International School of Riga, a leading provider of international education serving students from preschool through high school, set to open in an area of approx. 3,689 sq. m of S27 at the end of 2025. This marks a significant milestone for the Fund, recognising its efforts to stand out in the market by adapting to tenant needs and thinking beyond the traditional use of the office space . With the school occupying approximately half of the building, we have been working on the several concepts for the remaining vacancy.

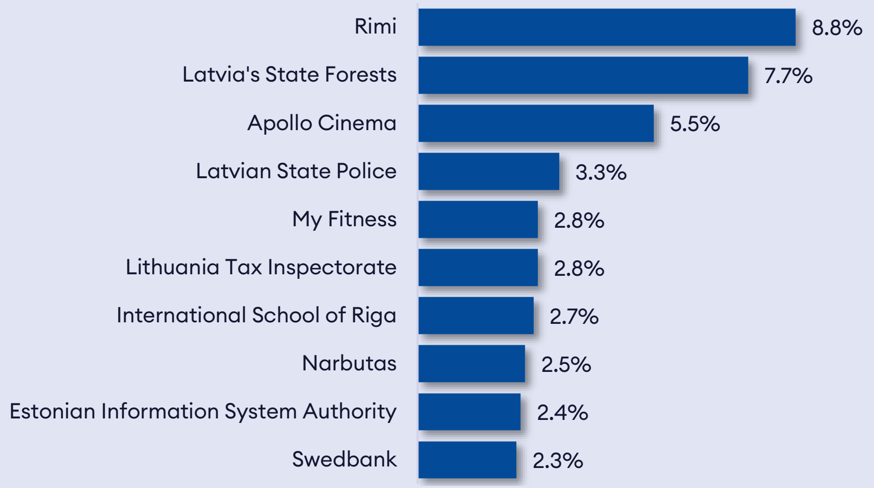
Furthermore, we are currently in intensive negotiations to optimize occupancy in the Lincona building. Recent expansion of space by the existing tenant, the Estonian Information System Authority, increased the occupancy of the building close to 90% at the end of December and with new leases signed after the year-end occupancy exceeded 92% at the end of January 2025.

Upmalas has attracted a lot of interest from potential tenants in recent months, reflecting the hard work and market expertise of our new partner Colliers and resulting in a new 10-year lease being signed with BebeLV. A kindergarten not only improves the tenant mix but also meets the needs of the surrounding communities.

Despite the progress in letting, the remaining vacancies in S27 and Upmalas Biroji are likely to affect the office portfolio results for another couple of quarters. However, we expect this impact to be partially mitigated by the stability provided by the fixed-price lease agreements in the remaining portfolio, as well as newly signed leases kicking in during 2025.

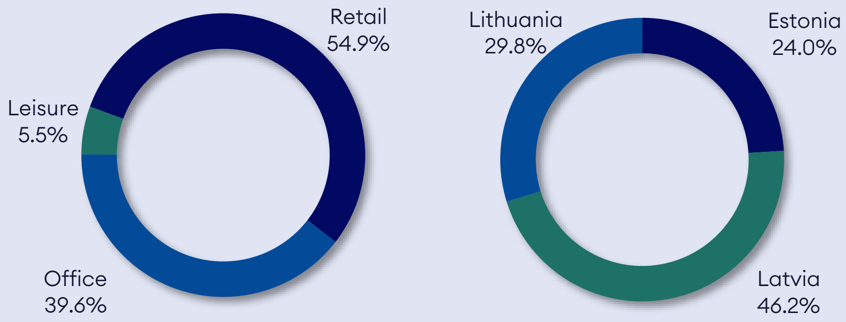
In 2025, the Fund will continue trying different concepts and reshaping its properties in order to meet the evolving needs of the tenants, customers and the surrounding communities.

Rental concentration as of 31 December 2024



Other tenants represent 59.3%

Fund segment and country distribution as of 31 December 2024



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

During 2024, the average actual occupancy of the portfolio was 81.0% (2023: 83.7%). The occupancy rate increased to 82.1% as of 31 December 2024 (2023: 81.1%).

Starting from February 2024, the Fund has engaged new partners to manage its office and retail properties in Latvia in order to accelerate the leasing process. So far, expectations to them have been fulfilled, as evidenced by the recently acquired strong leads and signed significant agreements including with the International School of Riga in S27 and others, with which negotiations are currently underway.

Newsec was appointed as property manager for the Estonian portfolio from September 2024. This change is also expected to accelerate the letting of current and upcoming vacancies.

During 2024, the Fund signed new leases for approximately 22,700 sq. m. While some of these leases have already kicked in, the economic benefits of most of the new leases are not yet fully reflected in the 2024 figures and will start generating income and positively impact yields in 2025.

Overview of investment properties as of 31 December 2024

Property	Sector	Acquisition year	Fair value[1] (EUR '000)	NLA (sq. m)	Direct property yield 2024[2]	Net initial yield 2024[3]	Occupancy rate	NOI development			
								2024	2023	2022	2021
Europa SC	Retail	2015	35,946	17,092	2.3%	2.8%	80.6%	1,010	1,508	1,028	1,006
North Star	Office	2019	19,548	10,734	6.5%	7.0%	91.8%	1,374	1,495	1,371	1,208
Meraki[7]	Office	2022	16,380[7]	7,833	1.2%	1.5%	86.3%	249	63	(101)	-
Total Vilnius			**71,874**	**35,659**	**3.0%**	**3.6%**	**85.2%**	**2,633**	**3,066**	**2,298**	**2,214**
Upmalas Biroji	Office	2016	19,224	11,203	3.7%	4.2%	64.1%	823	1,318	1,763	1,740
Vainodes I	Office	2017	15,900	8,128	8.8%	8.8%	100.0%	1,432	1,431	1,383	1,449
S27	Office	2018	11,360	7,303	(0.6%)	(0.9%)	-	(85)	814	1,132	1,088
Sky SC	Retail	2013	4,900	3,260	8.6%	8.5%	100.0%	446	420	423	395
Galerija Centrs	Retail	2019	60,020	19,423	3.2%	4.1%	84.7%	2,536	2,139	2,193	1,448
Total Riga			**111,404**	**49,317**	**3.7%**	**4.5%**	**71.0%**	**5,152**	**6,122**	**6,894**	**6,120**
Postimaja & CC Plaza complex	Retail	2018	21,800	9,232	3.7%	6.7%	100.0%	1,926	2,126	2,044	1,805
Postimaja & CC Plaza complex	Leisure	2015	13,190	7,869	4.8%	4.3%	97.7%				
Lincona	Office	2011	13,100	10,767	6.4%	7.4%	88.5%	1,038	1,068	1,102	1,114
Pirita SC	Retail	2016	9,790	5,425	6.7%	9.2%	97.1%	839	761	664	484
Total Tallinn			**57,880**	**33,293**	**4.9%**	**6.7%**	**95.3%**	**3,803**	**3,955**	**3,810**	**3,403**
Total active portfolio			**241,158**	**118,269**	**3.8%**	**4.7%**	**82.1%**	**11,588**	**13,143**	**13,002**	**11,737**
Total disposed properties[4-6]									**1,474**	**4,428**	**5,267**
Total portfolio			**241,158**	**118,269**	**3.8%**	**4.7%**	**82.1%**	**11,588**	**14,617**	**17,430**	**17,004**

1. Based on the latest valuation as of 31 December 2024 and recognised right-of-use assets.
2. Direct property yield (DPY) is calculated by dividing annualized NOI by the acquisition value and subsequent capital expenditure of the property.
3. The net initial yield (NIY) is calculated by dividing annualized NOI by the market value of the property.
4. The Fund completed the disposal of the Duetto I and Duetto II properties on 6 June 2023.
5. The Fund completed the disposal of the Domus Pro Retail and Office complex on 6 March 2023.
6. The Fund completed the disposal of G4S Headquarters on 8 November 2021.
7. Meraki value measured at disposal price. Market value according to independent property valuators Newsec is EUR 17,490,000.

The Fund's portfolio produced EUR 11.6 million of net operating income (NOI) during 2024 (2023: EUR 14.6 million). Like-for-like net rental change income provides a more comparable view on the performance of the underlying assets, as these calculations exclude the impact of net rental growth or decline due to acquisitions, developments, or disposals.

Assets disposed of in 2023, including Duetto and Domus PRO, are excluded from the calculations.

During the twelve months of 2024, the net rental income of the portfolio on a like-for-like basis decreased, primarily due to a notable reduction in NOI at S27 and Upmalas Biroji BC. This decrease resulted from the departure of the tenants EMERGN, LNK Industries and SEB. A significant part of the vacancies are is already addressed by signing the agreements with Latvian State Police in Upmalas and the International School of Riga in S27. Active negotiations regarding remaining vacant areas in these buildings are currently held with possible tenants.

Properties in the retail segment demonstrated different results, with overall retail portfolio performance remaining at a level similar to the prior year. Galerija Centrs, SKY SC, and Pirita SC, demonstrated an uplift in net rental income both from rent indexation and the commencement of rents from the reconstructed areas and new tenants in Galerija Centrs. Europa's NOI was lower than last year due to the decision to change the anchor grocery store at the end of 2023, which resulted in a temporarily shrinkage in NOI as IKI did not open until the beginning of March, as well as planned relocations and changes in the tenant mix. The planned restaurant zone on the first floor and the opening of new high-profile tenants such as Perfectus clinic should meet visitor demand and increase footfall. Our team is actively involved in refining the strategy for Europa and in leasing the vacant areas to unlock the potential of the property.

The results of Postimaja were in line with last year, while the NOI of Coca-Cola Plaza was lower than in the same period in 2023. However, the decline is only temporary, as the Fund signed a long-term lease agreement with Apollo for 2,200 sq. m. The Fund and its investors will benefit from the additional rental income related to these premises starting from the beginning of 2025.

The office segment experienced a negative change, with a 22.0% decrease in like-for-like net rental income. This decline is mainly due to two office assets - Upmalas Biroji BC and S27. The NOI of Meraki is consistently increasing as newly signed leases kick in, with the most recent move in to the premises in December being Narbutas.

Vainodes delivered stable performance, while North Star and Lincona experienced a slight decrease in NOI compared to the same period last year due to temporary higher vacancies, which are proactively being addressed. Our efforts are supported by the leasing spur in North Star, where agreements with 5 new tenants including Maisto Bankas, Edrana Baltic and FSQUARE were signed during the last quarters.

EPRA like-for-like net rental income by segment

EUR '000	Fair value 31.12. 2024	Net rental income 2024	Net rental income 2023	Change (EUR '000)	Change (%)
Like-for-like assets					
Retail	132,456	6,178	6,147	32	0.5%
Office	95,512	4,831	6,189	(1,359)	(22.0%)
Leisure	13,190	579	807	(228)	(28.3%)
Total like-for-like assets	**241,158**	**11,588**	**13,143**	**(1,555)**	**(11.8%)**
Disposed assets	-	-	1,474	(1,474)	(100.0%)
Total portfolio assets	**241,158**	**11,588**	**14,617**	**(3,029)**	**(20.7%)**

EPRA like-for-like net rental income by country

EUR '000	Fair value 31.12. 2024	Net rental income 2024	Net rental income 2023	Change (EUR '000)	Change (%)
Like-for-like assets					
Estonia	57,880	3,803	3,955	(152)	(3.8%)
Latvia	111,404	5,149	6,122	(973)	(15.9%)
Lithuania	71,874	2,636	3,066	(430)	(14.0%)
Total like-for-like assets	**241,158**	**11,588**	**13,143**	**(1,555)**	**(11.8%)**
Disposed assets	-	-	1,474	(1,474)	(100.0%)
Total portfolio assets	**241,158**	**11,588**	**14,617**	**(3,029)**	**(20.7%)**

Information is provided on a Like-for-Like basis to provide consistent comparison of the performance of properties that have been held throughout the entire reporting period. It provides an understanding about the true performance of the portfolio by excluding the impact of disposals.

“

By embracing the 'Modern City Life' strategy, we are committed to creating vibrant, adaptable urban spaces that not only meet the evolving needs of our tenants and communities but also drive sustainable growth and value for our investors.

Sustainability

At Baltic Horizon we acknowledge that our business activities affect the society and the environment around us and that we have an opportunity and an implicit duty to ensure this impact is positive. We also believe that efficient and sustainable operations are a necessity for long-term value creation.

Our commitment

We are committed to being responsible when conducting our business by integrating environmental, social, and governance ("ESG") factors into our investment decisions and operational processes.

We align our efforts with leading market standards. The Management Company of Baltic Horizon Fund and Northern Horizon group are members of EPRA, INREV and SIPA. Northern Horizon Group has been a signatory to United Nations Principles of Responsible Investment (UN PRI) since 2014 and therefore reports to UN PRI and the Fund participates in Global real estate benchmark.

Our Policies

The main policy outlining our sustainability considerations in Baltic Horizon is the Northern Horizon Group's Responsible Investment and minimum safeguards policy. The policy is based on UN PRI to incorporate ESG factors and risks into investment analysis, decision making and risk management. The NHG Group policy is based on 9 principles we uphold in managing ESG matters in investment decision-making and during our ownership. At Baltic Horizon, Fund Manages are responsible for ensuring compliance with the policy.

During 2024 we reviewed our Responsible Investment policy to align the due diligence and asset management principles with the raising sustainability expectations. Our policy is available here.

Our impact, risks and opportunities

During 2024, we conducted a double materiality assessment to better evaluate BHF's impacts, opportunities and risks as regards sustainability. The materials topics were selected based on the Fund's sustainability commitments stated on pre-contractual disclosure, internal risk reviews including human rights risk assessment and climate risk assessment and stakeholder engagement.

More information on the materiality analysis and the material topics are provided in the Fund's standalone sustainability report for 2024.

SFDR and EU Taxonomy

Baltic Horizon Fund is an Article 8 Fund in accordance with the Sustainable Finance Regulation (2019/2088). More information on the Fund's sustainability targets and metrics is available as Appendix to this financial statement.

Our participation in Peer Reviews

UN PRI

Northern Horizon Group has participated to UN PRI since 2026. In 2024 evaluation, Northern Horizon achieved 4 stars out of 5 (with a score of 72%) in the Policy Governance and Strategy Module . This rating is at the same level as last year and well above the median for the section.

In the Direct – Real estate Module, we have received 3 stars out of 5 (with a score of 62%). We are very proud of this score, which represents a significant improvement from last year (42%). The improved score means that we are gaining on the median and very close to the 4-stars threshold (>65%).

In the Confidence building measures Module, we have also achieved 3 stars out of 5 (with a score of 60%) but very close to the 4 stars level (>65%). The score is the same as last year, and still somewhat below the median for the section.

GRESB benchmarking

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

In 2024 the Fund received a 3-star GRESB rating. The Fund increased its scoring in the management section from 27 points to 29 points (out of 30) but the score in the performance section decreased from 55 points to 50 points (out of 70) due to lack of data from the properties that were sold during the reporting period and the review of data by an external party. During 2024, the Fund has implemented a GRESB improvement plan and aims to receive 4-stars again in the year 2025.

GRESB rating 2024

Certification

One of the Fund's goals is to invest in assets that hold an environmental certification such as BREEAM. In 2022, 35,5 % of the Fund's assets were certified. During 2023 the Fund certified its entire retail portfolio and continued to renew the certificates of the office portfolio. During 2024, Baltic Horizon achieved its first BREEAM Excellent certificate, when Meraki business center received its final certification. During 2025 the Fund will focus on renewals of the relevant certifications to maintain 100 % of certification coverage.

Renewable energy

One of the Fund's long-term targets is achieving the operational carbon neutrality target. A key aspect in achieving our target by 2030 is ensuring that our portfolio assets are powered by clean and renewable energy sources.

In order to secure renewable electricity for our buildings, the Fund has entered into power purchase agreements (PPA) to acquire wind and solar energy. During the year 2024, the North Star and Meraki PPAs became effective and the properties receive most of their electricity from solar and wind farms. We have also signed more PPAs to include energy directly from wind and solar parks to our assets in Latvia and an our shopping centre Europa for the year 2025.

Operational carbon emissions

The Fund has a goal to be operationally carbon neutral by 2030. Improving energy efficiency as well as acquiring renewable electricity is part of Fund's pathway to become carbon neutral. In the year 2024, the Fund has renewed its sustainability data collection process and also started to record market-based emissions in order to demonstrate the effects of the renewable electricity solutions. Fund's carbon emissions are available in the SFDR Appendix of this financial statement.

Green leases

Achieving our sustainability targets would be impossible without cooperation with our tenants. To ensure that our sustainability efforts will lead to a successful futureproofing of our real estate assets, we have started including green lease clauses in our standard lease agreements. Green lease clauses, which cover topics such as sustainable operations, information sharing, use of renewable energy sources, and other relevant topics, are important tools that enable long-term ESG oriented changes in our portfolio and facilitate collaboration with tenants on ESG matters. In 2024 our retail portfolio reached 97 % coverage with green lease agreements. The office portfolio green lease coverage was 99%, making the total green lease coverage 98%.

Community health and wellbeing

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

In October, Galerija Centrs hosted event "Beneficial Journeys" initiative by the Society Integration Foundation. The event aimed to raise awareness about discrimination based on age, disability, and ethnicity, promoting inclusivity, especially among young people. Participants took part in a unique journey, listening to the stories of peers and discovering different perspectives to better understand the challenges faced by marginalized groups.

Based on partnership with Baltic Horizon and the Lithuanian Red Cross, Europa shopping center has hosted several events of the Red Cross aimed to raise awareness of health and safety. On 11.-15 November, Europa shopping mall volunteers and employees of the Lithuanian Red Cross invited visitors to learn more about civil safety, Family Crisis plan, a Go Bag and will invite the people themselves to pack a Go Bag in order to learn more about acting during major disasters and crises.

Galerija Centrs

BREEAM certifications

BREEAM Excellent
Meraki Business Home

BREEAM Very good
S27, North Star, Vainodes, Upmalas Biroji, Galerija Centrs, Europa

BREEAM Good
Pirita, Coca-Cola Plaza, Postimaja, SKY, Lincona

Financial report

Financial position and performance of the Fund

Net result and net rental income

In 2024, the Group recorded a net loss of EUR 16.8 million compared with a net loss of EUR 23.0 million for 2023. The result was mainly driven by the property valuation loss. Earnings per unit for 2024 were negative at EUR 0.13 (2023: negative at EUR 0.19).

The Group earned consolidated net rental income of EUR 11.6 million in 2024 (2023: 14.6 million). The results for 2023 include two months' net rental income of the Domus Pro Retail and Office property (EUR 0.3 million) and five months' net rental income of the Duetto properties (EUR 1.2 million), which were sold in February and May 2023, respectively.

On an EPRA like-for-like basis, the portfolio net rental income in 2024 was 11.8% lower than in 2023, mainly due to vacancies in office properties in Latvia due to the expiry of the agreement with the main tenant in Upmalas Biroji BC and 100% vacancy of S27, as well as lower rental income in Europa due to the new anchor tenant IKI equipping the premises and opening in March.

Portfolio properties in the retail segment contributed 53.3% (like-for-like 2023: 43.6%) of net rental income in 2024, followed by the office segment with 41.7% (like-for-like 2023: 50.9%) and the leisure segment with 5.0% (2023: 5.5%).

Retail assets located in the central business districts (Postimaja, Europa and Galerija Centrs) accounted for 42.2% of total portfolio net rental income in 2024. Total net rental income attributable to neighbourhood shopping centres was 11.1% in 2024.

In 2024, investment properties in Latvia and Lithuania contributed 44.4% (like-for-like 2023: 41.8%) and 22.8% (like-for-like 2023: 31.1%) of net rental income, respectively, while investment properties in Estonia contributed 32.8% (like-for-like 2023: 27.1%).

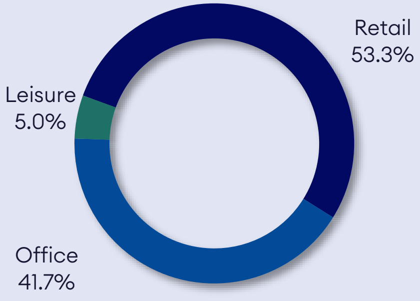
Gross Asset Value (GAV)

As of 31 December 2024, the Fund's GAV was EUR 256.0 million (31 December 2023: EUR 261.1 million). The decrease compared to the prior year was mainly related to the negative revaluation of the Fund's investment properties of approx. EUR 15.6 million and was partly offset by the private placement of new units which took place in September and resulted in a cash increase of approx. EUR 6.29 million.

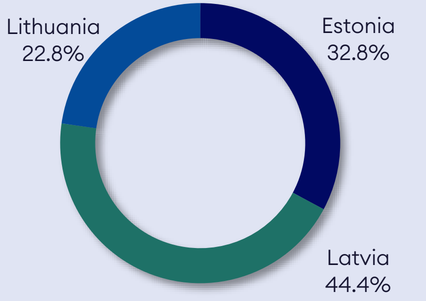
Investment properties

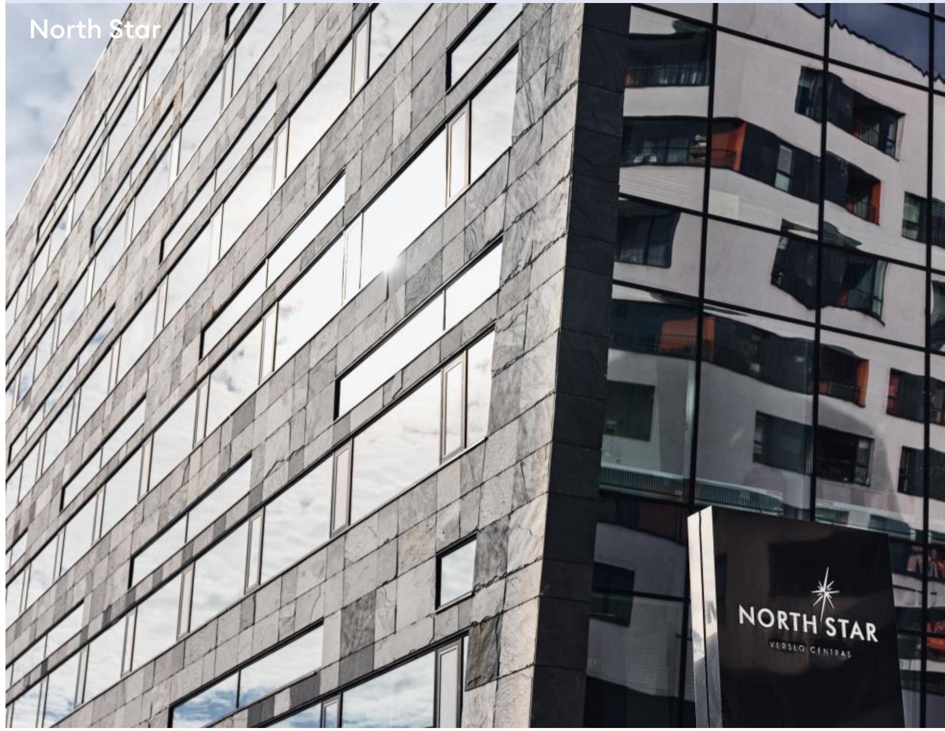
At the end of 2024, the Baltic Horizon Fund portfolio consisted of 12 cash flow generating investment properties in the Baltic capitals. The fair value of the Fund's portfolio was EUR 241.2 million at the end of December 2024 (31 December 2023: EUR 250.4 million) and incorporated a total net leasable area of 118.3 thousand sq. m. The change in portfolio value was mainly driven by the changes in exit yields and upward adjustments of the weighted average cost of capital (WACC). During 2024 the Group invested approximately EUR 6.0 million in tenant fit-outs.

Net rental income by segment Q1-Q4 2024



Net rental income by country Q1-Q4 2024





Interest-bearing loans and bonds

As of 31 December 2024, interest-bearing loans and bonds (excluding lease liabilities) were EUR 149.0 million (31 December 2023: EUR 143.5 million). Annual loan amortisation accounted for 1.5% of total debt outstanding. In July 2024, the Fund successfully signed the Meraki loan with Bigbank for a total amount of EUR 10.3 million. A major part of the loan was used to repay short term bonds in the amount of EUR 8.0 million maturing in July 2024.

As of 31 December 2024, the Fund's consolidated cash and cash equivalents amounted to EUR 10.1 million (31 December 2023: EUR 6.2 million).

Cash flow

Cash inflow from core operating activities in 2024 amounted to EUR 9.9 million (2023: cash inflow of EUR 11.4 million). Cash inflow from core operating activities decreased mainly due to the sale of Duetto and Domus Pro properties in H1 2023 and higher vacancies, mostly in S27 and Upmalas Biroji. Cash outflow from investing activities was EUR 7.0 million (2023: cash inflow of EUR 19.9 million) due to investments in existing properties and transaction costs. Cash inflow from financing activities was EUR 1.0 million (2023: cash outflow of EUR 30.5 million). In Q4 2024, the Fund prepaid loans in the amount of EUR 2.7 million and paid regular amortisation and interest on bank loans and bonds.

Net Asset Value (NAV)

As of 31 December 2024, the Fund's NAV was EUR 98.1 million (31 December 2023: EUR 109.5 million). The NAV decrease was mainly due to the revaluation of investment properties. At the end of September 2024 23,927,085 new units were issued resulting in approx. EUR 6.29 million of new equity. As of 31 December 2024, IFRS NAV per unit amounted to EUR 0.6833 (31 December 2023: EUR 0.9156), while EPRA net tangible assets and EPRA net reinstatement value were EUR 0.7267 per unit (31 December 2023: EUR 0.9546). EPRA net disposal value was EUR 0.6797 per unit (31 December 2023: EUR 0.9122).

Key earnings figures

EUR ‘000	2024	2023	Change (%)
Net rental income	**11,588**	**14,617**	**(20.7%)**
Administrative expenses	(2,373)	(2,617)	(9.3%)
Net other operating income (expenses)	18	44	(59.1%)
Losses on disposal of investment properties	(863)	(4,047)	(78.7%)
Valuation losses on investment properties	(15,581)	(21,876)	(28.8%)
Operating profit (loss)	**(7,211)**	**(13,879)**	**(48.0%)**
Net financial expenses	(10,344)	(9,750)	6.1%
Loss before tax	**(17,555)**	**(23,629)**	**(25.7%)**
Income tax	774	656	18.0%
Profit (loss) for the period	**(16,781)**	**(22,973)**	**(27.0%)**
Number of units outstanding (units)	**143,562,514**	**119,635,429**	**20.0%**
Earnings per unit (EUR)	**(0.12)**	**(0.19)**	**(36.8%)**

Key financial position figures

EUR ‘000	31.12.2024	31.12.2023	Change (%)
Investment properties	241,158	250,385	(3.7%)
Gross asset value (GAV)	**256,048**	**261,138**	**(1.9%)**
Interest-bearing loans and bonds	148,989	143,487	3.8%
Total liabilities	**157,953**	**151,606**	**4.2%**
IFRS NAV	**98,095**	**109,532**	**(10.4%)**
EPRA NRV	**104,333**	**114,205**	**(8.6%)**
Number of units outstanding (units)	**143,562,514**	**119,635,429**	**20.0%**
IFRS NAV per unit (EUR)	**0.6833**	**0.9156**	**(25.4%)**
EPRA NRV per unit (EUR)	**0.7267**	**0.9546**	**(23.9%)**
Loan-to-Value ratio (%)	61.8%	57.3%	-
Average effective interest rate (%)	6.7%	5.2%	-

Financing

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

Bank loans and bonds

During 2024, regular bank loan amortisation was 1.5% p.a. (EUR 2.2 million p.a.). As of the end of 2024, the LTV ratio temporarily increased to 61.8%, compared to 57.3% as of 31 December 2023. The average interest rate as of 31 December 2024 increased to 6.7% (31 December 2023: 5.2%). The management team is actively engaged in initiatives aimed at reducing the LTV ratio to approx. 55% in the short-term and 50% in the long-term.

On 8 July 2024, the Fund redeemed the remaining short-term part of the bonds in the amount of EUR 8.0 million. The total nominal amount of the bonds as of December 2024 is EUR 22 million.

On 2 July 2024, a new loan agreement was signed between BH Meraki UAB and Bigbank for EUR 10.3 million. A part of the 5-year loan was received in Q3-Q4 2024, and the remaining amount of EUR 0.5 million will be paid out January 2025 to finance the Meraki fit-out. On 24 July 2024, the Galerija Centrs bank loan was extended until August 2025. S27 and Vainodes loans were extended until March 2025.

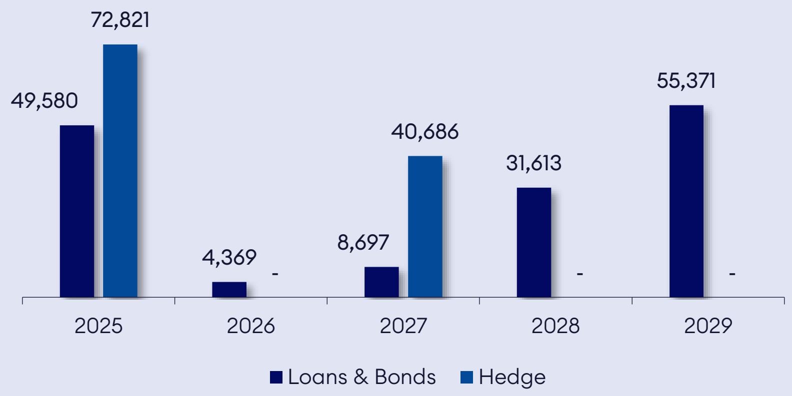
On December 12, 2024, CC Plaza successfully refinanced its loan previously held with Swedbank, entering into a new agreement with Bigbank. As part of the refinancing, the carrying amount of the loan was increased by EUR 4.4 million.

As of 31 December 2024, the Fund's short-term liabilities (EUR 56.1 million) exceeded its short-term assets (EUR 13.7 million). However, as of the date of the report Vainodes I SIA (carrying amount: EUR 9.9 million) and BH S27 SIA (carrying amount: EUR 7.7 million) loans have been prolonged for another year and Galerija Centrs loan (carrying amount: EUR 29.0 million) was confirmed by the Bank to be prolonged for two more years. Furthermore, the sale of Meraki generated sufficient proceeds (EUR 16 million) to cover the outstanding short-term bonds (carrying amount: EUR 3.2 million). Considering the loan extensions and the new funds received from the sale of Meraki, there are no signs of a going concern risk.

The table on the right provides a detailed breakdown of the structure of the Fund's consolidated financial debt as of 31 December 2024. Interest-bearing debt was comprised of bank loans with a total carrying value of EUR 127.6 million and bonds with a carrying value of EUR 22.0 million. 100% of the debt instruments were denominated in euros. Bank loans have been obtained by subsidiaries that hold the Fund's properties and the properties have been pledged as loan collateral. The parent entity holds the 5-year unsecured bonds. Loan arrangement costs are capitalised and amortised over the terms of the respective loans. As of 31 December 2024, the unamortised balance of loan arrangement costs for all loans and bonds was EUR 641 thousand.

The weighted average debt term to maturity was 2.8 years and the weighted average hedge term to maturity was 1.3 years as of 31 December 2024.

Maturity terms of loans, bonds and hedges as of 31 December 2024
EUR'000



Financial debt structure of the Fund as of 31 December 2024

Property	Maturity	Currency	Carrying amount (EUR '000)	% of total	Hedged portion (%)
Galerija Centrs	26 August 2025	EUR	29,000	19.4%	103%
CC Plaza and Postimaja	15 November 2029	EUR	21,000	14.0%	0%
Europa SC	31 January 2029	EUR	15,610	10.4%	115%
Upmalas Biroji BC	2 August 2028	EUR	10,000	6.7%	0%
Vainodes I	31 March 2025	EUR	9,915	6.6%	50%
North Star	5 February 2029	EUR	8,951	6.0%	101%
S27	31 March 2025	EUR	7,665	5.1%	0%
Lincona	31 December 2027	EUR	8,697	5.8%	92%
Pirita SC	20 February 2026	EUR	4,369	2.9%	92%
Sky SC	31 January 2028	EUR	2,613	1.8%	90%
Meraki	15 June 2029	EUR	9,810	6.6%	112%
Total bank loans		**EUR**	**127,630**	**85.3%**	
Less capitalised loan arrangement fees[1]		EUR	(131)		
Total bank loans recognised in the statement of financial position		**EUR**	**127,499**		
5-year unsecured bonds (short-term)	7 November 2025	EUR	3,000	2.0%	
5-year unsecured bonds (long-term)	8 May 2028	EUR	19,000	12.7%	
Total bonds		**EUR**	**22,000**	**14.7%**	
Less capitalised bond arrangement fees[1]		EUR	(510)		
Total bonds recognised in the statement of financial position		**EUR**	**21,490**		
Total debt recognised in the statement of financial position		**EUR**	**148,989**	**100.0%**	

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

Hedging policy and new hedges

As of 31 December 2024, 75.9% of total debt was hedged against interest rate risk while the remaining 24.1% had floating interest rates. The Fund hedges interest rates on a portion of its debt by acquiring IRS-type hedging instruments or limits the impact of rising interest rates with interest rate cap instruments (CAP).

Covenant reporting

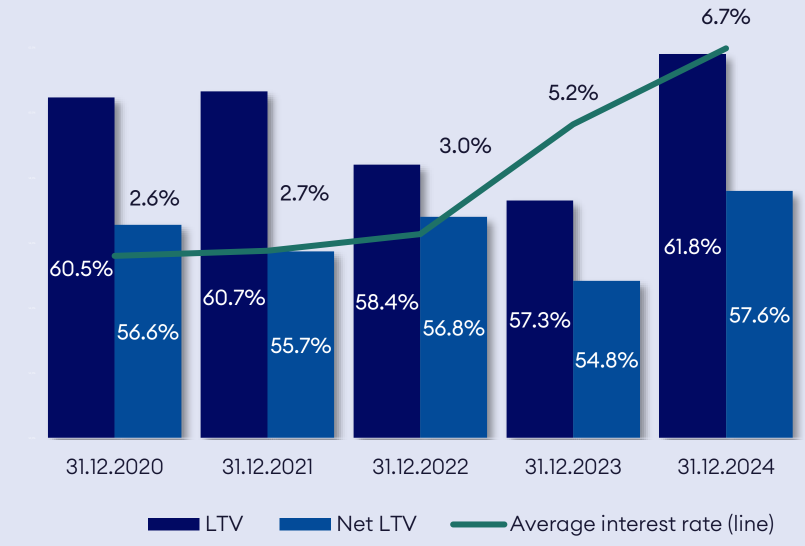
As of 31 December 2024, the Fund was in compliance with all the covenants set under the bond issue terms and conditions dated 8 May 2023 and amended on 30 September 2024.

As of 31 December 2024, the Fund was in compliance with all special conditions and covenants set under the bank loan agreements except for the Galerija Centrs, Europa, Vainodes, Sky and S27 properties, but this did not result in any consequences because the Fund received formal waivers from the lender for the covenant breach.

Financing diversification

The graph on the right shows that the Fund's debt financing is diversified between 6 most reputable domestic and international banks in the Baltics, and unsecured and secured bonds. SEB exposure decreased from 73% in 2017 to 22% in 2024. 5-year unsecured bonds accounted for 15% of total debt financing in 2024.

LTV and average interest rate as of 31 December 2024



Financial covenants of unsecured bonds issued at the Fund level as of 31 December 2024

Equity Ratio
Equity divided by total assets.

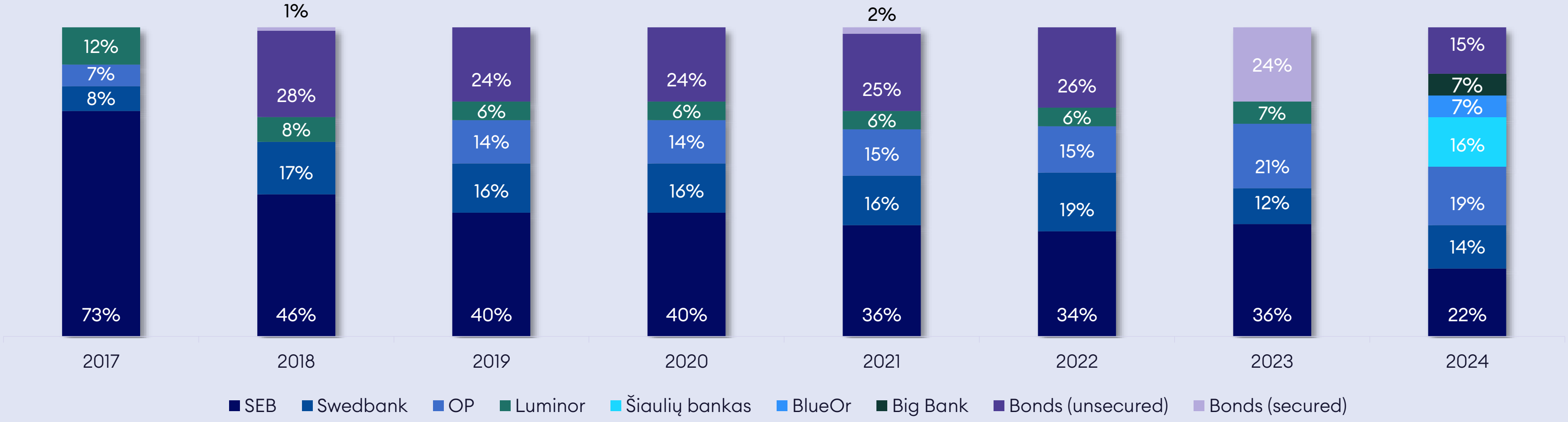
Debt Service Coverage Ratio
EBITDA divided by the principal payments and interest expenses of interest-bearing debt obligations, on a rolling 12-month basis.

Covenant	Requirement	Ratio 31.12.2024
Equity Ratio	> 37.5%*	38.3%
Debt Service Coverage Ratio	> 0.75**	0.78

* Equity ratio must be above 35.0% until the collateral has been released and thereafter above 37.5 %.

** As stated in Bond Terms and Conditions amended on 26 September 2024, the DSCR of the Group must be above 0.75 for the period from 30 September 2024 to 30 June 2025, above 1.00 for the period from 1 July 2025 to 30 September 2026 and above 1.20 afterwards.

Financing diversification



EPRA performance measures

EPRA performance metrics

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

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

Baltic Horizon wins EPRA Gold award

Baltic Horizon Fund received a prestigious award at the European Public Real Estate Association (EPRA) annual conference 2024 for the fifth year in a row. The Fund scored a Gold Award for the adoption of EPRA Best Practices Recommendations (BPR) – widely accepted industry standards for the highest level of transparency, comparability and compliance in financial reporting. EPRA assessed the financial statements of 178 European listed real estate entities as part of its annual award process.

EPRA Net asset value 31.12.2024

EUR '000	EPRA NRV	EPRA NTA	EPRA NDV
IFRS NAV	**98,095**	**98,095**	**98,095**
Exclude:			
V. Deferred tax liability on investment properties[1]	5,818	5,818	
V. Deferred tax on fair value of financial instruments	(18)	(18)	
VI. Fair value of financial instruments	438	438	
Include:			
IX. Revaluation at fair value of fixed-rate loans	-	-	(510)
NAV	**104,333**	**104,333**	**97,585**
Fully diluted number of units	143,562,514	143,562,514	143,562,514
NAV per unit (EUR)	**0.7267**	**0.7267**	**0.6797**

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

EPRA Net asset value 31.12.2023

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

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

For EPRA indicators and definitions, please refer to the EPRA indicators and definitions overview in the Definitions and abbreviations section.

EPRA Vacancy

EPRA vacancy rate has decreased from 17.1% at the end of 2023 to 15.9% at the end of 2024. The main reason for the decrease was higher vacancies in the office segment, particularly due to LNK's decision to end the rent agreement in S27 property and decrease in Upmalas Biroji and North Star occupancies.

EPRA Earnings

EUR '000	2024	2023
Net result IFRS	**(16,781)**	**(22,973)**
Exclude:		
I. Changes in fair value of investment properties	15,581	21,876
II. Profits or losses on disposal of investment properties	863	4,047
VIII. Deferred tax in respect of EPRA adjustments	(804)	(656)
EPRA Earnings	**(1,141)**	**2,294**
Weighted number of units during the period	126,303,633	119,635,429
EPRA Earnings per unit	**(0.01)**	**0.02**

EPRA Vacancy rate

EUR '000	31.12.2024	31.12.2023
Estimated rental value of vacant space	3,059	2,984
Estimated rental value of the whole portfolio	19,198	17,491
EPRA Vacancy rate	**15.9%**	**17.1%**

EPRA LTV

EUR '000	31.12.2024	31.12.2023
Net debt		
Include:		
Borrowings from financial institutions	127,630	109,509
Bond loans	22,000	34,500
Net payables	1,463	1,018
Exclude:		
Cash and cash equivalents	(10,053)	(6,182)
Net debt (A)	**141,040**	**138,845**
Property value		
Include:		
Investment properties at fair value	241,158	250,385
Total property value (B)	**241,158**	**250,385**
EPRA LTV (A/B)	**58.5%**	**55.5%**

EPRA Cost ratios

EUR '000	2024	2023
Property expenses not recharged to tenants	3,548	3,126
Administrative and overhead expenses	2,373	2,617
Capitalized overhead expense[1]	-	-
Capitalized administrative expense[1]	-	-
EPRA costs (including direct vacancy costs) (A)	**5,921**	**5,743**
Direct vacancy costs	(948)	(999)
EPRA costs (excluding direct vacancy costs) (B)	**4,973**	**4,744**
Rental income	15,136	17,743
Gross rental income (C)	**15,136**	**17,743**
EPRA Cost ratio (including direct vacancy costs) (A/C, %)	**39.1%**	**32.4%**
EPRA Cost ratio (excluding direct vacancy costs) (B/C, %)	**32.9%**	**26.7%**

1. No overhead expenses nor administrative expenses were capitalised during 2024 and 2023.

EPRA NIY and 'topped up' NIY

EUR '000	31.12.2024	31.12.2023
Investment properties	241,158	250,385
Exclude:		
Developments	-	-
Completed property portfolio GAV		**250,385**
Annualised cash passing rental income	17,548	15,593
Property expenses not recharged to tenants	(3,711)	(4,030)
Annualised net rental income	**13,837**	**11,562**
Include:		
Notional rent expiration of rent free periods or other lease incentives	530	318
Topped-up net annualised rental income	**14,367**	**11,880**
EPRA NIY	**5.7%**	**4.6%**
EPRA "topped-up" NIY	**6.0%**	**4.7%**

EPRA Capital expenditure

EUR '000	31.12.2024	31.12.2023
Development	-	-
Investment properties:		
No incremental lettable space	6,382	3,328
Total capital expenditure	**6,382**	**3,328**
Conversion from accrual to cash basis	(28)	2,360
Total capital expenditure on cash basis	**6,354**	**5,688**

In 2023 and 2024, there were no acquisitions of new properties. The capital expenditure on lettable space consists of tenants' fit-outs and improvements.
There are no joint ventures; all property data presented is wholly-owned (group share).

Investor relations

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

Trading information

As of 31 December 2024, the market capitalisation for Baltic Horizon Fund was approx. EUR 36.2 million (31 December 2023: EUR 37.7 million) based on the closing unit market prices on the Nasdaq Tallinn Stock Exchange. During 2024, Baltic Horizon Fund units on the Nasdaq Tallinn Stock Exchange were trading at a discount compared to the net asset value per unit. At the end of December 2024, the closing unit price on the Nasdaq Tallinn Stock Exchange was EUR 0.2521.

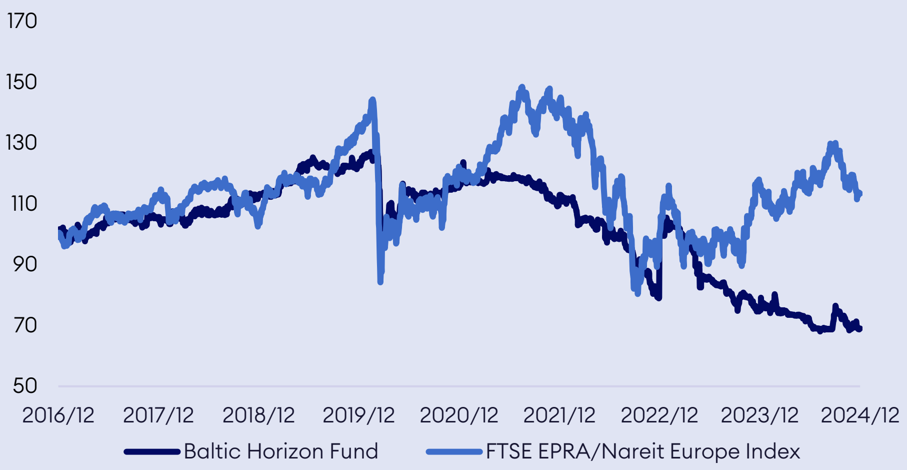
Baltic Horizon Fund's total shareholder return on the unit during 2024 amounted to a negative 20.0%. Total shareholder return for a given period is equivalent to the movement in the unit price on the Nasdaq Tallinn Stock Exchange over the period plus dividends paid, divided by the opening unit price.

In mid-September 2024, the Fund issued 23,927,085 new units worth of approx. EUR 6.29 million in a private placement, bringing the total number of units traded on Nasdaq Tallinn and Nasdaq Stockholm to 143,562,514 at the end of 2024. The total 2024 trading volume reached approx. 15.1 million units. The second graph shows the Baltic Horizon Fund units' annual trading volume on the Nasdaq Tallinn and the Nasdaq Stockholm Stock Exchanges.

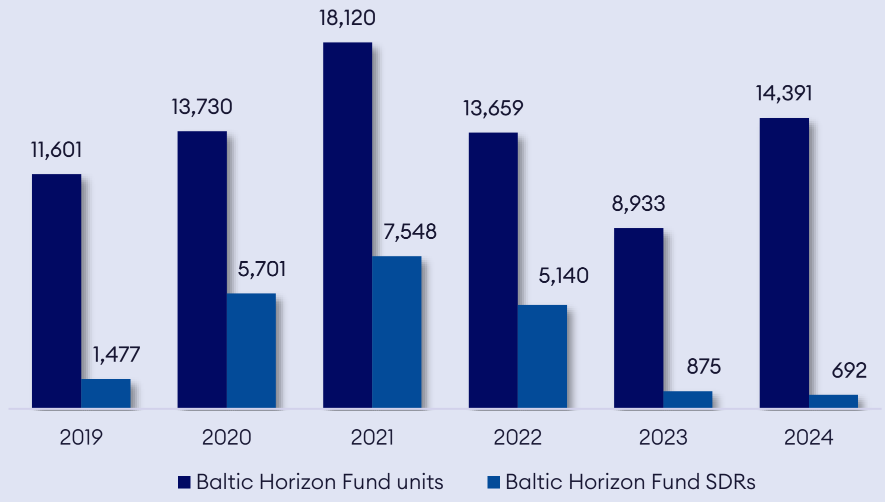
Bonds

From 8 May 2023 until 8 May 2028 Baltic Horizon Fund bonds (ISIN: EE3300003235) were listed on the Nasdaq Tallinn Exchange. The bond coupon rate is 8% + EURIBOR 3-months per annum. As of 31 December 2024 the nominal value of one bond was approx. EUR 52 thousand. The bondholders' structure consists of two bondholders from the private office and pension funds sectors, each holding an equal 50% share of the total bonds.

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



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



Key figures

EUR '000	31.12.2024	31.12.2023
Number of units issued (units)	143,562,514	119,635,429
Market capitalisation[1] (EUR)	36,192,110	37,685,160
IFRS NAV per unit (EUR)	0.6833	0.9156
Unit price discount from IFRS NAV per unit[2] (%)	(63.1%)	(65.6%)
EPRA NRV per unit (EUR)	0.7267	0.9546
Unit price discount from EPRA NRV per unit[3] (%)	(65.3%)	(67.0%)
Nasdaq Tallinn		
Highest unit price during the period (EUR)	0.3730	0.6547
Lowest unit price during the period (EUR)	0.2410	0.3000
Closing unit price (EUR)	0.2521	0.3150
Nasdaq Stockholm		
Highest unit price during the period (SEK)	3.58	6.40
Lowest unit price during the period (SEK)	2.48	3.26
Closing unit price (SEK)	2.76	3.30

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

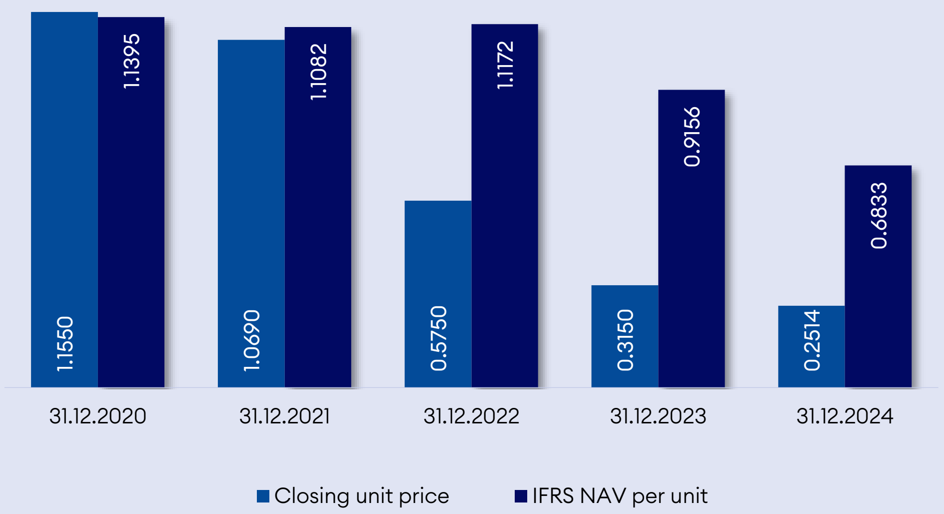
During 2024, Baltic Horizon Fund units on the Nasdaq Tallinn Stock Exchange were trading at a discount compared to the net asset value per unit. At the end of December 2024, units were traded at a 63.1% discount compared to the IFRS NAV per unit and 65.3% discount compared to the EPRA NRV per unit. This presents a distinctive opportunity for investors, who may anticipate the share price to converge towards NAV levels, a pattern observed in the Fund's trading history from 2016 to 2021. The first graph shows the Baltic Horizon Fund unit price in relation to its IFRS net asset value since 2020.

Dividend capacity

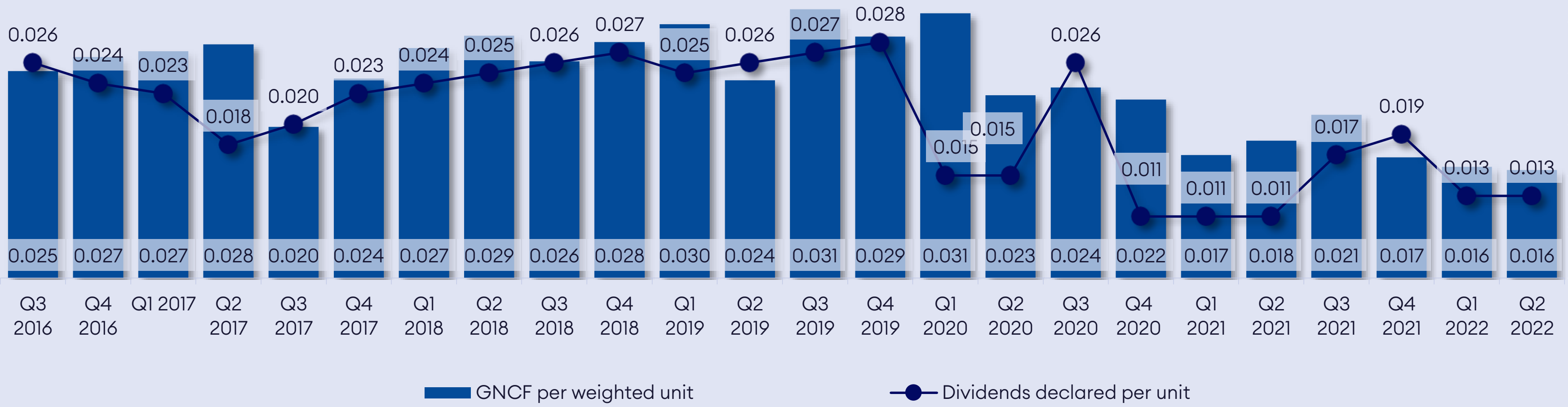
According to the Fund Rules issued as of 23 May 2016, a distribution to investors will be made if all of the following conditions are met:

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

Nasdaq Tallinn unit price compared with NAV (EUR)



Dividend per unit (EUR)



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

Distribution frequency

The Management Company of Baltic Horizon Fund has approved changes to cash distribution frequency. Starting from July 2022, Baltic Horizon Fund's quarterly cash distribution frequency was changed. At the Annual General Meeting the decision was announced to withhold the dividend payments in 2024 to strengthen the Fund and its asset performance.

Generated net cash flow calculation

EUR '000	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
(+) Net rental income	2,719	2,886	3,189	2,794	2,894
(-) Fund administrative expenses	(644)	(615)	(529)	(585)	(631)
(-) External interest expenses	(2,466)	(2,509)	(2,508)	(2,374)	(2,321)
(-) CAPEX expenditure	(2,632)	(1,656)	(1,116)	(950)	(1,094)
(+) Added back acquisition/disposal related expenses	-	-	-	-	-
Generated net cash flow (GNCF)	**(3,023)**	**(1,894)**	**(964)**	**(1,115)**	**(1,152)**
GNCF per weighted unit (EUR)	**(0.021)**	**(0.028)**	**(0.017)**	**(0.009)**	**(0.010)**
12-months rolling GNCF yield[1] (%)	**(29.9%)**	**(20.8%)**	**(16.1%)**	**(5.5%)**	**1.3%**

Generated net cash flow (GNCF) calculation formula

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

Structure and governance

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

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

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

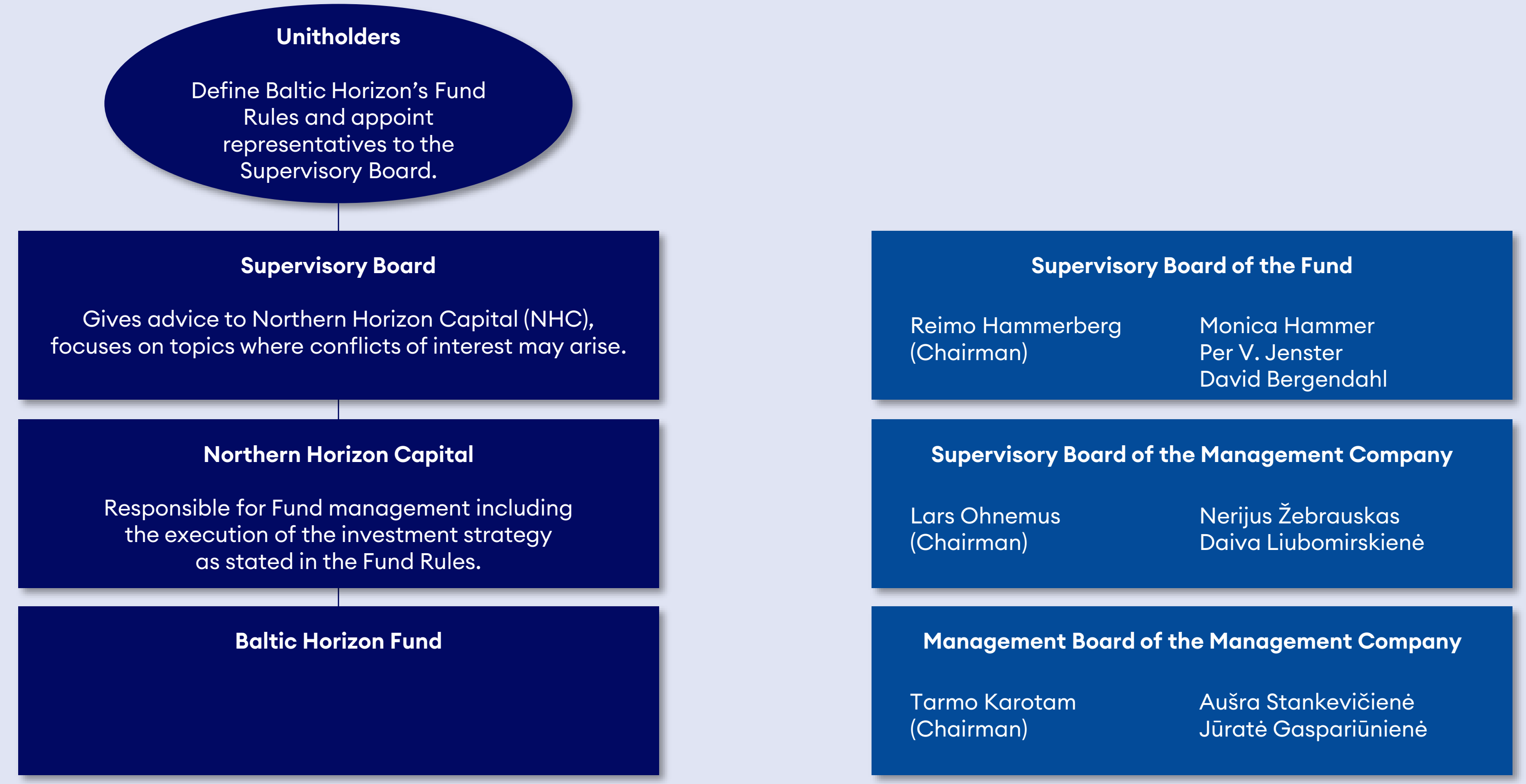
The Fund is managed by the Management Company, which is Northern Horizon Capital AS. The immediate team comprises of the Management Board, which is headed by the Fund Manager, and the Supervisory Board of the Management Company. The Fund also has its own Supervisory Board, which comprises of 4 independent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

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

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

Commitment to corporate governance is rooted in the Management Company's focus on long-term business relations with investors, partners, and tenants. In all relations, the Management Company encourages a professional and open dialogue based on mutual trust and strives to earn the respect of its business partners through strong commitment, transparency and fair dealings.

Governance structure



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.

Management Board and Supervisory Board of the Management Company

The Management Board bears overall responsibility for the daily business of Baltic Horizon Fund. The Management Company's Management Board is composed of three members. The Management Board is supervised and advised by the Supervisory Board of the Management Company. Since 1 December 2024 Jūratė Gaspariūnienė was elected as a member of the management board of Northern Horizon Capital AS. The appointment of a new management board member is related to Edvinas Karbauskas's resignation from the board, which was announced to the market on 30 April 2024.

Supervisory Board of the Fund

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

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

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

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

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 Northern 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 Eçole Hôtelière de Lausanne (B.Sc.) in 2005 and is a member of RICS (MRICS).

Aušra Stankevičienė
Member of the Management Board / Fund Service Director

Aušra Stankevičienė holds the position of Fund Service Director. She has been with Northern Horizon for more than 15 years, first as Fund Treasurer and later as Head of Fund Administration. Prior to joining Northern Horizon, Aušra worked as a corporate finance consultant and senior credit analyst at Swedbank Lithuania. Aušra holds a master's degree in banking as well as a CFA credential. She graduated from Vilnius University (MBA) in 1998.

Jūratė Gaspariūnienė
Member of the Management Board / Head of Asset Management

Jūratė Gaspariūnienė is the Head of Asset Management of Baltic Horizon Fund Her focus is on managing and enhancing the strategic value of the Fund's asset portfolio. Jūratė has more than 10 years of experience in managing shopping centers in Lithuania and she possesses solid experience in expansions and refurbishment projects. Jūratė holds a bachelor's degree in business, management, marketing, and related support services.

Investment Committee

The Internal Investment Committee plays a crucial role in ensuring the quality and compliance of the portfolio management decisions within the organization. Its primary purpose is to review investment proposals made by the Portfolio Management Function and make recommendations to the Management Board for final decisions. The committee ensures that the investments are handled prudently, carefully, and in accordance with applicable rules and regulations. Member of the investment committee are Daiva Liubomirskienė, Aušra Stankevičienė, Jussi Rouhento, Kasper Wehner.

Valuations

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

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

Audit

The auditor of the Fund is KPMG Baltics OÜ, which is a member of the Estonian Association of Auditors. In addition to statutory audit services, KPMG Baltics OÜ has provided the Fund with translation services and other assurance services. KPMG was selected as the auditor for a 3-year term through a rigorous public tendering process, ensuring that their values and expertise align with the commitment to excellence and transparency. Several firms from the Big Four were considered, recognizing that their extensive experience, global reach, and high standards of professionalism make them well-suited to meet the auditing needs.

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

Reimo Hammerberg
Chairman of the Supervisory Board

Reimo Hammerberg was a partner with law firm Sorainen for over 13 years and built a leading capital markets and financial services practice. Reimo is also a founder and CEO of Ignium, from which he exited in 2023. In the recent years, Reimo Hammerberg has been deeply engaged in FinTech and blockchain projects and companies. Currently, Reimo Hammerberg also holds a board member seat in an electronic credit card company and Holm Bank. Reimo Hammerberg has been advising Baltic Horizon Fund and its predecessor since 2010. Reimo holds a bachelor degree in law from University of Tartu (2003) and an L.L.M degree from University of San Diego (2006).

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.

Monica Hammer
Member of the Supervisory Board

Monica Hammer has experience in the financial sector for 15 years, 6 of which in managerial positions. Monica Hammer has worked as a Director and Head of Office Lease at an international investment management company Colliers International and as a Head of Commercial at SIGNAL, an architecture and design company. Currently, Monica Hammer is a Head of Workplace Consultancy at CBRE, a global real estate assets investment management firm.

David Bergendahl
Member of the Supervisory Board

David Bergendahl is a member of the Fund's Supervisory Board. He is the founder and CEO of Hammarplast AB, and he has previous experience from the Russian real estate market. David Bergendahl graduated from Gothenburg University. He holds a Degree of Master of Science in Business and Economics.

Risk management

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

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

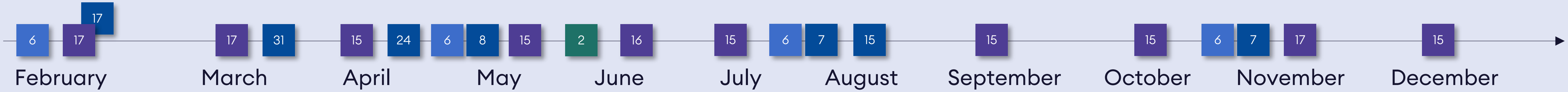
The risk management function assessed at the end of the reporting period that the Fund is currently in compliance with the intended risk management framework.

Principal risks faced by the Fund

Risk	Risk description
Market risk	The Fund is exposed to the office and retail markets in Riga, Tallinn, and Vilnius through its indirect investments in investment property (through subsidiaries). Although the Fund's portfolio is well-diversified across specified geographies and market segments, there remains a possibility of encountering risks that could impact multiple geographies or markets. This could have a negative impact on the properties' occupancy rates, lease rates and the Fund's rental income.
Liquidity risk	The Fund is exposed to liquidity risk related to the renewal of its financing as it reaches maturity. Failure to renew the financing at acceptable terms or breaches of debt covenants could cause the need to dispose of the assets owned by the Fund. Please refer to note 16 for more information regarding the maturity dates of the loans and borrowings. 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.

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

Financial calendar 2025



6 February	Interest rate applicable to the bonds for the next interest period
17 February	Interim Financial Statements for 12 months of 2024
17 February	NAV January
17 March	NAV February
31 March	Audited annual report for 2024
15 April	NAV March
24 April	Audited annual report for 2024 of the management company Northern Horizon Capital AS
6 May	Interest rate applicable to the bonds for the next interest period
18 May	Interim Financial Statements for 3 months of 2025
15 May	NAV April
2 June	Annual General Meeting of investors
16 June	NAV May
15 July	NAV June

6 August	Interest rate applicable to the bonds for the next interest period
7 August	Interim Financial Statements for 6 months of 2025
15 August	NAV July
15 September	NAV August
15 October	NAV September
6 November	Interest rate applicable to the bonds for the next interest period
7 November	Interim Financial Statements for 9 months of 2025
17 November	NAV October
15 December	NAV November

About Baltic Horizon

We aim to create value through actively managing commercial real estate. Our strategic focus is on catering to the **‘Modern City Life’** and on governmental and social tenant concepts in Vilnius, Riga, and Tallinn.

Baltic Horizon Fund is a regulated closed-end contractual investment fund registered in Estonia on 23 May 2016.

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

Northern Horizon Capital AS is the Management Company (AIFM) of the Fund. Both the Fund and the Management Company are supervised by the Estonian Financial Supervision and Resolution Authority.

The Fund’s primary focus is to invest directly in commercial real estate located in Estonia, Latvia and Lithuania, particularly in the capitals - Tallinn, Riga and Vilnius.

The Fund’s focus is on established cash flow generating properties with potential to add value through active management within the retail, office, leisure and public assets segments in strategic locations and strong tenants or a quality tenant mix and long leases.

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

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

Our business model

We create value by investing in, managing, improving, and disposing of commercial real estate assets.

The Modern City Life concept at a glance

Location and accessibility
- Central locations
- Good transportation infrastructure
- Walkability and bikeability

Mixed-use communities
- Multi-purpose spaces
- Live/work integration
- Food and entertainment

Sustainability and wellness
- Green lease and design elements
- Health and wellness facilities

Management Board’s confirmation

Members of the Management Board of the Management Company Tarmo Karotam, Aušra Stankevičienė, and Jūratė Gaspariūnienė confirm that according to their best knowledge, the condensed consolidated financial statements for the financial year 2024, prepared in accordance with IFRS as adopted by the European Union, present a correct and fair view of the assets, liabilities, equity, financial position, financial performance and cash flows of the Fund and its subsidiaries, taken as a whole, and the management report gives a true and fair view of the development, the results of the business activities and the financial position of the Fund and its subsidiaries, taken as a whole, as well as of the significant events which took place during the year 2024 and their effect on the condensed 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 2024, 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 2024, 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 2024 was EUR 241,158 thousand; revaluation loss recognised in 2024 profit or loss and other comprehensive income was EUR 15,581 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	How the matter was addressed in our audit
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 2024. 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.	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.

This version of our auditors' report is a copy from the original, which was prepared in xhtml format and presented to Nasdaq Tallinn together with the original version of the consolidated financial statements. All possible care has been taken to ensure that the copy is an accurate representation of the original, excluding xbrl tagging. However, in all matters of interpretation of information, views or opinions, the original version of our report takes precedence over this copy.

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 83-96, 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_2024-12-31_EN.zip 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 2024;
- 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_2024-12-31_EN.zip for the year ended 31 December 2024 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 10 years, covering the periods ending 31 December 2015 to 31 December 2024.

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 2025

Helen Veetamm
Certified Public Accountant,
Licence No 606

Liisa Piirsalu
Certified Public Accountant,
Licence No 709

KPMG Baltics OÜ
Licence no 17

KPMG Baltics OÜ
Ahtri 4
Tallinn 10151
Estonia

Tel +372 626 8700
www.kpmg.ee

Consolidated financial statements

Consolidated statement of profit or loss and other comprehensive income

EUR '000	Notes	2024	2023
Rental income		15,136	17,743
Service charge income	7	4,744	6,008
Cost of rental activities	7	(8,292)	(9,134)
Net rental income	**6**	**11,588**	**14,617**
Administrative expenses	8	(2,373)	(2,617)
Other operating income (expenses)		18	44
Losses on disposal of investment properties	12	(863)	(4,047)
Valuation losses on investment properties	12	(15,581)	(21,876)
Operating profit (loss)		**(7,211)**	**(13,879)**
Financial income		196	104
Financial expenses	9	(10,540)	(9,854)
Net financial costs		**(10,344)**	**(9,750)**
Profit (loss) before tax		**(17,555)**	**(23,629)**
Income tax charge	6, 11	774	656
Loss for the period	**6**	**(16,781)**	**(22,973)**

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

EUR '000	Notes	2024	2023
Other comprehensive income that is or may be reclassified to profit or loss in subsequent periods			
Net gain (loss) on cash flow hedge	15b	(1,003)	(1,273)
Income tax relating to net gain (loss) on cash flow hedges	15b,11	52	123
Other comprehensive income (loss) net of tax, that is or may be reclassified to profit or loss in subsequent periods		**(951)**	**(1,150)**
Total comprehensive income (loss) for the period, net of tax		**(17,732)**	**(24,123)**
Basic earnings per unit (EUR)	**10**	**(0.13)**	**(0.19)**
Diluted earnings per unit (EUR)	**10**	**(0.12)**	**-**

Consolidated statement of financial position

EUR '000	Notes	31.12.2024	31.12.2023
Non-current assets			
Investment properties	6, 12	241,158	250,385
Intangible assets		4	11
Property, plant and equipment		5	4
Derivative financial instruments	21	1	295
Other non-current assets		1,225	647
Total non-current assets		**242,393**	**251,342**
Current assets			
Trade and other receivables	13	2,800	2,591
Prepayments		802	402
Derivative financial instruments	21	-	621
Cash and cash equivalents	14	10,053	6,182
Total current assets		**13,655**	**9,796**
Total assets	6	**256,048**	**261,138**
Equity			
Paid in capital	15a	151,495	145,200
Cash flow hedge reserve	15b	(420)	531
Retained earnings		(52,980)	(36,199)
Total equity		**98,095**	**109,532**

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

EUR '000	Notes	31.12.2024	31.12.2023
Non-current liabilities			
Interest-bearing loans and borrowings	16	98,491	64,158
Deferred tax liabilities	11	1,898	2,774
Other non-current liabilities		1,446	1,079
Total non-current liabilities		**101,835**	**68,011**
Current liabilities			
Interest-bearing loans and borrowings	16	50,736	79,584
Trade and other payables	17	4,473	3,343
Income tax payable		14	6
Other current liabilities		895	662
Total current liabilities		**56,118**	**83,595**
Total liabilities	6	**157,953**	**151,606**
Total equity and liabilities		**256,048**	**261,138**

Consolidated statement of changes in equity

EUR '000	Notes	Paid in capital	Cash flow hedge reserve	Retained earnings	Total equity
As of 1 January 2023		**145,200**	**1,681**	**(13,226)**	**133,655**
Comprehensive income (loss)					
Net profit (loss) for the period		-	-	(22,973)	(22,973)
Other comprehensive income (loss)	15b	-	(1,150)	-	(1,150)
Total comprehensive income (loss)		-	(1,150)	(22,973)	(24,123)
As of 31 December 2023		**145,200**	**531**	**(36,199)**	**109,532**
As of 1 January 2024		**145,200**	**531**	**(36,199)**	**109,532**
Comprehensive income (loss)					
Net profit (loss) for the period		-	-	(16,781)	(16,781)
Other comprehensive income (loss)	15b	-	(951)	-	(951)
Total comprehensive income (loss)		**-**	**(951)**	**(16,781)**	**(17,732)**
Capital increase		**6,295**	**-**	**-**	**6,295**
As of 31 December 2024		**151,495**	**(420)**	**(52,980)**	**98,095**

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

Consolidated statement of cash flows

EUR '000	Notes	2024	2023
Cash flows from core activities			
Profit (loss) before tax		**(17,555)**	**(23,629)**
Adjustments for non-cash items:			
Value adjustment of investment properties		15,581	21,876
Losses on disposal of investment properties	12	863	4,047
Value adjustment of derivative finance instruments		317	-
Depreciation of property, plant and equipment		6	5
Change in impairment losses for trade receivables		202	248
Financial income		(196)	(104)
Financial expenses	9	10,540	9,853
Working capital adjustments:			
Change in trade and other accounts receivable		(411)	(623)
Change in other current assets		(177)	(136)
Change in other non-current liabilities		368	281
Change in trade and other accounts payable		481	(295)
Change in other current liabilities		(84)	(684)
Income tax paid		(43)	-
Total cash flows from core activities		**9,892**	**10,839**

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

EUR '000	Notes	2024	2023
Cash flows from investing activities			
Interest received		196	104
Acquisition of property, plant and equipment and intangible assets		-	(13)
Proceeds/costs from disposal of investment property	12	(863)	25,962
Investment property development expenditure		-	(1,588)
Capital expenditure on investment properties		(6,354)	(4,100)
Total cash flows from investing activities		**(7,021)**	**20,365**
Cash flows from financing activities			
Proceeds from the issue of bonds		-	23,973
Proceeds from bank loans		23,156	14,500
Repayment of bank loans		(5,040)	(19,746)
Repayment of bonds		(12,500)	(39,473)
Transaction costs related to loans and borrowings		(311)	(955)
Proceeds from issue of units		6,295	-
Repayment of lease liabilities		(17)	(15)
Interest paid		(10,583)	(8,653)
Total cash flows from financing activities		**1,000**	**(30,369)**
Net change in cash and cash equivalents		**3,871**	**835**
Cash and cash equivalents at the beginning of the year		**6,182**	**5,347**
Cash and cash equivalents at the end of the period		**10,053**	**6,182**

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 Northern Horizon Capital AS. Both the Fund and the Management Company are supervised by the Estonian Financial Supervision and Resolution Authority. The Depositary of the Fund is Swedbank AS. The Fund is the ultimate parent and controlling entity of the group comprising the Fund and its subsidiaries (the "Group" or the "Fund").

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

The Fund's registered office is at 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	31.12.2024	31.12.2023
BH Lincona OÜ	100%	100%
BOF SKY SIA	100%	100%
BH CC Plaza OÜ	100%	100%
BH Europa UAB	100%	100%
Kontor SIA	100%	100%
Pirita Center OÜ	100%	100%
Vainodes Krasti SIA	100%	100%
BH S27 SIA	100%	100%
BH Meraki UAB	100%	100%
BH Galerija Centrs SIA	100%	100%
BH Northstar UAB	100%	100%

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.

2. Summary of material accounting policies

Basis of preparation

The Group's consolidated financial statements for the year ended 31 December 2024 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.

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 2024. These new standards and amendments did not have a material impact on the consolidated annual financial statements of the Fund when initially applied.

Standards, interpretations and amendments to published standards that are not yet effective

The following new standards, interpretations and amendments are not yet effective for the annual reporting period ended 31 December 2024 and have not been applied in preparing these consolidated financial statements.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

(Effective for annual periods beginning on or after 1 January 2025)

Under IAS 21 The Effects of Changes in Foreign Exchange Rates, a company uses a spot exchange rate when translating a foreign currency transaction. In some jurisdictions, no spot rate is available because a currency cannot be exchanged into another currency.

IAS 21 was amended to clarify:

- When a currency is exchangeable into another currency; and
- How a company estimates a spot rate when a currency lacks exchangeability. The amendments also include additional disclosure requirements to help users to assess the impact of using an estimated exchange rate on the financial statements.

Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures: Amendments to the Classification and Measurement of Financial Instruments

(Effective for annual periods beginning on or after 1 January 2026)

IFRS 9, Financial Instruments and IFRS 7 were amended to clarify:

- How financial assets and financial liabilities are recognized and derecognized at settlement date except for regular way purchases or sales of financial assets and financial liabilities meeting conditions for new exception;
- The guidelines how to assess contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those arising from environmental, social, and governance (ESG)-linked features;
- Introduction of new disclosure requirements.

New IFRS Accounting Standards requirements: IFRS 18, Presentation and Disclosure in Financial Statements

(Effective for annual periods beginning on or after 1 January 2027)

IFRS 18 replaces IAS 1, which sets out presentation and base disclosure requirements for financial statements.

IFRS 18 introduces:

- Requirement to classify income and expenses into three new categories – operating, investing and financing – and present subtotals for operating profit or loss and profit or loss before financing and income taxes;
- Presentation of expenses by function in a more detailed manner, disclosing more about the nature of expenses;
- Enhanced guidance for aggregation and disaggregation of information in the financial statements;
- New disclosure requirements for management-defined performance measures and eliminates classification options for interest and dividends in the statement of cash flows.

The Group expects that the new standard, when initially applied, may have a material impact on its financial statements. The Group is in the process of assessment of the potential impact on its financial statements resulting from the application of IFRS 18.

The Group does not expect the amendments to have a material impact on its financial statements when initially applied.

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.

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 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 a 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 has 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;
- 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 Northern 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 2024, the total credit risk exposure was as follows:

EUR '000	2024	2023
Cash and cash equivalents (note 14)	10,053	6,182
Trade and other receivables (note 13)	2,800	2,591
Derivative financial instruments (note 21)	(316)	916
Total exposure to credit risk	**12,537**	**9,689**

At the end of 2024, the Group's provisions for bad debts amounted to EUR 649 thousand (2023: EUR 625 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 2024, 75.9% of the Group's borrowings were hedged against interest rate risk using interest rate swaps and caps (31 December 2023: 73.9%). The Group's management is of an opinion that a 75.9% 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	2024		2023	
	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
Increase in basis points, +50	389	502	(292)	74
Decrease in basis points, -50	(545)	(502)	292	(495)

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 2024, the Fund's short-term liabilities (EUR 56.1 million) exceeded its short-term assets (EUR 13.7 million). However, as of the report date, the loans for Vainodes I SIA (carrying amount: EUR 9.9 million) and BH S27 SIA (carrying amount: EUR 7.7 million) have been extended for one year, with a new maturity date of 31 March 2026. Additionally, the Fund has confirmed with the Bank that the BH Galerija Centrs SIA loan (carrying amount: EUR 29.0 million) will be renewed for two more years, extending the maturity date to August 2027.

On 14 March 2025, the Fund completed the sale of Meraki for EUR 16 million. The proceeds will be used to repay the EUR 3.2 million EUR short-term bonds that mature in November 2025.

Considering the loan extensions and the new funds received from the sale of Meraki, there are no signs of a going concern risk.

The table below summarises the contractual maturity profile of the Group's financial liabilities on 31 December 2024. 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)	17,580	33,156	13,066	85,828	-	149,630	149,227
Derivative financial instruments (note 21)	-	1	(317)	-	-	(316)	(316)
Trade and other payables (note 17)	4,473	-	-	-	-	4,473	4,473
Total current and non-current	**22,053**	**33,157**	**12,749**	**85,828**	**-**	**153,787**	**153,384**

4d. Foreign exchange risk

The Fund's primary currency is the euro. In 2024 and 2023 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 2024, the Group complied with all externally imposed capital requirements.

EUR '000	2024	2023
Interest-bearing loans and borrowings (excluding lease liabilities)	148,989	143,487
Investment properties	241,158	250,385
Investment property under construction	-	-
Gearing ratio (loan-to-value)	**61.8%**	**57.3%**

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 (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 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**

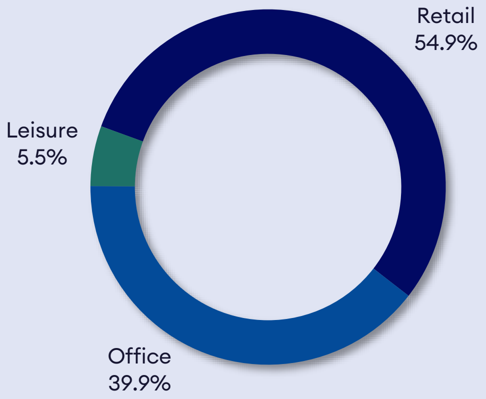
1. External revenue includes rental income and service charge income. The segments do not have inter-segment revenue.
2. Interest expenses include only external bank loan interest expenses and interest expenses on lease liabilities.

Operating segments – 31 December 2023

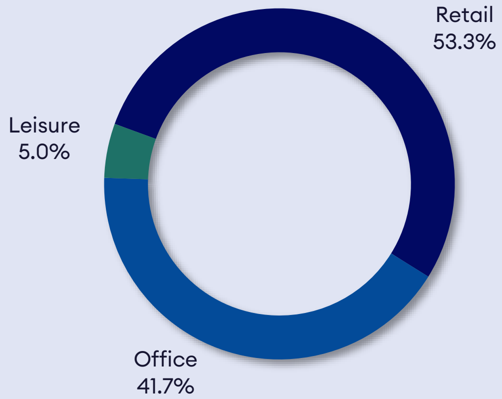
EUR '000	Retail	Office	Leisure	Total
2023:				
External revenue[1]	12,924	9,830	997	23,751
Segment net rental income	**6,375**	**7,435**	**807**	**14,617**
Net gain (loss) from fair value adjustment	(11,836)	(8,881)	(1,159)	(21,876)
Interest expenses[2]	(2,862)	(2,127)	(331)	(5,320)
Income tax income (expenses)	47	609	-	656
Segment net profit (loss)	**(10,150)**	**(5,515)**	**(702)**	**(16,367)**
As of 31.12.2023:				
Segment assets	**140,308**	**104,702**	**13,545**	**258,555**
Investment properties	135,259	101,886	13,240	250,385
Segment liabilities	**61,219**	**47,681**	**6,813**	**115,713**

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

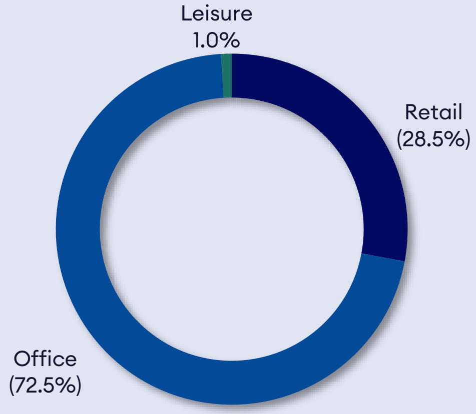
Investment properties as of 31 December 2024*



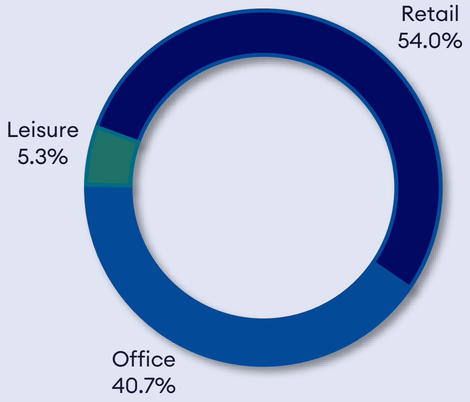
Segment net rental income for 2024*



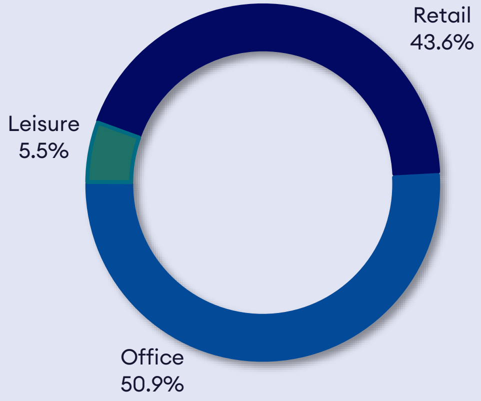
Segment net loss for 2024*



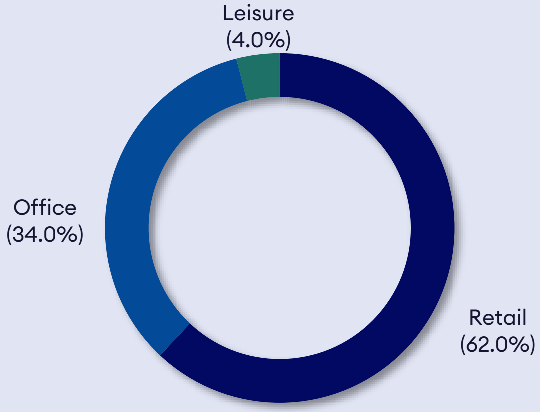
Investment properties as of 31 December 2023*



Segment net rental income for 2023*



Segment net loss for 2023*



*As a percentage of the total for all reportable segments

Reconciliation of information on reportable segments to IFRS measures

Operating segments – 31 December 2024

EUR '000	Total reportable segments	Adjustments	Consolidated
01.01.2024-31.12.2024:			
Net profit / loss	**(11,064)**	(5,717)[1]	**(16,781)**
As of 31.12.2024:			
Segment assets	**249,156**	6,892[2]	**256,048**
Segment liabilities	**135,086**	22,867[3]	**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).

Operating segments – 31 December 2023

EUR '000	Total reportable segments	Adjustments	Consolidated
01.01.2023-31.12.2023:			
Net loss	**(16,367)**	(6,606)[1]	**(22,973)**
As of 31.12.2023:			
Segment assets	**258,555**	2,583[2]	**261,138**
Segment liabilities	**115,713**	35,893[3]	**151,606**

1. Segment net loss for 2023 does not include Fund management fee (EUR 1,493 thousand), bond interest expenses (EUR 3,532 thousand), bond arrangement fee amortisation (EUR 458 thousand), Fund custodian fees (EUR 61 thousand), and other Fund-level administrative expenses (EUR 1,062 thousand).
2. Segment assets do not include cash, which is held at the Fund level (EUR 2,284 thousand) and other receivables (EUR 299 thousand).
3. Segment liabilities do not include liabilities related to a bond issue at the Fund level (EUR 34,099 thousand), accrued bond coupon expenses (EUR 577 thousand), management fee payable (EUR 859 thousand), and other short-term payables (EUR 358 thousand) at the Fund level.

Geographic information

	External revenue		Investment property value[1]	
EUR '000	2024	2023	31.12.2024	31.12.2023
Lithuania	5,670	7,608	71,874	72,805
Latvia	9,069	10,489	111,404	121,400
Estonia	5,141	5,654	57,880	56,180
Total	**19,880**	**23,751**	**241,158**	**250,385**

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	2024	2023
Repair and maintenance	3,273	3,348
Utilities	1,290	1,257
Property management expenses	1,260	1,053
Real estate taxes	978	717
Sales and marketing expenses	674	1,958
Property insurance	152	151
Allowance for bad debts	202	248
Other	463	402
Total cost of rental activities	**8,292**	**9,134**

Part of the total cost of rental activities (mainly utilities and repair and maintenance expenses) was recharged to tenants: EUR 4,744 thousand during the twelve-month period ended 31 December 2024 (EUR 6,008 thousand during the twelve-month period ended 31 December 2023).

8. Administrative expenses

EUR '000	2024	2023
Management fee	1,278	1,493
Legal fees	189	186
Consultancy fees	131	172
Audit fees	199	163
Fund marketing expenses	61	83
Custodian fees	49	61
Supervisory board fees	53	51
Other administrative expenses	413	408
Total administrative expenses	**2,373**	**2,617**

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

The Management Company is entitled to calculate the performance fee based on the annual adjusted funds from operations (AFFO) of the Fund. If AFFO divided by paid in capital during the year exceeds 8% per annum, the Management Company is entitled to a performance fee in the amount of 20% of the amount exceeding 8%. The performance fee based on this formula has been calculated starting from 1 January 2017. The performance fee first became payable in the fifth year of the Fund (i.e. 2020). Transactions with related parties are disclosed in note 19.

9. Financial expenses

EUR '000	2024	2023
Interest on external loans and borrowings	9,847	8,842
Loan arrangement fee amortisation	197	170
Foreign exchange loss	1	-
Interest on lease liabilities	10	10
Other financial expenses	485	832
Total financial expenses	**10,540**	**9,854**

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	2024	2023
Profit (loss) for the period, attributed to the unitholders of the Fund	(16,781)	(22,973)
Profit (loss) for the period, attributed to the unitholders of the Fund	**(16,781)**	**(22,973)**

Weighted-average number of units:

EUR '000	2024	2023
Issued units at the end of period	143,562,514	119,635,429
Weighted-average number of units	126,303,633	**119,635,429**

Basic and diluted earnings per unit:

EUR '000	2024	2023
Basic earnings per unit	(0.13)	(0.19)
Diluted earnings per unit*	(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 2024 was minus 4.4% (2023: minus 2.8%). The minus effective tax rate for 2024 is due to decrease in the fair values of Lithuanian investment properties.

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

EUR '000	2024	2023
Consolidated statement of profit or loss		
Current income tax for the period	(30)	-
Deferred tax for the period	804	656
Income tax income (expense) reported in profit or loss	**774**	**656**
Consolidated statement of other comprehensive income		
Deferred income tax related to items charged or credited to equity:		
Revaluation of derivative instruments to fair value	52	123
Income tax reported in other comprehensive income	**52**	**123**

Deferred tax is only applicable to Fund's subsidiaries in Lithuania. Deferred income tax as of 31 December 2024 and 2023 relates to the following:

	Consolidated statement of financial position		Recognised in profit or loss	
EUR '000	31.12.2024	31.12.2023	2024	2023
Tax losses brought forward	3,935	2,469	1,466	30
Revaluation of derivative instruments to fair value	18	(39)	-	-
Other adjustments	-	-	-	-
Deferred income tax assets	**3,953**	**2,430**	**-**	**-**
Investment property	(5,818)	(5,204)	(629)	613
Revaluation of derivative instruments to fair value	-	-	-	-
Other tax liability	(33)	-	(33)	13
Other adjustments	-	-	-	-
Deferred income tax liabilities	**(5,851)**	**(5,204)**	**-**	**-**
Deferred income tax income (expenses)	**-**	**-**	**804**	**656**
Deferred tax liabilities net	**(1,898)**	**(2,774)**	**-**	**-**
Reflected in the statement of financial position as follows:				
Deferred tax assets	-	-	-	-
Deferred tax liabilities	(1,898)	(2,774)	-	-
Deferred tax liabilities net	**(1,898)**	**(2,774)**	**-**	**-**

The reconciliation of the effective tax rate for the years ended 31 December 2024 and 2023 is as follows:

EUR '000	2024		2023	
Profit (loss) before income tax		**(17,555)**		**(23,629)**
At statutory tax rate	0.0%	-	0.0%	-
Effect of tax rates in foreign jurisdictions	(4.8%)	841	(2.8%)	662
Tax effect of non-deductible expenses	0.4%	(67)	0.0%	(6)
Change in unrecognized deferred tax	0.0%	-	0.0%	-
Total income tax expenses	**(4.4%)**	**774**	**(2.8%)**	**656**

As of 31 December 2024, the Group had tax losses of EUR 3,935 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:

	2024	2023
Lithuania[1]	15%	15%
Latvia[2]	0%	0%
Estonia[3]	0%	0%

1. As of 1 January 2025, 16% income tax will apply to gross distributed profits .
2. 20% income tax rate applies to gross distributed profits or 25% rate applies to net distributed profits.
3. 20% income tax rate applies to gross distributed profits or 25% rate applies to net distributed profits. As of 1 January 2025, 22% income tax will apply 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 2,511 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 31 December 2024, new external valuations were performed by independent property valuators Newsec.

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	31.12.2024	31.12.2023
Balance at 1 January	**250,385**	**333,123**
Development and refurbishment expenditure	-	1,050
Capital expenditure	6,354	2,278
Disposals[1, 2]	-	(63,920)
Net revaluation loss on investment property	(15,564)	(21,859)
Additions to right-of-use assets (new leases)	-	15
Derecognition of right-of-use assets	-	(285)
Net revaluation loss on right-of-use assets	(17)	(17)
Closing balance	**241,158**	**250,385**
Closing balance excluding right-of-use assets	**240,920**	**250,130**

1. In 2023 the Group disposed of the Domus Pro Complex (EUR 23,5 million) , Duetto offices (EUR 37,0 million) and Europa SC parking house (EUR 4 million).
2. In 2024, the Group incurred costs related to the 2023 disposals of Duetto and Domus Pro, amounting to EUR 863 thousand. These disposals are recorded in the Profit or Loss statement under the "Losses on disposal of investment properties" section.

As of 31 December 2024 Meraki was accounted at disposal price equal to EUR 16.4 million according to the LOI signed with the buyer before the year end. The management believed that disposal price represents the fair value of the property.

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 2024, the closing balance of the right-of-use assets amounts to EUR 238 thousand (2023: EUR 255 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 2024:

EUR '000	Total fair value Level 3	Total gain or (loss) for 2024 recognized in profit or loss
Latvia - Galerija Centrs (retail)	60,020	(5,361)
Lithuania – Europa (retail)	35,946	(1,969)
Estonia – Postimaja (retail)	21,800	1,426
Lithuania – North Star (office)	19,548	(814)
Latvia – Upmalas Biroji (office)	19,224	(1,446)
Lithuania – Meraki (office)*	16,380	(2,695)
Latvia – Vainodes I (office)	15,900	(862)
Estonia – Coca-Cola Plaza (leisure)	13,190	(64)
Estonia – Lincona (office)	13,100	(1,312)
Latvia – S27 (office)	11,360	(2,640)
Estonia – Pirita (retail)	9,790	1,017
Latvia – SKY (retail)	4,900	(861)
Total	**241,158**	(15,581)

*Meraki value as of 31 December 2024 was accounted based on the disposal price. For more information refer to Note 22.

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 15,581 thousand as of 31 December 2024 (2023: a net loss of EUR 21,859 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 2024 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 2024:

Segment		Valuation technique	Key unobservable inputs	Range
Retail	Vilnius Lithuania Tallinn, Estonia Riga, Latvia	DCF	**Discount rate**	8.45% - 9.64%
Net leasable area (NLA)	54,432 sq. m.		**Rental growth p.a.**	1.4% - 5.14%
Year of construction/renovation	1939-2016/2006-2010		**Long-term vacancy rate**	2.0% - 5.0%
			Exit yield	7.0% - 8.25%
			Average rent (EUR/sq. m)	11.85 – 17.98
Office	Vilnius Lithuania Tallinn, Estonia Riga, Latvia	DCF	**Discount rate**	8.45% - 9.7%
Net leasable area (NLA)	55,967 sq. m.		**Rental growth p.a.**	0.0% - 4.65%
Year of construction/renovation	2002-2021/2008-2014		**Long-term vacancy rate**	2.0% - 30.0%
			Exit yield	7.0% - 8.5%
			Average rent (EUR/sq. m)	10.4 – 13.19
Leisure	Tallinn, Estonia	DCF	**Discount rate**	9%
Net leasable area (NLA)	7,869 sq. m.		**Rental growth p.a.**	2.0% - 4.3%
Year of construction/renovation	1999		**Long-term vacancy rate**	2.0% - 5.0%
			Exit yield	7%
			Average rent (EUR/sq. m)	11.29

The table below sets out information about significant unobservable inputs used on 31 December 2024 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	2024: 7.0% - 8.5%	An increase in exit yield in isolation would result in a lower value of Investment property.
		Discount rate	2024: 8.45% - 9.7%	An increase in discount rate in isolation would result in a lower value of Investment property.
		Rental growth p.a.	2024: 0.0% - 5.14%	An increase in rental growth in isolation would result in a higher value of Investment property.
		Long-term vacancy rate	2024: 2.0% - 30.0%	An increase in long-term vacancy rate in isolation would result in a lower value of Investment property.

Sensitivity analysis of investment properties portfolio as of 31 December 2024 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%	258,260	253,870	249,750	245,520	241,460
	-0.25%	253,490	249,370	245,160	241,120	237,140
	0.00%	249,180	245,060	**240,940**	236,970	233,080
	+0.25%	245,030	240,920	237,040	233,160	229,350
	+0.50%	241,140	237,180	233,290	229,570	225,820

13. Trade and other receivables

EUR '000	31.12.2024	31.12.2023
Trade receivables, gross	2,346	2,325
Less impairment allowance for doubtful receivables	(649)	(625)
Accrued income	537	433
Other accounts receivable	566	458
Total	**2,800**	**2,591**

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

As of 31 December 2024, trade receivables at a nominal value of EUR 649 thousand were fully impaired (EUR 625 thousand as of 31 December 2023).

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

EUR '000	31.12.2024	31.12.2023
Balance as of 1 January	(625)	(513)
Charge for the period	(202)	(248)
Amounts written off	178	136
Reversal of allowances recognised in previous periods	-	-
Balance at end of period	**(649)**	**(625)**

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

EUR '000	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30-60 days	60-90 days	90-120 days	>120 days
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
As of 31.12.2023:							
Trade receivables, gross	**2,325**	924	288	175	105	181	652
Impairment allowance for doubtful receivables	**(625)**	(5)	(5)	(6)	(5)	(88)	(516)
Trade receivables, net	**1,700**	919	283	169	100	93	136

14. Cash and cash equivalents

EUR '000	31.12.2024	31.12.2023
Cash at banks and on hand	10,053	6,182
Total cash	**10,053**	**6,182**

As of 31 December 2024, the Group had to keep at least EUR 1,000 thousand (31 December 2023: EUR 1,150 thousand) of cash in its bank accounts due to certain restrictions in bank loan agreements.

15. Equity

15a. Paid in capital

The units are currently listed on the Fund List of the Nasdaq Tallinn Stock Exchange. The Fund's Swedish depository receipts (the SDRs) are listed on the Nasdaq Stockholm Stock Exchange. As of 31 December 2024, the total number of the Fund's units was 143,562,429 (31 December 2023: 119,635,429). Units issued are presented in the table below:

EUR '000	Number of units	Amount
As of 1 January 2024	**119,635,429**	**145,200**
Increase in the number of units and capital	23,927,085	6,295
As of 31 December 2024	**143,562,514**	**151,495**

In September 2024, Baltic Horizon Fund successfully completed a private placement and issued 23,927,085 new units with a gross value of EUR 6.29 million

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 2024 and 31 December 2023.

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 2024 and 31 December 2023. Please refer to note 20 for more information.

EUR '000	31.12.2024	31.12.2023
Balance at the beginning of the year	**531**	**1,681**
Movement in fair value of existing hedges	(1,003)	(1,273)
Movement in deferred income tax (note 11)	52	123
Net variation during the period	**(951)**	**(1,150)**
Balance at the end of the period	**(420)**	**531**

16. Interest-bearing loans and borrowings

EUR '000	Maturity	Effective interest rate	31.12.2024	31.12.2023
Non-current borrowings				
Unsecured bonds	May 2028	3M EURIBOR + 8.00%	21,490	34,099
Bank 1	Jan 2028	3M EURIBOR + 2.25%	2,609	2,792
Bank 1	Feb 2026	6M EURIBOR + 1.90%	4,367	4,626
Bank 1	Dec 2027	6M EURIBOR + 2.25%	8,696	9,198
Bank 3[1]	Jan 2029	6M EURIBOR + 2.80%	15,610	-
Bank 3[1]	Feb 2029	6M EURIBOR + 3.00%	8,951	-
Bank 4	Feb 2026	6M EURIBOR + 3.00%	20,948	16,720
Bank 5	Aug 2028	6M EURIBOR + 2.50%	9,928	10,363
Bank 6	Jun 2029	6M EURIBOR + 4.10%	9,810	-
Lease liabilities			238	255
Less current portion of bank loans and bonds			(4,138)	(13,878)
Less current portion of lease liabilities			(18)	(17)
Total non-current debt			**98,491**	**64,158**

Liquidity risk arising from loans and bonds

As of 31 December 2024, the Fund's current ratio is above 1, thus, the Fund has implemented measures to mitigate liquidity risk associated with short-term loans and bonds. As of the report date, the loans for Vainodes I SIA and BH S27 SIA have been extended for an additional year, with a new maturity date of 31 March 2026. Furthermore, the Fund has confirmed with the Bank that the BH Galerija Centrs SIA loan will be renewed for two more years, extending the maturity date to August 2027. Regarding the outstanding short-term bonds, the Fund is considering early repayment using the proceeds from the sale of Meraki, amounting to 16 million EUR. These proceeds will be utilized to repay the 3.2 million EUR short-term bonds maturing in November 2025, as well as other loan amortisations.

EUR '000	Maturity	Effective interest rate	31.12.2024	31.12.2023
Current borrowings				
Unsecured bonds	Nov 2025	3M EURIBOR + 8.00%	3,200	-
Bank 1[1]	Mar 2024	6M EURIBOR + 2.65%	-	8,998
Bank 1[1]	Mar 2024	3M EURIBOR + 3.90%	-	8,397
Bank 2	Aug 2025	6M EURIBOR + 3.80%	29,000	29,999
Bank 1	Mar 2025	3M EURIBOR + 1.75%	7,665	7,946
Bank 1	Mar 2025	3M EURIBOR + 1.60%	9,915	10,349
Current portion of non-current bank loans and bonds			938	13,878
Current portion of lease liabilities			18	17
Total current debt			**50,736**	**79,584**
Total			**149,227**	**143,742**

1. The loans were refinanced in February 2024 with another bank.

Financial covenants for bank loans

As of 31 December 2024, the Fund complied with all special conditions and covenants set under the bank loan agreements, except for the Vainodes, Sky, S27, Europa and Galerija Centrs properties. However, this did not result in any consequences as the Fund received formal waivers from the lenders for the covenant breaches.

SIA Vaiņodes krasti, SIA BOF Sky, and BH S27 SIA, carrying loan amounts of approximately EUR 9.9 million, EUR 2.6 million, and EUR 7.7 million respectively, breached a joint covenant in the third and fourth quarters of 2024. The companies have a joint obligation to ensure that the Net Operating Income (NOI) totals no less than EUR 2 million. However, at the end of Q3, the joint NOI was EUR 1,960,233, and at the end of Q4, it totaled EUR 1,787,325. The companies received waivers from the bank for both quarters.

BH Europa UAB breached the Debt-Service Coverage Ratio (DSCR) covenant in the third and fourth quarters of 2024. According to the bank agreement, which carries a loan amount of approximately EUR 15.6 million at year-end, the company's quarterly DSCR must be higher than 1.2. However, at the end of Q3, the DSCR was 1.08, and at the end of Q4, it was 0.81. The company received waivers from the bank for both quarters.

Throughout 2024, 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 29 million, the LTV ratio shall not exceed 45%, while the ICR ratio shall be at least 1.8. However, throughout the financial year, the LTV exceeded 45% (Q1 - 46%; Q2 - 50%; Q3 - 50%; Q4 - 48%), while the ICR ratio did not reach the 1.8 threshold (Q1 - 1.27; Q2 - 1.24; Q3 - 1.21; Q4 - 1.31). 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 2024 and an ICR ratio waiver until 30 June 2025.

Reconciliation of movements of liabilities to cash flow arising from financing

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.

As of the date of the report, the financial situation indicates that the aforementioned covenants will be breached in Q1 of 2025. However, the necessary waivers have already been secured for the loans of BH Galerija Centrs SIA, SIA Vaiņodes krasti, SIA BOF Sky, and BH S27 SIA, with the waiver for BH Europa UAB expected to be obtained shortly after the report date. As of 31 December 2024, the Group has other covenants from loan contracts for which The Group management expects to comply with within 12 months after the reporting date.

EUR '000	1 January 2023	Changes from financing cash flows	Other movements	31 December 2023
Liabilities				
Interest-bearing loans and borrowings (excluding lease liabilities)	194,569	(21,325)	(29,757)	143,487
Lease liabilities	542	(15)	(272)	255
Other financial expenses	-	(376)	376	-
Accrued financial expenses	472	(8,653)	[1]8,994	813
Total liabilities from financing activities	**195,583**	**(30,369)**	**(20,659)**	**144,555**
Equity				
Paid in capital	145,200	-	-	145,200
Retained earnings	(13,226)	-	[2](22,973)	(36,199)
Total equity related changes	**131,974**	**-**	**(22,973)**	**109,001**
Total	**327,557**	**(30,369)**	**(43,632)**	**253,556**

1. During 2023, the Fund's interest expenses amounted to EUR 8,994 thousand.
2. In 2023, the Fund had a net loss of EUR 22,973 thousand. Please refer to note 6 for more information.

Loan and bond security

Borrowings received had the following security as of 31 December 2024:

	Mortgages of the property*	Second rank mortgages for derivatives	Cross-mortgage	Commercial pledge of the entire assets
Bank 1	Lincona, SKY, S27, Vainodes I, and Pirita		Pirita and Lincona for Pirita and Lincona bank loans, Vainodes I, SKY and S27 for Vainodes I, SKY and S27 bank loan	Vainodes I, S27
Bank 2	Galerija Centrs	Galerija Centrs		Galerija Centrs
Bank 3	Europa and North Star			
Bank 4	Coca-Cola Plaza and Postimaja			
Bank 5	Upmalas Biroji			Upmalas Biroji
Bank 6	Meraki			

*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	Vainodes I and SKY for S27 bank loan; S27 and SKY for Vainodes I bank loan; Vainodes I and S27 for SKY bank loan; Baltic Horizon Fund for S27 up to 1,500,000			SKY, S27 and Vainodes I	Vainodes I, S27, SKY
Bank 2	Baltic Horizon Fund for Galerija Centrs up to EUR 1,500,000				Galerija Centrs
Bank 3				Europa, North Star	
Bank 5	Baltic Horizon Fund for Upmalas Biroji				Upmalas Biroji

17. Trade and other payables

EUR ‘000	31.12.2024	31.12.2023
Trade payables	1,963	974
Management fee payable	890	859
Accrued financial expenses	633	813
Accrued expenses	556	166
Tax payables	231	162
Other payables	200	369
Total trade and other payables	**4,473**	**3,343**

Terms and conditions of trade and other payables:

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

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	2024		2023	
Year of expiry of first break option	Amount receivable	%	Amount receivable	%
Within 1 year	14,796	25%	13,087	30%
Within 2 years	12,432	21%	8,586	20%
Within 3 years	9,634	16%	6,907	16%
Within 4 years	7,636	13%	5,686	14%
Within 5 years	4,742	8%	4,409	10%
6 years and more	10,255	17%	4,315	10%
Total	**59,495**	**100%**	**42,990**	**100%**

18b. Litigation

As of 31 December 2024, 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 2024.

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 is valid until 31 December 2025 and covers the shortfall between the rent calculated on the basis of the conditions stated in the sale and purchase agreement and the actual NOI. The maximum potential liability under the defects guarantee is limited to EUR 600 thousand. At the date of this report, no guarantee amounts have been paid under the defects guarantee scheme. At the date of this report, approximately 512 thousand EUR have been paid under the NOI guarantee scheme.

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

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.

Northern Horizon Capital AS

As set out in Baltic Horizon Fund Rules, Northern Horizon Capital AS (the Management Company) carries out asset manager functions on behalf of the Fund and the Fund pays management fees for it (note 8).

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

EUR '000	2024	2023
Northern Horizon Capital AS group		
Management fees	**1,278**	**1,493**

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

EUR '000	31.12.2024	31.12.2023
Northern Horizon Capital AS group		
Management fees payable	**890**	**859**

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

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

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

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

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

Supervisory Board of the Fund

As set out in Baltic Horizon Fund Rules, Supervisory Board members are entitled to remuneration for their service in the amount determined by the General Meeting. The remuneration of the Supervisory Board of the Fund amounted to EUR 48 thousand in 2024 (EUR 48 thousand in 2023). 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 holders of units owning more than 5% of the units in total as of 31 December 2024 and 31 December 2023 are presented in the tables:

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%

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

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	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Financial assets				
Trade and other receivables	2,800	2,591	2,800	2,591
Cash and cash equivalents	10,053	6,182	10,053	6,182
Derivative financial instruments	1	916	1	916
Financial liabilities				
Interest-bearing loans and borrowings				
Bank loans	(127,499)	(109,388)	(127,499)	(109,388)
Bonds	(21,490)	(34,099)	(22,000)	(34,500)
Trade and other payables	(4,473)	(3,343)	(4,473)	(3,343)
Derivative financial instruments	(317)	-	(317)	-

Fair value hierarchy

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

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)

Period ended 31 December 2023

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

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

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

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

21. Derivative financial instruments

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

The purpose of derivative instruments is to hedge the interest rate risk arising from the interest rate fluctuations of the Group's non-current loans and some of the Group's current loans because the Group's policy is to have fixed interest expenses. According to the IRS agreements, the Group makes fixed interest payments to the bank and receives variable interest rate payments from the bank. An interest rate cap allows to limit the interest rate fluctuation to a certain level.

IFRS 9 allows hedge accounting provided that the hedge is effective. In such cases, any gain or loss recorded on the fair value changes of the financial instrument is recognised in an equity reserve rather than the income statement. The ineffective part of the change in the fair value of the hedging instrument (if any) is recognised in the income statement. Specific documentation on each financial instrument is required to be maintained to ensure compliance with hedge accounting principles. Please refer to note 15b for more information.

EUR '000						Fair value	
Derivative type	Starting date	Maturity date	Notional amount	Variable rate (received)	Fixed rate (paid)	31.12.2024	31.12.2023
IRS	May 2018	Apr 2024	4,920	3M EURIBOR	0.63%	-	50
IRS	Mar 2018	Aug 2024	18,402	3M EURIBOR	0.73%	-	314
IRS	Dec 2024	Nov 2027	13,150	6M EURIBOR	2.45%	(103)	-
IRS	Dec 2024	Nov 2027	13,150	6M EURIBOR	2.39%	(82)	-
IRS	Dec 2024	Oct 2027	2,361	3M EURIBOR	2.33%	(15)	-
IRS	Dec 2024	Oct 2027	8,012	6M EURIBOR	2.5%	(78)	-
IRS	Dec 2024	Oct 2027	4,012	6M EURIBOR	2.5%	(39)	-
CAP	Aug 2024	Aug 2025	17,900	3M EURIBOR	3.0%	1	28
CAP	Aug 2023	Aug 2024	10,575	1M EURIBOR	3.0%	-	42
CAP	Feb 2023	Feb 2024	17,200	6M EURIBOR	3.0%	-	81
CAP	Apr 2024	Apr 2025	4,921	3M EURIBOR	3.0%	-	13
CAP	Sep 2023	Sep 2024	5,800	3M EURIBOR	3.0%	-	27
CAP	Aug 2022	Mar 2024	3,500	3M EURIBOR	2.0%	-	13
CAP	Aug 2022	Mar 2024	7,000	3M EURIBOR	2.0%	-	27
CAP	Mar 2024	Mar 2025	11,000	6M EURIBOR	3.0%	-	34
CAP	Oct 2022	May 2025	30,000	6M EURIBOR	3.0%	-	194
CAP	Sep 2022	Mar 2024	9,000	6M EURIBOR	1.0%	-	67
CAP	Mar 2024	Mar 2025	9,000	6M EURIBOR	3.0%	-	26
Derivative financial instruments, assets						**1**	**916**
Derivative financial instruments, liabilities						**(317)**	-
Net value of financial derivatives						**(316)**	**916**

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

Classification according to maturity

EUR '000	Liabilities		Assets	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Non-current	(317)	-	-	295
Current	-	-	1	621
Total	**(317)**	**-**	**1**	**916**

22. Subsequent events

On 13 January 2025, the Fund signed a Letter of Intent (LOI) to sell Meraki property for EUR 16 million. The fair value as of 31 December 2024, was accounted based on the disposal price. The asset sale and purchase agreement was signed on 7 March 2025, with the transaction closing on 13 March 2025.

On 5 March 2025, the fund announced changes to its supervisory board members. Effective from 1 May 2025, the new supervisory board will include Andrius Smaliukas, Milda Dargužaitė, Antanas Anskaitis, and Per V. Jenster.

At the end of March 2025, the Fund signed an agreement with SEB to extend the loans of BH S27 SIA (carrying amount : EUR 7.7 million) and BH Vainodes Krasti SIA (carrying amount: EUR 9.9 million) for one year, with the repayment date to 31 March 2026.

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%
BOF SKY SIA	Audēju iela 16 – 1, Riga, Latvia	40103538571	27 March 2012	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 ave. 7A-1, Vilnius, Lithuania	300059140	2 March 2015	Asset holding company	100%
Kontor SIA	Mūkusalas str. 101, Rīga, Latvia	40003771618	30 August 2016	Asset holding company	100%
Pirita Center OÜ	Merivälja str. 24, Tallinn, Estonia	12992834	16 December 2016	Asset holding company	100%
Vainodes Krasti SIA	Audeju str. 16, Riga, Latvia	50103684291	12 December 2017	Asset holding company	100%
BH S27 SIA	Skanstes iela 27, Riga, Latvia	40103810023	15 August 2018	Asset holding company	100%
BH Meraki UAB	Eitminų Str. 3-102, Vilnius, Lithuania	304875582	18 July 2018	Asset holding company	100%
BH Galerija Centrs SIA	Audeju str. 16, Riga, Latvia	40003311422	13 June 2019	Asset holding company	100%
BH Northstar UAB	Ulonų str. 2, Vilnius, Lithuania	305175896	29 May 2019	Asset holding company	100%

Management approval of consolidated financial statements

The consolidated financial statements of Baltic Horizon Fund were approved for issue by the Management Board of the Management Company on 31 March 2025.

Tarmo Karotam	**Aušra Stankevičienė**	**Jūratė Gaspariūnienė**
Chairman of the Management Board	Member of the Management Board	Member of the Management Board

Definitions and abbreviations

AIFM

Alternative Investment Fund Manager.

AFFO

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

Cash ratio

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

Current ratio

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

Direct Property Yield

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

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.

Dividend

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

Equity multiple

The ratio is calculated as total cash distribution received from investment divided by total equity invested.

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.

GAV

Gross Asset Value of the 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

Northern Horizon Capital AS, register code 11025345.

NAV

Net asset value for the Fund.

NAV per unit

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

Net Initial Yield

NOI divided by market value of the property.

Net LTV

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

NOI

Net operating income.

Occupancy rate

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

Quick ratio

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

Rental growth

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

Return on assets

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

Return on equity

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

Triple Net Lease

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

TTM

Trailing 12 months.

EPRA indicators and definitions

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

Appendices

5-year overview of key figures

Key earnings figures	Unit	2024	2023	2022	2021	2020
Rental income	EUR ‘000	15,136	17,743	20,482	19,495	21,697
Net rental income	EUR ‘000	11,588	14,617	17,430	17,004	19,934
Net rental income margin	%	76.6	82.4	85.1	87.2	91.9
Valuation gains (losses) on investment properties	EUR ‘000	(15,581)	(21,876)	(2,914)	(7,161)	(25,245)
EBITDA	EUR ‘000	(6,836)	(13,701)	11,493	7,575	(7,849)
EBITDA margin	%	(45.2)	(77.2)	56.1	38.9	(36.2)
EBIT	EUR ‘000	(7,211)	(13,879)	11,238	7,347	(8,025)
EBIT margin	%	(47.6)	(78.2)	54.9	37.7	(37.0)
Net profit (loss)	EUR ‘000	(16,781)	(22,973)	3,944	1,413	(13,541)
Net profit (loss) margin	%	(110.9)	(129.5)	19.3	7.2	(62.4)
Earnings per unit	EUR	(0.12)	(0.19)	0.03	0.01	(0.12)
Generated net cash flow	EUR ‘000	(6,996)	502	2,141	8,749	11,409
Dividends per unit	EUR/unit	-	-	0.026	0.058	0.067
Generated net cash flow per unit	EUR/unit	(0.06)	0.00	0.06	0.07	0.10
Gross rolling dividend yield	%	-	-	4.5	5.4	5.8

5-year overview of key figures

Key financial position figures	Unit	31.12.2024	31.12.2023	31.12.2022	31.12.2021	31.12.2020
Total assets	EUR ‘000	256,048	261,138	343,963	346,338	355,602
Return on assets (TTM)	%	(6.5)	(7.6)	1.1	0.4	(3.7)
Total equity	EUR ‘000	98,095	109,532	133,655	132,584	136,321
Equity ratio	%	38.3	41.9	38.9	38.3	38.3
Return on equity (TTM)	%	(16.2)	(18.9)	3.0	1.1	(9.4)
Interest-bearing loans and borrowings	EUR ‘000	149,227	143,742	195,111	199,147	205,892
Total liabilities	EUR ‘000	157,953	151,606	210,308	213,754	219,281
LTV	%	61.8	57.3	58.4	60.7	60.5
Average cost of debt	%	6.7	5.2	3.0	2.7	2.6
Weighted average duration of debt	years	2.8	2.3	1.8	1.5	2.1
Current ratio	times	0.2	0.1	0.1	0.4	1.1
Quick ratio	times	0.2	0.1	0.1	0.4	1.0
Cash ratio	times	0.2	0.1	0.1	0.3	0.9
IFRS NAV per unit	EUR	0.6833	0.9156	1.1172	1.1082	1.1395

Key property portfolio figures	Unit	31.12.2024	31.12.2023	31.12.2022	31.12.2021	31.12.2020
Fair value of portfolio	EUR ‘000	241,158	250,385	333,123	327,359	339,992
Properties	number	12	12	15	15	16
Net leasable area	sq. m	118,269	119,714	151,870	144,081	153,345
Occupancy rate	%	82.1	81.1	90.5	92.1	94.3

Periodic Article 8 reporting

ANNEX IV

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

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.

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

☐ Yes	☒ No
☐ It made **sustainable investments with an environmental objective:** ___%	☒ **It promoted Environmental/Social (E/S) characteristics and** while it did not have as its objective a sustainable investment, it had a proportion of 23 % sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ 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?

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

This financial product ("the Fund") promoted environmental and social characteristics such as GHG emission reduction and environmental certification. When investing in new assets, the Fund will focus on locations that allow access to services by walking, cycling and public transport.

In connection to promoting environmental characteristics, the Fund has adopted 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.

How did the sustainability indicators perform?

In 2024 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 89,2 %. 10 assets out of 12 assets had an electricity contract that specified the use of only for renewable energy;

(ii) percentage of fossil free electricity of all electricity was 86,6%;

(iii) portfolio's location-based operational in-use GHG emissions scope 1-3 were 7 247 tC02e. The Fund has in year 2024 applied also market-based emission calculation taking into account the renewable electricity used in the buildings. Market-based GHG emissions were 4 036 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 97 % and offices 99 % totaling the entire percentage of green lease coverage 98 %.

...and compared to previous periods?

	2022	2023
percentage of the assets in the portfolio that use fossil-free electricity	47% (8 assets out of 17)	100% (12 assets out of 12)
percentage of fossil free electricity	29 %	91 %
portfolio's operational in-use GHG emissions scope 1-3	9 213 tCO2	7 584[1] tCO2
percentage of portfolio certification coverage	35 % (11 assets out of 17)	100 % (12 assets out of 12)
percentage of the portfolio where tenants signed the green lease clauses (based on gross floor area)	62 %	72 %

[1] The Fund reported to have 7 529 tCO2e. The Fund has corrected an error in the reported GHG emissions.

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 screened its the investments alignment with the environmental objectives of EU Taxonomy climate change mitigation sub-objective 7.7 (Acquisition and ownership of buildings) and the do no significant harm ("DNSH") -criteria related to the sub-ojective.

In 2024, 23 % of the Fund's real estate investments satisfied the EU taxonomy substantial contribution criteria. As part of DNSH analysis, the Fund has also reviewed its physical climate risk assessment. Based on the updated risk assessment, the Fund will plan adaptation measures in 2025 to climate risks related to high temperatures and water scarcity.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

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

The investments were analysed according to EU Taxonomy climate change mitigation sub-objective 7.7 (Acquisition and ownership of buildings) do no significant harm ("DNSH") -criteria by conducting a physical climate risk assessment.

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

The Fund's sustainable investment have been analysed with the EU taxonomy criteria. The Fund's principal adverse impact consideration is described in "How did this financial product consider principal adverse impacts on sustainability" -section.

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

Northern Horizon Capital has adopted a human rights policy taking into account the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights incorporated in the Responsible investment policy. The Fund has concluded a human rights risk assessment on its operations in 2022 and updated the assessment in 2024. To include due diligence on human rights related risks,the Fund has added human rights screening to its investment policy. In addition Northern Horizon's Tendering process includes a human rights and good corporate governance check list to tendees. Northern Horizon has implemented also a whistleblowing channel which is open to stakeholders to report human rights related concerns.

Northern Horizon recognizes that its minimum safeguards process is at all times developing and requires ongoing work. Northern Horizon will keep on improving its processes and risk assessments and complement its policies to ensure effective implementation and upholding minimum safeguards in its practices.

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 considered principal adverse impacts. The Fund aims to reduce the principal adverse impacts of its investment decisions where possible and feasible. Fund screened the current investments against the principal adverse impact indicators for real estate assets and has planned actions to reduce the negative impacts. During the reporting period, the Fund conducted a materiality analysis to support its selection of principal adverse impact indicators.

The principal adverse impact indicators the Fund considers are:

Adverse sustainability indicator	Metric	Impact 2024	Impact 2023	Impact 2022	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. Portion of the assets may use gas heating but this is not considered to ful the criteria to 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	41%	39 %	32 %	Assets considered energy inefficient were assets that had enery rating below B.	Energy efficiency is is be considered as part of any due diligence process on a targeted investment and a summary conclusion provided as part of the investment or divestment proposal in accordance with Northern Horizon Group Responsible Investment Policy and

						Investment Policy. During 2024, the Fund has started planning actions to improve the energy ratings of the assets in the portfolio. The action plan will be finalized during 2025.
GHG emissions	Scope 1 GHG emissions	778 tCo2e	505 tCo2	539,41 t Co2	The GHG emissions include operational emissions such as GHG emission from district heating, gas and fuels as well as electricity consumption. The GHG emissions were calculated applying location based methodology using a third-party ESG data platform provider's carbon calculator tool that utilizes emission factors from International Energy Agency. Due to difficulties in data standardization, the district heating emission factors are based on standard factor provided by the ESG data platform. Market-based emissions take into account the renewable electricity purchased by the Fund and depicts the GHG emissions that were avoided compared to conventional energy sources.	The Fund has a target to be oprationally carbon neutral by 2030. GHG emissions of an asset are considered as part of any due diligence process on a targeted investment and a summary conclusion provided as part of the investment or divestment proposal in accordance with Northern Horizon Group Responsible Investment Policy and Investment Policy. During 2024 the Fund has continued to acquire renewable electricity to limit its GHG emissions. It also conducted to project to investigate the possibilities to acquire fossil free heating to achieve the carbon neutrality target, and acquired renewable district heating for its Latvian properties. During 2025 the Fund continue with asset level planning to achieve further GHG emission reductions in its portfolio.
	Scope 2 GHG emissions	Location-based: 6 347 tCo2e Market-based: 3 258 tCo2e	5 711 tCo2	7 028,3 tCo2		
	Scope 3 GHG emissions	0	1 368 tCo2	1 645,18 tCo2		
	Total GHG emissions	Location-based: 7 125 tCo2e Market-based: 4 036 tCo2	Location-based: 7 584 tCo2	Location-based: 9 213 tCo2		

Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	182 kwh/m2/yr 0,000182 GWh/m2/yr	190 kwh/m2/yr[2] 0,000190 GWh/m2/yr	175 kwh/m2/yr 0,000175 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 any due diligence process on a targeted investment and a summary conclusion provided as part of the investment or divestment proposal in accordance with Northern Horizon Group Responsible Investment Policy and Investment Policy. During 2024, the Fund has monitored the energy intensity of its asset by using the carbon risk real estate module (CRREM). The Fund will approach energy intensity through tenant engagement activities and by planning techical improvements to its properties as is financilly feasible.
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%	5%	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.

[2] As Fund did not receive data from the properties sold during the year 2023, the energy intensity was reported at 151 kwh/m2/yr. The Fund has corrected the intensity to this report to include only properties the Fund has received data.

What were the top investments of this financial product?

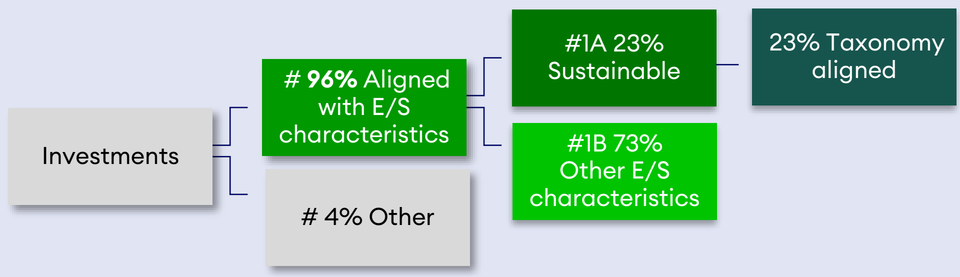
The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 1.1-31.12.2024

Largest investments	Sector	% Assets	Country
Galerija Centrs	Retail	24,9%	Latvia
Europa	Retail	14,9%	Lithuania
Postimaja	Retail	9,0%	Estonia
North Star	Office	8,1%	Lithuania
Meraki	Office	6,8%	Lithuania
Vainodes I	Office	6,6%	Latvia
Coca-Cola Plaza	Leisure	5,5%	Estonia
Lincona	Office	5,4%	Estonia
S27	Office	4,7%	Latvia
Pirita	Retail	4,1%	Estonia
SKY	Retail	2,0%	Latvia

What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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.

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 55 000 000– which is corresponding to 23 % EU Taxonomy alignment.

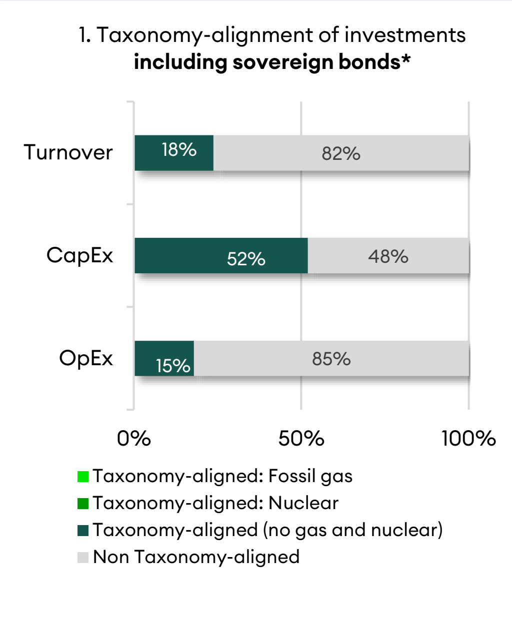
Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[3]?

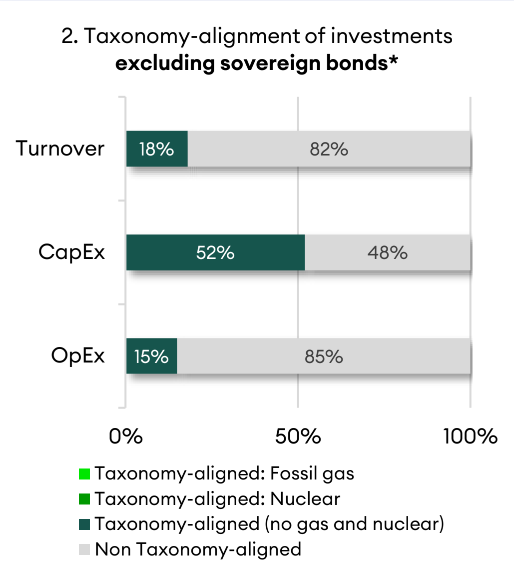
☐ Yes:

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.





This graph represents 100% of the total investments.

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

[3] 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.

The Fund has calculated EU taxonomy alignment of its turnover based on gross rental income from the taxonomy aligned assets which is depicted in the table above and the opex and capex costs related to those assets. However, as the Fund is investing in real assets the Fund considers that the taxonomy alignment based on market value of the assets is the correct way of assessing taxonmy alignment.

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 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 2022 the Fund had 12 % of taxonomy aligned assets.

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

  For 2024 the Fund had 23 % of taxonomy aligned assets.

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.

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

The fund promoted 100% fossil-free electricity by 2030. During the reporting period 10 out 12 assets purchased renewable electricity proven by green electricity certification from the electricity provider or guarantee or origin certificate. During the reporting period, 86,6 % of the Fund’s assets’ electricity has been from renewable sources. In the reporting period, the Fund has also entered into power purchase agreements (PPA) to acquire renewable energy directly from distant solar/wind parks. North Star received 67 % of its total electricity and

Meraki received 53 % of its total electricity through the PPAs in 2024. The Fund is planning on more PPAs in the upcoming reporting seasons.

In addition to renewable electricity, as the Fund promotes operational carbon neutrality by 2030, the Fund has also taken steps to move to non-fossil district heating. Two of the Fund's Latvian properties utilized renewable district heating during 2024.

To monitor GHG emissions and energy intensity of the assets effectively, the Fund has implemented a new reporting platform to monitor performance data and conclude CRREM assessments. Based on the results on the assessments, the Fund focuses on planning and implementing asset level actions during 2025.

The Fund aimed to have 100% certified (BREEAM in use or similar standard) assets by 2030. During 2023, the Fund received BREEAM certificates to its entire retail portfolio 7 years before the target deadline. During the reporting period, Meraki received its final BREEAM certificate with the grade excellent. The Fund aims to maintain the certification level going forward.

The Fund continued to make efforts to include green lease clauses to rental agreements to ensure tenant collaboration on the best effort basis on sustainability matters. The green lease coverage of the fund increased substantially during the reporting period reaching 98 % of all leases. The Fund continues to making efforts on green leases and increasing tenant awareness on sustainable use of the buildings through the community engagement events and guidance on sustainability topics in its buildings.

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

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

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

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

Roseni 7
10111 Tallinn
Estonia

estonia@nh-cap.com

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

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★★★☆☆ 2024