BALTIC HORIZON

INTERIM REPORT

Q3 2022

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2022

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Baltic Horizon Fund

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

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

Baltic Horizon Fund was merged with Baltic Opportunity Fund ("BOF") on 30 June 2016. Baltic Horizon was the remaining entity which took over 5 assets of BOF and its investor base.

KEY FIGURES

Key earnings figures	Unit	Q1-Q3 2022	Q1-Q3 2021	Change (%)
Rental income	EUR ‘000	15,422	14,844	3.9%
Net rental income	EUR ‘000	12,973	13,206	(1.8%)
Net rental income margin[1]	%	84.1	89.0	-
Valuation gains (losses) on investment properties	EUR ‘000	158	(14,264)	101.1%
EBIT	EUR ‘000	11,272	(3,290)	442.7%
EBIT margin[2]	%	73.1	(22.2)	-
Net profit (loss)	EUR ‘000	6,137	(6,879)	189.2%
Net profit (loss) margin	%	39.8	(46.3)	-
Earnings per unit	EUR	0.05	(0.06)	(183.3%)
Generated net cash flow[3]	EUR ‘000	6,005	6,742	(10.9%)
Dividends per unit[4]	EUR/unit	0.026	0.039	(33.3%)
Generated net cash flow per unit[5]	EUR/unit	0.050	0.056	(10.7%)
Gross rolling dividend yield[6]	%	6.3	4.5	-

Key financial position figures	Unit	30.09.2022	31.12.2021	Change (%)
Total assets	EUR ‘000	349,181	346,338	0.8%
Return on assets (TTM)	%	4.1	0.4	-
Total equity	EUR ‘000	135,724	132,584	2.4%
Equity ratio	%	38.9	38.3	-
Return on equity (TTM)	%	11.0	1.1	-
Interest-bearing loans and borrowings	EUR ‘000	198,828	199,147	(0.2%)
Total liabilities	EUR ‘000	213,457	213,754	(0.1%)
LTV	%	58.6	60.7	-
Average cost of debt	%	2.8	2.7	-
Weighted average duration of debt	years	1.0	1.5	-
Current ratio	times	0.1	0.4	-
Quick ratio	times	0.1	0.4	-
Cash ratio	times	0.0	0.3	-
IFRS NAV per unit	EUR	1.1345	1.1082	2.4%

Key property portfolio figures	Unit	30.09.2022	31.12.2021	Change (%)
Fair value of portfolio	EUR ‘000	338,638	327,359	3.4%
Properties[7]	number	15	15	-
Net leasable area	sq. m	151,401	144,081	5.1%
Occupancy rate	%	90.0	92.1	-

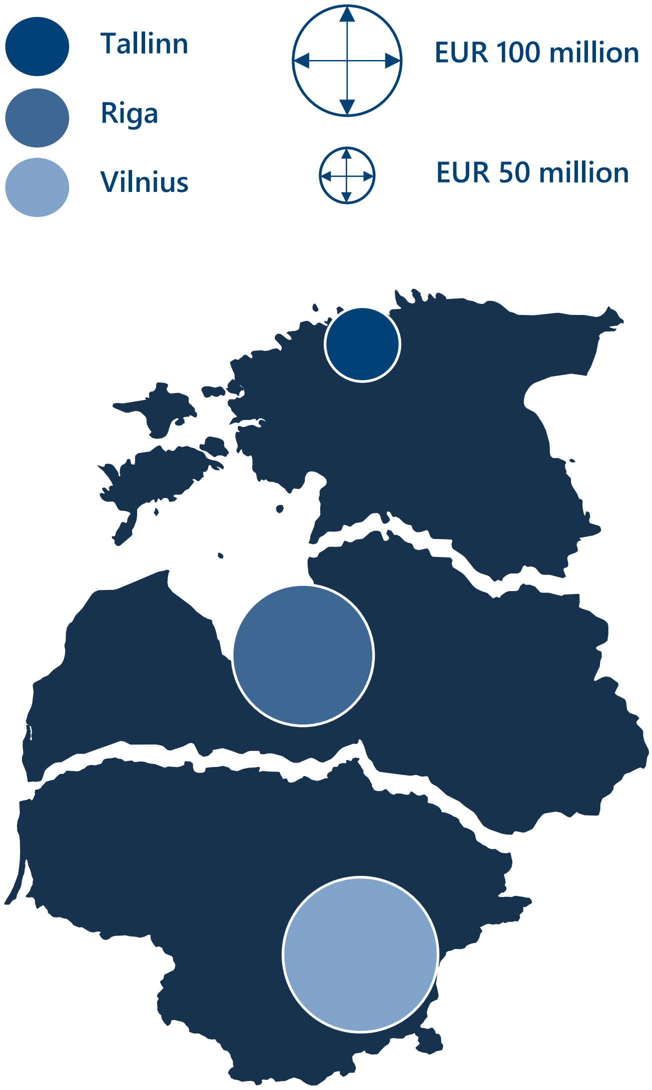
Key property portfolio figures	Unit	Q1-Q3 2022	Q1-Q3 2021	Change (%)
Direct property yield	%	5.1	5.1	-
Net initial yield	%	5.4	5.4	-

Key unit figures	Unit	30.09.2022	31.12.2021	Change (%)
Number of units outstanding	units	119,635,429	119,635,429	-
Closing unit price	EUR	0.7150	1.0690	(33.1%)
Closing unit price	SEK	7.00	10.87	(35.6%)
Market capitalisation[8]	EUR	83,812,391	127,519,749	(34.3%)

Key EPRA figures	Unit	Q1-Q3 2022	Q1-Q3 2021	Change (%)
EPRA Earnings	EUR '000	6,651	6,749	(1.5%)
EPRA Earnings per unit	EUR	0.06	0.06	0.0%

Key EPRA figures	Unit	30.09.2022	31.12.2021	Change (%)
EPRA NRV (Net Reinstatement Value)	EUR '000	144,412	142,176	1.6%
EPRA NRV per unit	EUR	1.2071	1.1884	1.6%
EPRA NTA (Net Tangible Assets)	EUR '000	144,412	142,176	1.6%
EPRA NTA per unit	EUR	1.2071	1.1884	1.6%
EPRA NDV (Net Disposal Value)	EUR '000	135,180	132,622	1.9%
EPRA NDV per unit	EUR	1.1299	1.1086	1.9%
EPRA LTV	%	58.0	56.9	-

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. Distributions to unitholders for 2021 and 2022 Fund results.
5. Generated net cash flow per weighted average numbers of units during the period.
6. Gross dividend yield is based on the closing market price of the unit as of the end of the period (Q3 2022: closing market price of the unit as of 30 September 2022).
7. Properties includes 15 established cash flow properties.
8. Based on the closing prices and split between units on the Nasdaq Tallinn and the Nasdaq Stockholm Stock Exchanges.



Investment strategy

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

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

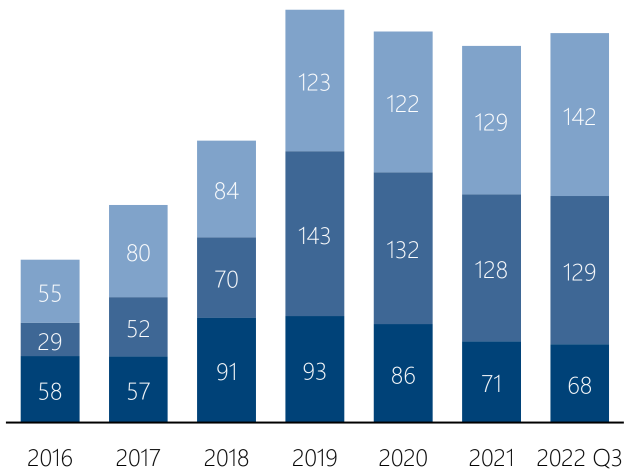
The Fund aims to use a 55% long-term leverage strategy. At no point in time may the Fund's leverage exceed 65%.

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.

15
Properties

151,401
Portfolio size (sq. m)

Portfolio value (EUR million)



Ten largest properties

1. Galerija Centrs	19.2%
2. Europa SC	11.7%
3. Postimaja	8.0%
4. Upmalas Biroji BC	6.5%
5. North Star	6.4%
6. Duetto II	6.0%
7. Duetto I	5.5%
8. Vainodes	5.5%
9. LNK Centre	5.2%
10. Meraki	5.1%
11. Others	20.9%

Q3 2022 AT A GLANCE

Quarterly cash distribution

On 16 August, the Fund distributed 1.56 million to investors (EUR 0.013 per unit). This equals approx. 1.17% of the Fund's Q2 2022 weighted average net asset value. The payout also represents a 6.9% rolling distribution yield for the past 12 months based on the closing unit price of the last day of Q2 2022 on the Nasdaq Tallinn Stock Exchange.

Completion of Europa SC reconstruction

The Europa SC refurbishment project was fully completed in Q3 2022. Reconstruction works started in September 2021 with the aim to finish reconstruction in two stages. The first stage was completed with the opening of the fully leased out food hall Dialogai (900 sq. m) on 24 January 2022. The interior of the ground floor passage, the lounge zones, an amphitheatre, the bakery zone and new escalators from the ground to the 3rd floor were completed in Q1 and Q2 2022, while the shop fronts, the elevator change and final fit-out works on the 2nd and 3rd floors were completed in Q3 2022. Reopening of the Europa SC took place on 8 September 2022.

Galerija Centrs food hall

In September, the Fund started the refurbishment of the 4th floor of Galerija Centrs to build a food hall with a view of Riga Old Town. The food hall will accommodate 11 restaurants and bars. Pre-leases have been signed for the whole rentable food hall area. Lease agreements have already been concluded with half of all food hall tenants. The planned opening has been scheduled for Q2 2023.

Completion of the first Meraki office building

The Fund completed the first stage in the construction of the modern B-class office building Meraki in September 2022. The first stage included the construction of the first Meraki office tower and a parking house for the entire asset. The first tower was already commissioned for rental activities in Q3 2022. In total, 8,133 sq. m of net leasable area can be offered to tenants in the first tower. The Funds aims to receive the BREEAM "Excellent" certification for the completed building.

GRESB benchmarking

In Q3 2022, Baltic Horizon received the GRESB 4 star rating for the first time, exceeding its initial goal of 3 stars. In addition, for the first time Baltic Horizon received an A-rating in the 2022 GRESB Public Disclosure Report. The GRESB Real Estate Assessment is an investor-driven global ESG benchmark and reporting framework for listed property companies, private property funds, developers and investors that invest directly in real estate. The achievement of GRESB ratings confirms the Fund's continuous efforts in the ESG field.

PROPERTY REPORT

Portfolio and market overview

The diversified property portfolio of Baltic Horizon Fund consists of 15 cash flow generating properties in the Baltic capitals. Baltic Horizon believes it has established a portfolio of strong retail and office assets with well-known and long-term tenants including local commercial leaders, governmental tenants, nearshoring shared service centres and the Baltic headquarters of leading international companies.

The Fund's centrally located shopping centres have been rapidly recovering from the negative effects of the COVID-19 pandemic throughout 2022. The total turnover of the shopping centres' tenants has grown in every single month of 2022 and reached a peak in September 2022. Turnover per sq. m is already at an all-time high in the Europa SC and Postimaja, while Galerija Centrs is still slightly below its 2019 figures. Footfall is still below pre-pandemic levels in all 3 properties. There is a clear trend in BHF properties: customers are spending more during their visits, but the visits are less frequent and focused on certain purchases. The recovery of the tourism sector would certainly give an additional boost to footfall figures since Galerija Centrs and Postimaja have always been top spots for tourist shopping. Currently, the Baltic region attracts only 50-60% of tourists that it used to attract prior to the pandemic.

The reconstruction of the Europa SC was completed in Q3 2022. The revitalization of the Europa SC areas brought new attention to the shopping centre, increasing its attractiveness for tenants and clients. Several tenants have introduced unique concept stores in the Europa SC within the last several months. The latest one was Odore D'amore, a high-perfume store with a bar inside. The opening of the food hall Dialogai and other renovated areas has created a great value proposition for office workers in Vilnius CBD. BHF's retail team aims to execute similar revitalization projects in Galerija Centrs and Postimaja to prepare for the next retail cycle.

The changes in the Europa SC have converted into strong growth patterns in footfall, sales and other major KPIs. The reconstruction created a temporary negative effect on the net rental income of the Europa SC in Q1-Q3 2022 due to additional one-off expenses but rental income has been continuously recovering since the completion of the reconstruction and the start of all new lease agreements. One of the leading RE companies in the Nordics, Newsec, has been assigned as the new property and leasing partner in the Europa SC starting from October with the aim to fully capitalize on the refurbishment and positive leasing sentiment.

In recent years, Baltic Horizon Fund has been in active negotiations, mainly with retail tenants, regarding rent reductions, which have had a negative impact on the Fund's performance in 2020-2022. The amount of rent reliefs has been greatly reduced lately since the direct impact of the pandemic has diminished. Increases in the NOI of Galerija Centrs and Postimaja clearly show that the results of retail assets can quickly recover in a stable and free environment without major rent reliefs.

During the pandemic, many tenants in the office segment across the Baltics adopted remote working practices where the nature of the job allowed it. At the same time, it is also apparent from interviews that employees are eager to return to the offices as social interaction and collaboration in physical meetings are still highly valued. The new reality of office work requires a high level of flexibility and multi-functional areas for efficient office space management.

Considering the new office reality, Baltic Horizon has been revitalizing larger vacant office areas to create flexible working spaces for smaller tenants. The Fund successfully converted vacant areas in North Star into an office hotel during Q1-Q3 2022. All areas have already been leased out to tenants, significantly boosting North Star's occupancy levels in the process. A similar concept has been completed on one Meraki office floor and is being evaluated for other properties. Excluding the recently built Meraki, almost all BHF office spaces are now leased out. The office portfolio continues to generate strong results due to fixed lease agreements and the flexible solutions offered by the Fund. Rental indexations are playing a vital part in the growth of office portfolio results and will likely continue to positively impact results in 2022 and 2023.

In summary, Baltic Horizon's offices continue to demonstrate resilience to all external shocks, while centrally located retail and entertainment assets continue gradual recovery to peak performance levels.

Developments

Meraki

The Fund completed the first stage in the construction of the modern B-class office building Meraki in September 2022. Two Meraki office towers with an approx. 15,800 sq. m of leasable office space will be developed in two stages. The first stage included the construction of the first Meraki office tower and a parking house for the entire asset. The first tower was already commissioned for rental activities in Q3 2022. In total, 8,133 sq. m of net leasable area can be offered to tenants in the first tower. The Funds aims to receive the BREAAM "Excellent" certification for the completed building.

The construction of the second tower is expected to be started in 2023. The construction of the second tower of the Meraki building will not begin until at least 50% of its rental space is covered with preleases. Meraki development costs reached EUR 19.4 million as of 30 September 2022 and total development costs are estimated to amount to EUR 32.7 million. The Fund is not planning to make any major investments in the Meraki project over the upcoming months, except for tenant fit-out contributions.

The Fund aims to offer high-quality premises for office and mixed-use tenants with an emphasis on flexible and sustainable solutions as well as a strong sense of community. As part of the project, the Fund has developed a unique green public space for tenants, visitors and the local community in a highly crowded Pašilaičiai area. The public space should create a relaxing environment for the tenants as well as supporting the footfall of the adjacent Domus PRO shopping centre by attracting additional customers into the area. Efficient engineering and other technical solutions should ensure comfortable working conditions, low carbon emissions and a sense of well-being for the employees.

At the end of Q3 2022, 23.4% of the net leasable area of the first tower was let to 7 tenants incl. cafeteria, office and medical tenants. Together with the completion of the building, the Fund finished the construction of an office hotel to meet the demand for smaller spaces with common areas from smaller tenants. The spaces have been fully fitted-out allowing the tenants to move in immediately after signing the lease agreement. The first tenant fit-out works were completed at the end of Q3 2022 and the first tenants moved into the premises in September 2022. Meraki will start generating rental income from October 2022.

Active search for new tenants continues with several positive negotiations having taken place in recent weeks. The Fund's management is actively engaged in the leasing process, while Newsec is acting as a leading external partner for leasing activities.

Europa

At the end of 2020, the Fund's management initiated the Europa SC refurbishment project with the aim of introducing a new concept that would meet growing central business district (CBD) and clients' post-COVID-19 needs (free working zones, dining, etc.).

Reconstruction works started in September 2021 with the aim to finish reconstruction in two stages. The first stage was completed with the opening of the fully leased out food hall Dialogai (900 sq. m) on 24 January 2022. The interior of the ground floor passage, the lounge zones, an amphitheatre, the bakery zone and new escalators from the ground to the 3rd floor were completed in Q1 and Q2, while the shop fronts, the elevator change and final fit-out works on the 2nd and 3rd floors were completed in Q3 2022. The reopening of the fully refurbished Europa SC areas took place on 8 September 2022.

The total investment in the project has increased to approx. EUR 6.0 million after the expansion of the initial scope of work. Out of the total investment, EUR 2.1 million is the food hall investment. Despite rapidly rising construction costs, the project has mostly remained within budget.

Postimaja

A final design and construction project was started in Q1 2020 for phase I of connecting the Postimaja and CC Plaza buildings. A building permit to connect underground parking has been received from the City of Tallinn. The final building permit for joining the two buildings was received in January 2021.

The first stage of the reconstruction project – the construction of a terrace for Reval Café – has been separated from the overall project and has already started. The terrace is expected to be opened in Q4 2022 and the investment is estimated to amount to EUR 0.2 million. The newly built terrace will expand the leasable area of the shopping centre by approx. 90 sq. m. The terrace was built with the intention to provide additional area for Reval Café upon the signing of a long-term lease agreement. The second stage – full connection of the two buildings – has been scheduled for 2023 or later. While preparing for the second stage, the Fund is discussing with the City of Tallinn the plans to have a tram stop in front of the Postimaja SC.

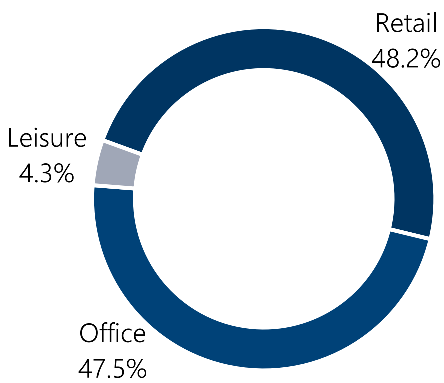
Galerija Centrs

The Fund approved the refreshed concept of the food hall on the 4th floor of the Galerija Centrs at the beginning of 2022. The design stage has already been completed and the necessary permits and permissions for the project were received in Q2 2022. The construction works started on 21 September 2022. During Q2-Q3 2022 the trademark of the new food hall in Galerija Centrs was created and registered. The investment in the Galerija Centrs food hall could extend to EUR 2 million.

According to the new concept, the food hall will include a Grab&Go zone for fast food lovers, a Rest&Taste zone for enjoying slow food and a terrace with a view of Riga Old Town. The food hall will accommodate 11 restaurants and bars. Pre-leases have been signed for the whole rentable food hall area and lease agreements have already been concluded with half of all food hall tenants. The planned opening has been scheduled for Q2 2023.

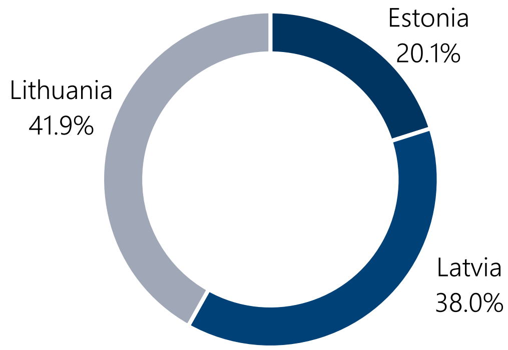
Property performance

Fund segment distribution as of 30 September 2022



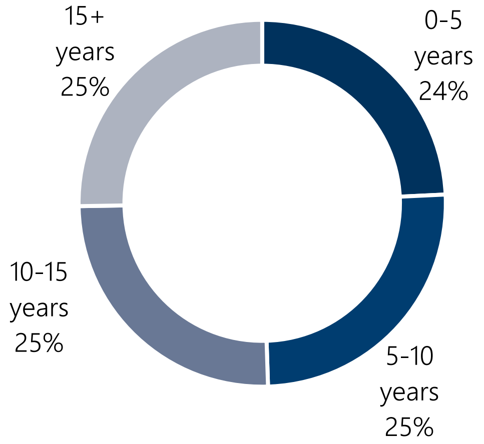
The Fund maintains a well-diversified mix of office, leisure, and retail buildings. At the end of Q3 2022, the portfolio was comprised of 48.2% retail assets, followed by 47.5% office assets and 4.3% leisure assets. Portfolio properties in the office segment contributed 56.5% of net rental income in Q1-Q3 2022 despite accounting for only 47.5% of the Fund's portfolio.

Fund country distribution as of 30 September 2022



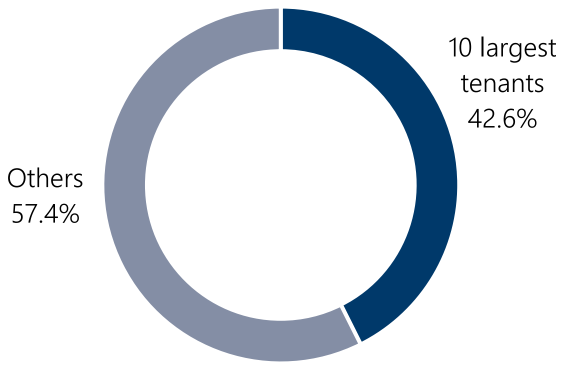
In terms of country distribution, in Q3 2022 Lithuania's share in the Fund's portfolio increased due to the completion of the first stage of Meraki development project. At the end of Q3 2022, the Fund's assets were located as follows: 41.9% in Lithuania, 38.0% in Latvia and 20.1% in Estonia.

Fund portfolio by age as of 30 September 2022



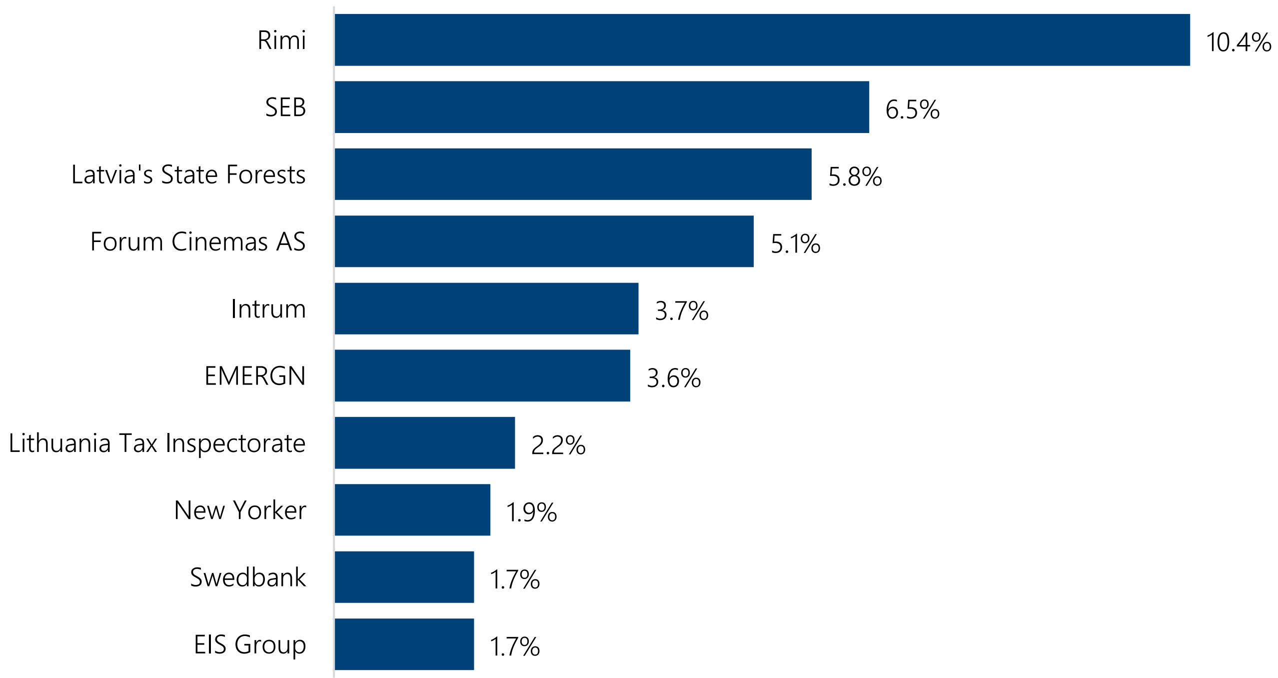
The graph above shows the age of assets in the Fund's portfolio since construction or the last major refurbishment. The management team is working on new development projects and expects to improve the Fund's average portfolio age in the future.

Rental concentration of the Fund's subsidiaries as of 30 September 2022



The tenant base of the Fund is well diversified. Baltic Horizon Fund has around 270 tenants in the portfolio. The rental concentration of the Fund's subsidiaries (rental income from the 10 largest tenants) is shown in the following chart with the largest tenant Rimi Baltic accounting for 10.4% of the annualised rental income. As further discussed in the risk management section, credit risk is mitigated by the high quality of the existing tenant base.

Rental concentration of the Fund's subsidiaries: 10 largest tenants as of 30 September 2022



Overview of the Fund's investment properties as of 30 September 2022

Property name	Sector	Fair value[1] (EUR '000)	NLA (sq. m)	Direct property yield Q3 2022[2]	Net initial yield Q3 2022[3]	Occupancy rate
Vilnius, Lithuania						
Duetto I	Office	18,525	8,587	8.1%	6.6%	97.6%
Duetto II	Office	20,284	8,674	7.4%	6.7%	100.0%
Europa SC	Retail	39,610	16,901	3.0%	3.3%	87.3%
Domus Pro Retail Park	Retail	16,543	11,226	7.9%	7.5%	98.5%
Domus Pro Office	Office	8,010	4,830	8.3%	6.7%	97.3%
North Star	Office	21,593	10,579	6.3%	6.2%	98.1%
Meraki[4]	Office	17,194	8,113	-	-	23.4%
Total Vilnius		**141,759**	**68,910**	**5.5%**	**5.3%**	**86.8%**
Riga, Latvia						
Upmalas Biroji BC	Office	21,979	10,459	6.3%	6.9%	98.8%
Vainodes I	Office	18,481	8,052	6.3%	7.4%	95.2%
LNK Centre	Office	17,668	7,452	6.6%	6.5%	100.0%
Sky SC	Retail	5,693	3,240	7.4%	6.6%	97.6%
Galerija Centrs	Retail	65,005	19,171	2.4%	2.8%	80.5%
Total Riga		**128,826**	**48,374**	**4.3%**	**4.8%**	**91.1%**
Tallinn, Estonia						
Postimaja & CC Plaza complex	Retail	27,082	9,232	3.6%	4.7%	95.6%
Postimaja & CC Plaza complex	Leisure	14,525	8,664	8.1%	6.6%	100.0%
Lincona	Office	17,079	10,780	7.1%	6.7%	91.5%
Pirita SC	Retail	9,367	5,441	6.1%	8.1%	92.6%
Total Tallinn		**68,053**	**34,117**	**5.4%**	**6.1%**	**95.0%**
Total portfolio		**338,638**	**151,401**	**5.0%**	**5.3%**	**90.0%**

1. Based on the latest valuation as of 30 June 2022, subsequent capital expenditure 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 development of the first tower of the Meraki building in September 2022. Rental income will be received starting from October 2022.

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 Q3 2022, the average actual occupancy of the portfolio was 92.5% (Q2 2022: 93.4%). The occupancy rate as of 30 September 2022 was 90.0% (30 June 2022: 93.3%). The overall occupancy rate in the portfolio decreased due to the completion of the development of the first tower of the Meraki building. The first tenants moved to the premises in September 2022. As of September 2022, the occupancy rate of the portfolio, excluding the impact of the Meraki building, increased to 93.8%. Increasing occupancy figures were supplemented with new leases in the Europa SC and the Pirita SC. The Europa SC leased almost 500 sq. m to the Lithuanian Red cross which moved into the premises in Q3 2022. Consumer electronics retailer Avitelos prekyba opened its shop of approx. 460 sq. m and added electronic goods products to the product mix offered in the shopping centre.

Occupancy rates in the office segment were strongly impacted by the completed Meraki office development. The building was commissioned in September with an occupancy rate of 23.4%. Excluding the Meraki building, the office segment remained strong at around 97.6% occupancy during Q3 2022. Most remaining vacancies were temporary as lease agreements have been signed and tenants will be moving in soon. Vainodes I and North Star are now fully occupied. The Fund's retail and office leasing teams were expanded in 2022 to speed up the leasing process. The Fund is having in-depth negotiations with potential anchor tenants for the shopping centres. Many leases in the portfolio were prolonged during Q2 and Q3 2022 resulting in a significantly increased Fund's WAULT. The average direct property yield during Q3 2022 was 5.0% (Q2 2022: 5.3%). The net initial yield for the whole portfolio for Q3 2022 was 5.3% (Q2 2022: 5.6%). Property yields decreased compared to Q2 2022 after an increase in unrecovered property costs due to surging energy prices in the Baltics.

Retail assets still have not fully recovered from decreased occupancy levels caused by the COVID-19 pandemic. Assuming the recovery of retail assets to pre-COVID levels and successful leasing progress on the first tower of Meraki, the portfolio yield could reach 6.5%-7.0%.

Breakdown of NOI development

Property	Date of acquisition	2017	2018	2019	2020	2021	Q1-Q3 2021	Q1-Q3 2022
Galerija Centrs	13 June 2019	-	-	2,552	3,023	1,448	1,301	1,632
Postimaja & CC Plaza complex	8 March 2013[1]	985	2,447	2,495	1,932	1,805	1,369	1,608
Upmalas Biroji BC	30 August 2016	1,693	1,710	1,701	1,661	1,740	1,312	1,281
Vainodes I	12 December 2017	75	1,463	1,462	1,464	1,449	1,099	1,054
Duetto II	27 February 2019	-	-	1,090	1,354	1,353	1,009	1,044
North Star	11 October 2019	-	-	315	1,419	1,208	921	1,006
Domus Pro Retail	1 May 2014	1,185	1,160	1,132	1,092	1,145	844	958
Duetto I	22 March 2017	799	1,096	1,160	1,166	1,223	914	888
LNK Centre	15 August 2018	-	409	1,072	1,090	1,088	824	851
Lincona	1 July 2011	1,172	1,192	1,276	1,212	1,114	844	834
Europa SC	2 March 2015	2,365	2,332	2,467	1,681	1,006	813	655
Pirita SC	16 December 2016	900	900	438	677	484	335	488
Domus Pro Office	1 October 2017	35	499	562	538	537	400	408
Sky SC	7 December 2013	410	407	370	402	395	298	302
Meraki[2]	10 September 2022	-	-	-	-	-	-	(36)
G4S Headquarters[3]	12 July 2016	1,149	1,189	1,127	1,223	1,009	923	-
Total portfolio		**10,768**	**14,804**	**19,219**	**19,934**	**17,004**	**13,206**	**12,973**

1. The Fund completed the acquisition of the Postimaja SC on 13 February 2018.
2. The Fund completed the development of the first tower of the Meraki building in September 2022. Rental income will be received starting from October 2022. Initial rental costs were recognised in September 2022.
3. The Fund completed the disposal of G4S Headquarters on 8 November 2021.

The Fund's portfolio produced EUR 13.0 million of net operating income (NOI) during Q1-Q3 2022 (Q1-Q3 2021: EUR 13.2 million). Please refer to the table above for a breakdown of NOI development by each property, which has been generating stable rental income over the years.

Like-for-like net rental growth provides a more comparable view on the performance of the underlying assets, as these calculations exclude the impact of net rental growth or decline due to acquisitions, developments or disposals in 2022 and 2021. The change in the Fund's like-for-like net rental income compares the growth in the net rental income of the portfolio that has been consistently in operation, and not under development, during the two full periods that are presented.

EPRA like-for-like net rental income by segment

EUR '000	Fair value 30.09.2022	Net rental income Q1-Q3 2022	Net rental income Q1-Q3 2021	Change (EUR '000)	Change (%)
Like-for-like assets					
Retail	163,300	4,914	4,355	559	12.8%
Office	143,619	7,366	7,323	43	0.6%
Leisure	14,525	729	605	124	20.5%
Total like-for-like assets	**321,444**	**13,009**	**12,283**	**726**	**5.9%**
Developed assets	17,194	(36)	-	(36)	(100.0%)
Disposed assets	-	-	923	(923)	(100.0%)
Total portfolio assets	**338,638**	**12,973**	**13,206**	**(233)**	**(1.8%)**

Net rental income of the portfolio on a like-for-like basis increased by 5.9% or EUR 728 thousand in Q1-Q3 2022 compared to the same period last year. The increase in net rental income from all segments was mainly driven by the recovery of operations after the removal of the COVID-19 restrictions. Recovery during Q3 2022, however, was slowed by the energy crisis in Europe which increased unrecoverable costs.

The office segment showed a positive change with an increase in like-for-like net rental income of 0.6%. Most of the properties saw an uplift in rental income during Q1-Q3 2022 compared to last year. Exposure to increasing costs was limited as most of the Fund's office premises have the widely accepted triple net lease agreement structure. Increasing energy costs mostly affected buildings with governmental tenants, i.e. Vainodes I and North Star were recharges to such tenants are limited to certain levels.

The performance of the retail and leisure segments in Q1-Q3 2022 was still somewhat affected by rent reliefs granted to tenants due to COVID-19 but mostly affected by increasing energy prices. Since the Fund covers part of energy costs for common areas sudden increases in such costs create a negative effect on the NOI. However, the negative effect is limited to a certain extent as the Fund has fixed energy prices in Estonia. Partial fixing of energy prices in Lithuania will start next year as the Fund signed agreement to buy solar energy earlier this year. Despite persisting external challenges, the Fund is still managing to generate increasing NOI and is on the path to recovering NOI to pre-pandemic levels in the retail segment. The net rental income of retail assets increased by 12.8% compared to Q1-Q3 2021 due to a significant decrease in discounts granted to tenants in 2022. Such a positive effect was slightly undermined by a temporary drop in Europa's NOI due to additional marketing, utility and other expenses related to the opening of the food hall and other areas after reconstruction. Europa's NOI has partially stabilised following the completion of reconstruction.

Like-for-like net rental income changes in Latvia and Estonia were positive throughout Q1-Q3 2022 compared to Q1-Q3 2021. Lithuanian properties slightly underperformed compared to last year due to a temporary increase in operating costs in Europa. The overall performance of countries was mostly influenced by the recovery of shopping centre results.

In Q1-Q3 2022, the net rental income of Galerija Centrs, the CC Plaza & Postimaja complex, Duetto II, North Star, LNK Centre, the Pirita SC, Domus Pro Retail, Domus Pro Office and Sky exceeded the previous year's results. Despite the solid performance of the aforementioned assets, the pressure of increased electricity costs and unrecoverable costs from common areas limited net rental income growth during Q3 2022. Energy costs have already decreased dramatically from the peak in August 2022. The decline in energy costs is expected to positively impact the Fund's NOI in the last quarter of 2022.

EPRA like-for-like net rental income by country

EUR '000	Fair value 30.09.2022	Net rental income Q1-Q3 2022	Net rental income Q1-Q3 2021	Change (EUR '000)	Change (%)
Like-for-like assets					
Estonia	68,053	2,930	2,548	382	15.0%
Latvia	128,826	5,120	4,834	286	5.9%
Lithuania	124,565	4,959	4,901	58	1.2%
Total like-for-like assets	**321,444**	**13,011**	**12,283**	**728**	**5.9%**
Developed assets	17,194	(36)	-	(36)	(100.0%)
Disposed assets	-	-	923	(923)	(100.0%)
Total portfolio assets	**338,638**	**12,973**	**13,206**	**(233)**	**(1.8%)**

Estonia

Economy

The Estonian economy has adapted very quickly to the changing environment in recent years and expanded robustly in 2021. However, the war in Ukraine has had negative consequences for the Estonian economy. Economic growth stalled in the Q1-Q3 2022. Worsening households' purchasing power and foreign demand as well as a spike in interest rates should slow down high inflation. The government is expected to increase spending to reduce the impact of the energy crisis. Labour market still remains resilient to external shocks. Economists predict a mildly negative economic sentiment for the remaining part of 2022 and the first half of 2023. GDP growth is still forecasted to be positive for 2022 with a steeper increase in 2023. Considering Estonia's resilience to recent unfavourable shocks, swift recovery is expected in the second half of 2023.

	2021	2022	2023
GDP	8.3%	1.6%	1.9%
Inflation	4.5%	17.0%	4.7%

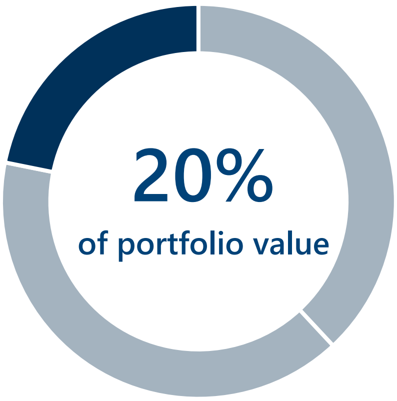
Source: European Commission Economic Forecast, Summer 2022

Portfolio

In the Fund's portfolio, Estonian properties recognised the highest increase in like-for-like net rental income, delivering growth of 15.0% year over year. The change was mostly influenced by a sizeable NOI increase in Postimaja & CC Plaza after the recovery of tenant sales and subsequent reduction in rent reliefs. The Fund supported the tenant operating the cinema in CC Plaza and retail tenants in Postimaja during lockdowns which reduced rental income in 2021 and 2020. After the tenants' recovery from the effects of COVID-19, the amount of support required from the Fund has been rapidly decreasing, leading to an improvement in the Fund's performance. The opening of Reval Café in the upcoming months will additionally boost the operating performance of Postimaja.

The operational results of Lincona were relatively stable during Q3 2022 as no major leases were terminated or signed and no major concessions were provided during this period. The management team is exploring opportunities to establish an office hotel in Lincona's vacant office space and offer the premises to smaller tenants. Pirita outperformed prior year results in Q1-Q3 2022 due to write-offs made in Q1-Q3 2021. During Q3 2022, a tenant that offers cooking classes has opened premises in Pirita giving the property a boost in the occupancy rate.

Overall key performance metrics in Q3 2022 remained similar to Q2 2022. During Q3 2022, the average direct property yield decreased to 5.4% (Q2 2022: 5.5%), while the average net initial yield rose to 6.1% (Q2 2022: 6.0%). The average occupancy level for Q3 2022 was 94.5% (Q2 2022: 94.1%). The occupancy rate as of 30 September 2022 was 95.0% (30 June 2022: 94.4%).



4
Properties

95.0%
Occupancy rate

34,117
Total leasable area (sq. m)

5.4%
Direct property yield

2.9m
Net rental income (EUR)

68.1m
Portfolio value (EUR)

Latvia

Economy

Following a temporary slowdown toward the end of 2021 due to new restrictions introduced by the government, Latvia's economy showed positive momentum at the beginning of 2022, driven by private consumption and exports. Economists forecast that the growth pace will decelerate throughout the rest of 2022 and in 2023. While the unwinding of excess savings is driving up private consumption, soaring costs will reduce purchasing power and investments. Decreasing exports to Russia will likely halt any sizeable expansion, but economists still expect the Latvian economy to expand modestly, supported by good momentum in manufacturing and exports. Slowing inflation in H1 2023 should drive growth in the economy during H2 2023. Elevated inflation will likely unwind at the end of 2023.

	2021	2022	2023
GDP	4.5%	3.9%	2.2%
Inflation	3.2%	15.5%	6.0%

Source: European Commission Economic Forecast, Summer 2022

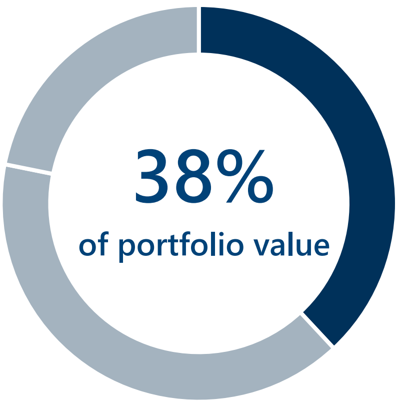
Portfolio

Portfolio properties based in Latvia started the year with strong momentum and growth in the net rental income and other key portfolio metrics. Positive momentum was mostly influenced by a sizeable NOI increase in Galerija Centrs following the recovery in sales and footfall after the last COVID-19 lockdown in Latvia.

Even considering the strong recovery of rents, the sudden increase in energy costs had a direct negative impact on the Latvian portfolio resulting in a sizeable fall in NOI, especially in August 2022 when the prices reached a peak. Most of the decrease is attributable to Galerija Centrs. The Fund is covering the electricity costs of areas under refurbishment, while they are being prepared for newly signed agreements. The financial performance of Galerija Centrs already improved in September and October following the fall in electricity prices. The Fund has initiated a strategic upgrade of the Galerija Centrs concept in 2022/2023 by constructing a food hall and implementing changes in other areas to immediately boost occupancy levels by 5-15% and gradually take the property back to 95-100% occupancy.

Exposure to cost inflation was limited in SKY and LNK Centre resulting in an increase of net rental income over the year for these two assets. In Vainodes I, Abbvie premises were leased out to Latvian State Forests in Q3. The tenant moved into the premises during Q4 2022 and the building is now once again fully occupied.

The average direct property yield decreased to 4.3% during Q3 2022 (Q2 2022: 5.0%). The average net initial yield was 4.8% (Q2 2022: 5.6%). Growth in rental income was not enough to offset the sudden increase in energy prices. The average occupancy level for Q3 2022 decreased slightly to 90.5% (Q2 2022: 91.2%), mostly due to short-term vacancies. The occupancy rate as of 30 September 2022 was 91.1% (30 June 2022: 90.6%). At the end of Q3 2022, 2 out of the 5 properties in Latvia were fully leased out to local and international tenants. Latvian properties have development potential, which the Fund's management team aims to realize in the coming years in order to maximise the value of the properties.



5
Properties

91.1%
Occupancy rate

48,374
Total leasable area (sq. m)

4.3%
Direct property yield

5.1m
Net rental income (EUR)

128.8m
Portfolio value (EUR)

Lithuania

Economy

Lithuania has produced strong economic growth even during economic shocks. Consumer purchasing power and confidence will likely take a hit from recent geopolitical events but should not dramatically limit Lithuania's economic expansion compared to other EU countries. Double-digit wage growth is not enough to cover the whole inflation but it makes a major difference in mitigating the risks associated with high inflation. While growth is set to be moderate, the economy is projected to continue to be supported by the good financial position of businesses, growing exports and accumulated household savings. Any potential economic decline is likely to be contained by relatively high fiscal support. Overall, in 2022 GDP is forecast to grow by 1-2%.

	2021	2022	2023
GDP	5.0%	1.9%	2.5%
Inflation	4.6%	17.0%	5.1%

Source: European Commission Economic Forecast, Summer 2022

Portfolio

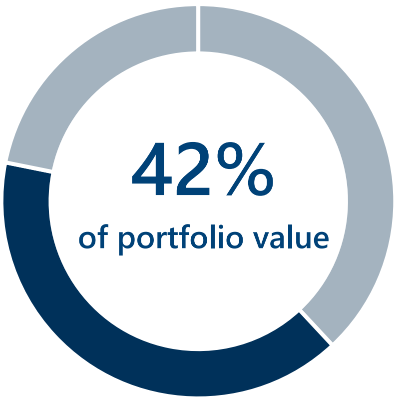
The Fund's exposure to Lithuania has been steadily growing in 2021 and 2022 as investments continue to flow into (re)development projects. After completing the first stage of reconstruction, the Europa SC is gradually moving towards a refreshed concept and the take-up of vacant premises. Operational results for Q1-Q3 2022 do not yet reflect growth due to a temporary increase in operating costs and one-off discounts related to the reconstruction of the building. Operating costs should normalise in upcoming quarters since the reconstruction has been completed, while gross rental income has been in an upward trend for the last several quarters.

Energy prices will likely be the ultimate deciders of changes in operating costs and net rental income for Lithuanian assets. The Fund has concluded a contract for 50% of its energy needs at good prices starting from next year. This will reduce the cost pressure on NOI.

Domus Pro Complex showed a solid 9.8% year over year growth in net rental income. The result was mostly influenced by rent indexation, successful leasing efforts and the reduction of COVID-19 discounts to minimal levels. North Star and Duetto II properties also significantly outperformed expectations and last year's results.

During Q3 2022, new lease agreements in North Star were concluded with smaller tenants by offering them space in the newly created office hotel on the premises previously occupied by VMI. The Fund's leasing efforts are now mostly focused on Europa and Meraki following the completion of these (re)development projects. Both projects should start to contribute additional rental income to the portfolio in the upcoming quarters.

During Q3 2022, the average direct property yield decreased to 5.5% (Q2 2022: 5.6%). The average net initial yield was 5.3% (Q2 2022: 5.4%). The average occupancy level for Q3 2022 decreased to 93.2% (Q2 2022: 94.7%) mostly due to temporary vacancies. The occupancy rate as of 30 September 2022 decreased to 86.8% (30 June 2022: 94.9%) following the completion of the Meraki building. Duetto II was fully leased out at the end of Q3 2022.



6
Properties

86.8%
Occupancy rate

68,910
Total leasable area (sq. m)

5.5%
Direct property yield

4.9m
Net rental income (EUR)

141.8m
Portfolio value (EUR)

FINANCIAL REPORT

Financial position and performance of the Fund

Net result and net rental income

The Group recorded a net profit of EUR 6.1 million for Q1–Q3 2022 against a net loss of EUR 6.9 million for Q1-Q3 2021. The net result was mainly driven by strong recovery of the Galerija Centrs operating performance as fewer COVID-19 rent reliefs have been granted to tenants in 2022 and increased rent indexation. The net result for Q1-Q3 2021 was significantly impacted by the one-off negative valuation result of EUR 14.3 million. Meanwhile in Q1-Q3 2022, the valuation resulted in a net fair value gain of EUR 0.2 million (+0.1% of portfolio value). The positive impact of the increase in net rental income was also supplemented by a decrease in administrative expenses and a grant of EUR 0.3 million received from the Latvian government. Earnings per unit for Q1-Q3 2022 were EUR 0.05 (Q1-Q3 2021: EUR -0.06).

The Group earned net rental income of EUR 13.0 million in Q1-Q3 2022 compared to 13.2 million in Q1-Q3 2021. The results for Q1-Q3 2021 still included EUR 0.9 million of net rental income from G4S Headquarters, which was sold in Q4 2021 and did not contribute to Q1-Q3 2022 results. Rent indexations and the recovery of income improved the net rental income of the same portfolio mix (like-for-like portfolio).

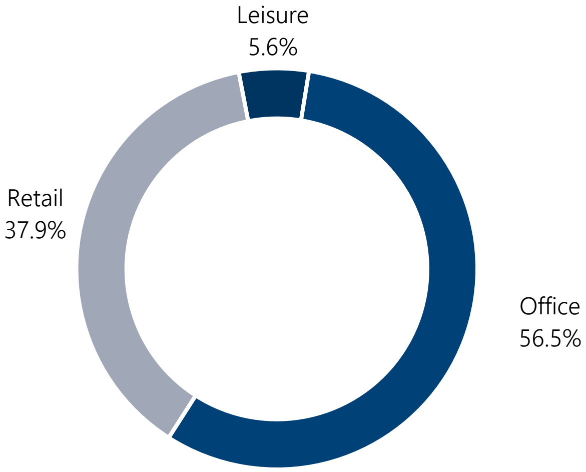
On an EPRA like-for-like basis, portfolio net rental income increased by 5.9% year on year, mainly due to higher performance in the retail segment, especially in Galerija Centrs. The increase was also impacted by the relatively stable performance of the office segment, which remained largely unaffected by the volatility in the macroeconomic and external social factors.

Portfolio properties in the office segment contributed 56.5% (Q1-Q3 2021: 62.4%) of net rental income in Q1-Q3 2022, followed by the retail segment with 37.9% (Q1-Q3 2021: 33.0%) and the leisure segment with 5.6% (Q1-Q3 2021: 4.6%).

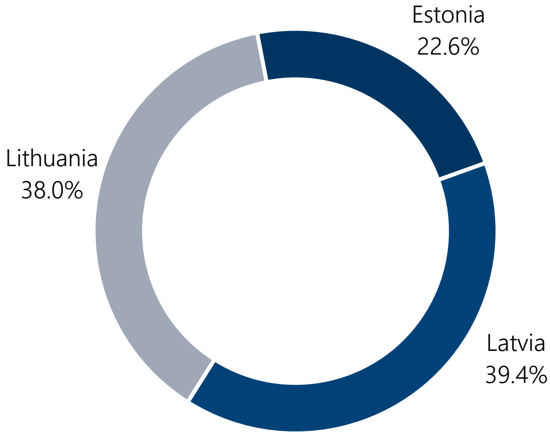
Retail assets located in the central business districts (Postimaja, Europa and Galerija Centrs) accounted for 24.4% of total portfolio net rental income in Q1-Q3 2022. Total net rental income attributable to neighbourhood shopping centres was 13.5% in Q1-Q3 2022.

During Q1-Q3 2022, investment properties in Latvia and Lithuania contributed 39.4% (Q1-Q3 2021: 36.6%) and 38.0% (Q1-Q3 2021: 37.1%) of net rental income, respectively, while investment properties in Estonia contributed 22.6% (Q1-Q3 2021: 26.3%).

Net rental income by segment



Net rental income by country



Gross Asset Value (GAV)

At the end of Q3 2022, the Fund's GAV was EUR 349.2 million (31 December 2021: EUR 346.3 million), 0.8% higher than at the end of the previous period. The increase is mainly related to a positive property revaluation of EUR 0.2 million and capital investments (EUR 5.7 million) in the Meraki office building development project during Q1-Q3 2022. An additional EUR 4.5 million was invested in other (re)development projects.

Investment properties

The Baltic Horizon Fund portfolio consists of 15 cash flow generating investment properties in the Baltic capitals. At the end of Q3 2022, the fair value of the Fund's portfolio was EUR 338.6 million (31 December 2021: EUR 327.4 million) and incorporated a total net leasable area of 151,401 sq. m. The first tower of the Meraki office building was commissioned in September 2022, which added additional area to the Fund's portfolio.

Key earnings figures

EUR '000	Q3 2022	Q3 2021	Change (%)
Net rental income	**4,298**	**4,676**	**(8.1%)**
Administrative expenses	(752)	(735)	(2.3%)
Other operating income	-	4	(100.0%)
Valuation losses on investment properties	(14)	(5)	(180.0%)
Operating profit	**3,532**	**3,940**	**(10.4%)**
Net financing costs	(1,502)	(1,470)	(2.2%)
Profit before tax	**2,030**	**2,470**	**(17.8%)**
Income tax	(132)	(127)	(3.9%)
Net profit for the period	**1,898**	**2,343**	**(19.0%)**
Weighted average number of units outstanding (units)	119,635,429	119,635,429	-
Earnings per unit (EUR)	**0.02**	**0.02**	-

Key financial position figures

EUR '000	30.09.2022	31.12.2021	Change (%)
Investment properties in use	338,638	315,959	7.2%
Investment property under construction	-	11,400	(100.0%)
Gross asset value (GAV)	**349,181**	**346,338**	**0.8%**
Interest-bearing loans and bonds	198,282	198,571	(0.1%)
Total liabilities	**213,457**	**213,754**	**(0.1%)**
IFRS Net asset value (IFRS NAV)	**135,724**	**132,584**	**2.4%**
EPRA Net Reinstatement Value (EPRA NRV)	**144,413**	**142,176**	**1.6%**
Number of units outstanding (units)	119,635,429	119,635,429	-
IFRS Net asset value (IFRS NAV) per unit (EUR)	**1.1345**	**1.1082**	**2.4%**
EPRA Net Reinstatement Value (EPRA NRV) per unit (EUR)	**1.2071**	**1.1884**	**1.6%**
Loan-to-Value ratio (%)	58.6%	60.7%	-
Average effective interest rate (%)	2.8%	2.7%	-

Interest-bearing loans and bonds

Interest-bearing loans and bonds (excluding lease liabilities) were EUR 198.3 million, remaining at a level similar to year-end 2021 (31 December 2021: EUR 198.6 million). Outstanding bank loans decreased slightly due to regular bank loan amortisation. Annual loan amortisation accounts for 0.3% of total debt outstanding.

Cash flow

Cash inflow from core operating activities for Q1-Q3 2022 amounted to EUR 10.8 million (Q1-Q3 2021: cash inflow of EUR 9.7 million). Cash outflow from investing activities was EUR 11.1 million (Q1-Q3 2021: cash outflow of EUR 4.0 million) due to subsequent capital expenditure on existing portfolio properties and investments in the Meraki, Postimaja and CC Plaza complex and Europa development projects. Cash outflow from financing activities was EUR 10.9 million (Q1-Q3 2021: cash outflow of EUR 4.4 million). During Q1-Q3 2022, the Fund made a cash distribution of EUR 5.4 million, paid regular interest on bank loans and bonds and paid premiums on interest rate caps. At the end of Q3 2022, the Fund's consolidated cash and cash equivalents amounted to EUR 4.9 million (31 December 2021: EUR 16.1 million). Operating costs are fully covered by cash flows generated by rental activities.

Net Asset Value (NAV)

At the end of Q3 2022, the Fund's NAV slightly increased to EUR 135.7 million (31 December 2021: EUR 132.6 million). Compared to the year-end 2021 NAV, the Fund's NAV increased by 2.4%. The increase in operational performance, portfolio valuations and positive cash flow hedge reserve movement of EUR 2.4 million over the period was partially offset by a EUR 5.4 million dividend distribution to the unitholders. As of 30 September 2022, IFRS NAV per unit rose to EUR 1.1345 (31 December 2021: EUR 1.1082), while EPRA net tangible assets and EPRA net reinstatement value grew to EUR 1.2071 per unit (31 December 2021: EUR 1.1884). EPRA net disposal value was EUR 1.1299 per unit (31 December 2021: EUR 1.1086).

FINANCING

The Fund currently aims to use a 55% 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.

S&P affirms credit rating

On 22 April 2022, S&P Global Ratings affirmed Baltic Horizon Fund's "MM3" mid-market rating. The indicative corresponding rating for "MM3" on the global rating scale is "BB+/ BB". A full report of the S&P Global Ratings analysis can be found on the S&P Global Ratings website.

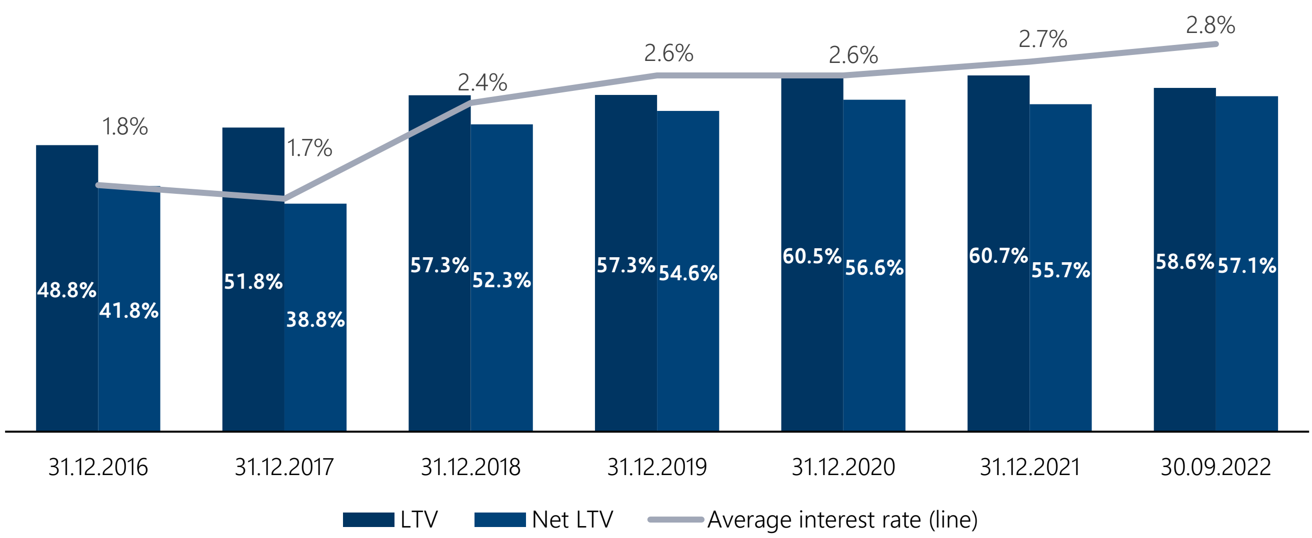
Extension of bank loans

During Q3 2022, there were no changes in debt financing conditions. The Fund management team is already in the final stages of refinancing a major part of expiring bank loans as well as the 1.5-year secured bonds maturing in Q4 2022. The Fund has also started the procedures for refinancing the 5-year unsecured bonds maturing in 2023. Various refinancing options are being considered to ensure the finest financing terms for Baltic Horizon investors.

Bank loans and bonds

During Q3 2022, regular bank loan amortisation remained at 0.3% p.a. (EUR 553 thousand p.a.). As of the end of Q3 2022, the LTV ratio decreased and reached 58.6% (31 December 2021: 60.7%) after further investments in Meraki and the Europa SC. The average interest rate as of 30 September 2022 slightly increased to 2.8% (31 December 2021: 2.7%) following an increase in the EURIBOR in Q3 2022. The management team is working to gradually reduce LTV during upcoming periods.

Debt financing terms of the Fund's assets



The table below provides a detailed breakdown of the structure of the Fund's consolidated financial debt as of 30 September 2022. Interest-bearing debt was comprised of bank loans with a total carrying value of EUR 144.4 million and bonds with a carrying value of EUR 53.9 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, while BH Meraki UAB holds the 1.5-year secured bonds on the Meraki office building.

Loan arrangement costs are capitalised and amortised over the terms of the respective loans. At the end of Q3 2022, the unamortised balance of loan arrangement costs for all loans and bonds was EUR 167 thousand.

Financial debt structure of the Fund as of 30 September 2022

Property	Maturity	Currency	Carrying amount (EUR '000)	% of total	Fixed rate portion (%)
Galerija Centrs	26 January 2024	EUR	30,000	15.1%	100.0%
Europa SC	15 March 2024	EUR	17,900	9.0%	102.8%
CC Plaza and Postimaja	12 February 2023	EUR	17,200	8.7%	100.0%
Duetto I and II	31 March 2023	EUR	15,376	7.7%	-%
Upmalas Biroji BC	31 August 2023	EUR	11,750	5.9%	90.0%
Domus Pro	15 March 2024	EUR	11,000	5.5%	95.5%
Vainodes I	13 November 2024	EUR	9,842	5.0%	50.0%
North Star	15 March 2024	EUR	9,000	4.6%	100.0%
LNK	27 September 2023	EUR	8,370	4.2%	68.7%
Lincona	31 December 2022	EUR	7,188	3.6%	95.4%
Pirita SC	20 February 2026	EUR	4,834	2.5%	-%
Sky SC	31 January 2023	EUR	1,989	1.0%	-%
Total bank loans		**EUR**	**144,449**	**72.8%**	**78.3%**
Less capitalised loan arrangement fees[1]		EUR	(113)		
Total bank loans recognised in the statement of financial position		**EUR**	**144,336**		
5-year unsecured bonds	8 May 2023	EUR	50,000	25.2%	100.0%
1.5-year secured bonds	19 November 2022	EUR	4,000	2.0%	100.0%
Total bonds		**EUR**	**54,000**	**27.2%**	**100.0%**
Less capitalised bond arrangement fees[1]		EUR	(54)		
Total bonds recognised in the statement of financial position		**EUR**	**53,946**		
Total debt recognised in the statement of financial position		**EUR**	**198,282**	**100.0%**	**84.2%**

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

Weighted debt financing average time to maturity was 1.0 years and weighted hedge average time to maturity was 1.7 years at the end of Q3 2022.

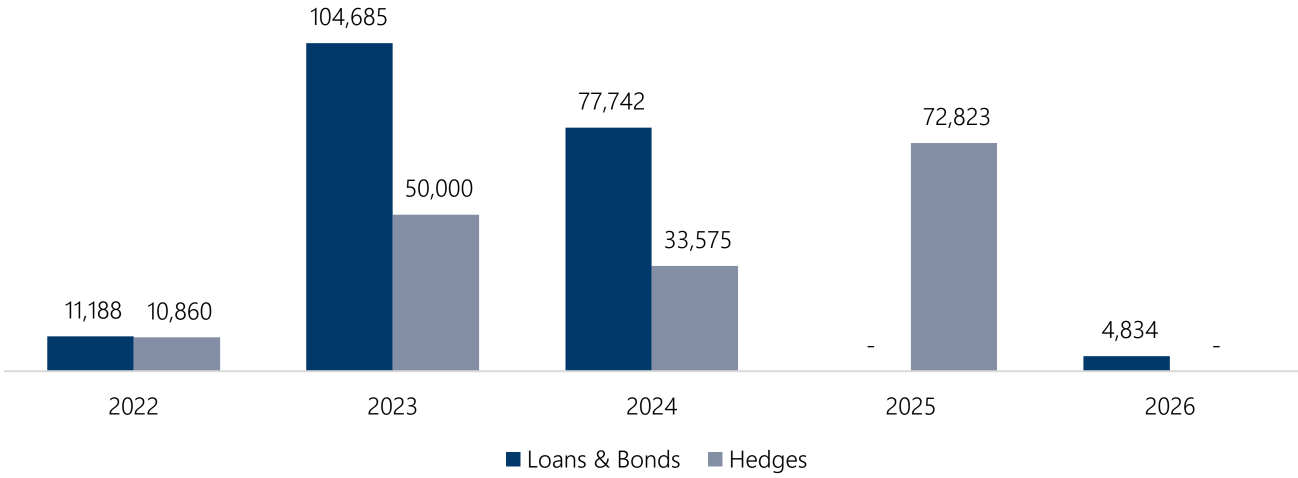
Hedging policy and new hedges

As of 30 September 2022, 84.2% of total debt had fixed interest rates while the remaining 15.8% had floating interest rates. The Fund fixes 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). The unsecured bonds have a fixed coupon rate of 4.25% and the secured Meraki bonds have a fixed coupon rate of 5.0%.

The Fund aims to maintain the fixed interest rate proportion at approx. 80% at any time. Uncertainty surrounding European economies and increases in EURIBOR led to a decision by the Management Board of the Fund to enter into new interest rate cap agreements and increase the fixed rate portion back to 80%. During Q3 2022, new interest rate cap agreements were signed for North Star, Galerija Centrs, CC Plaza and Postimaja, LNK, Vainodes, Kontor SIA and the Europa SC at a strike price between 2% and 3% to limit potential interest rate risk in the Fund.

The graph below shows that as of 30 September 2022 around 58.4% of total debt financing matures in 2022-2023. The Fund's team aims to prolong or refinance most of this debt by the end of 2022.

Loans, bonds and hedges maturity terms
EUR'000



Covenant reporting

As of 30 September 2022, the Fund was in compliance with all the covenants set under the bond issue terms and conditions dated 8 May 2018.

As of 30 September 2022, the Fund was in compliance with all special conditions and covenants set under the bank loan agreements except for the Galerija Centrs property. The Loan-to-Value Ratio (LTV) of the Galerija Centrs property (carrying loan amount – EUR 30 million) was above the required maximum level of 45% at the end of Q1, Q2 and Q3 2022, but this did not result in any consequences because the Fund received a formal waiver from the lender for the mentioned covenant breach. Management is monitoring the situation proactively with the banks to ensure timely measures.

Equity Ratio - Equity adjusted for the cash flow hedge reserve divided by total assets excluding financial assets and cash equivalents as defined in the accounting policies.

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

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

Financial covenants of unsecured bonds issued at the Fund level

Covenant	Requirement	Ratio 30.09.2021	Ratio 31.12.2021	Ratio 31.03.2022	Ratio 30.06.2022	Ratio 30.09.2022
Equity Ratio	> 35.0%	38.0%	40.4%	39.7%	39.6%	39.2%
Debt Service Coverage Ratio	> 1.20	2.58	2.49	2.48	2.50	2.40

EPRA PERFORMANCE MEASURES

New 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.

In February 2022, EPRA published new best practices recommendations (BPR) for financial disclosures by listed real estate companies. New EPRA BPR introduced one new measure: EPRA LTV (Loan-to-value). The EPRA LTV introduces a consistent and comparable LTV metric for the public real estate sector. The aim of this ratio is to assess the gearing of the shareholder equity within a public real estate company or fund.

New best practices recommendations are effective for accounting periods starting on 1 January 2022. The Group intends to maintain a high level of financial transparency and adopted the new BPR from Q1 2022.

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) virtual annual conference 2022 for the third 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 181 European listed real estate entities as part of its annual award process.

Key performance indicators – definition and use

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 Indicators	EPRA definition	EPRA purpose
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.

Source: EPRA best practices recommendations guidelines (www.epra.com)

EPRA Net asset value

	30.09.2022		
EUR '000	EPRA NRV	EPRA NTA	EPRA NDV
IFRS NAV	**135,724**	**135,724**	**135,724**
Exclude:			
V. Deferred tax liability on investment properties[1]	10,246	10,246	-
V. Deferred tax on fair value of financial instruments	137	137	-
VI. Fair value of financial instruments	(1,695)	(1,695)	-
Include:			
IX. Revaluation at fair value of fixed-rate loans	-	-	(544)
NAV	**144,412**	**144,412**	**135,180**
Fully diluted number of units	119,635,429	119,635,429	119,635,429
NAV per unit (EUR)	**1.2071**	**1.2071**	**1.1299**

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.

	31.12.2021		
EUR '000	EPRA NRV	EPRA NTA	EPRA NDV
IFRS NAV	**132,584**	**132,584**	**132,584**
Exclude:			
V. Deferred tax liability on investment properties[1]	8,763	8,763	-
V. Deferred tax on fair value of financial instruments	(36)	(36)	-
VI. Fair value of financial instruments	865	865	-
Include:			
IX. Revaluation at fair value of fixed-rate loans	-	-	38
NAV	**142,176**	**142,176**	**132,622**
Fully diluted number of units	119,635,429	119,635,429	119,635,429
NAV per unit (EUR)	**1.1884**	**1.1884**	**1.1086**

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 Earnings

EUR '000	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021
Net result IFRS	**1,898**	**2,343**	**6,137**	**(6,879)**
Exclude:				
I. Changes in fair value of investment properties	14	5	(158)	14,264
VIII. Deferred tax in respect of EPRA adjustments	131	124	672	(636)
EPRA Earnings	**2,043**	**2,472**	**6,651**	**6,749**
Weighted number of units during the period	119,635,429	119,635,429	119,635,429	119,635,429
EPRA Earnings per unit	**0.02**	**0.02**	**0.06**	**0.06**

EPRA LTV

EUR '000	30.09.2022	31.12.2021
Net debt		
Include:		
Borrowings from financial institutions	144,449	144,850
Bond loans	54,000	54,000
Net payables	2,866	3,497
Exclude:		
Cash and cash equivalents	(4,854)	(16,100)
Net debt (A)	**196,461**	**186,247**
Property value		
Include:		
Investment properties at fair value	338,638	315,959
Properties under development	-	11,400
Total property value (B)	**338,638**	**327,359**
EPRA LTV (A/B)	**58.0%**	**56.9%**

Baltic Horizon Fund has no material associated companies, non-controlling interests or share of joint ventures.

INVESTOR RELATIONS

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

Conversion of units to Swedish depository receipts

The Fund carried out a public offering of Swedish depository receipts (the "SDRs") directed to the holders of the units of Baltic Horizon Fund trading on Nasdaq Stockholm on 17 October 2022. The offering and consequential delisting of the Fund's units from the Nasdaq Stockholm Alternative Investments Funds market was a result of Euroclear Sweden AB's termination of the affiliation agreement for keeping the Fund's units registered with its book entry system in Sweden following a strategic decision by Nordea Bank Abp to exit its Nordic sub-custody business.

In total, 22,599,522 units of the Fund (the "Units") were converted into the SDRs (whereby each one (1) Unit was be converted into one (1) SDR). Since the issue of the SDRs was made through the conversion of units only, there were no new proceeds for the Fund to utilise by way of this SDR issue. The total number of the outstanding units remained the same as prior to the SDR Offering, i.e. 119,635,429 units. 22,599,522 units, covering the total amount of the SDRs issued, were deposited at Nordic Issuing AB's – which is acting as the SDR issuing agent – account with Swedbank Estonia.

After the end of the SDR offering period, the unitholders can convert units into SDRs (and vice versa) on an ongoing basis. The unitholders that are holders of the units held with Euroclear Sweden had such a possibility until the end of October after which Euroclear Sweden will appoint a sales agent to sell such units and pay out the proceeds (less sales costs and any applicable taxes) to the cash account connected with the respective Swedish investor's securities account.

Trading information

As of 30 September 2022, the market capitalisation for Baltic Horizon Fund was approx. EUR 83.8 million (31 December 2021: EUR 127.5 million) based on the closing unit market prices on the Nasdaq Tallinn Stock Exchange and the Nasdaq Stockholm Alternative Investment Funds market. During Q1-Q3 2022, Baltic Horizon Fund units on the Nasdaq Tallinn Stock Exchange were trading at a discount compared to the net asset value per unit. The market price of the unit remained relatively stable during January 2022 but entered a downward trend at the end of February 2022 after the start of the war in Ukraine. At the end of Q3 2022, the closing unit price on the Nasdaq Tallinn Stock Exchange was EUR 0.7150.

Key information

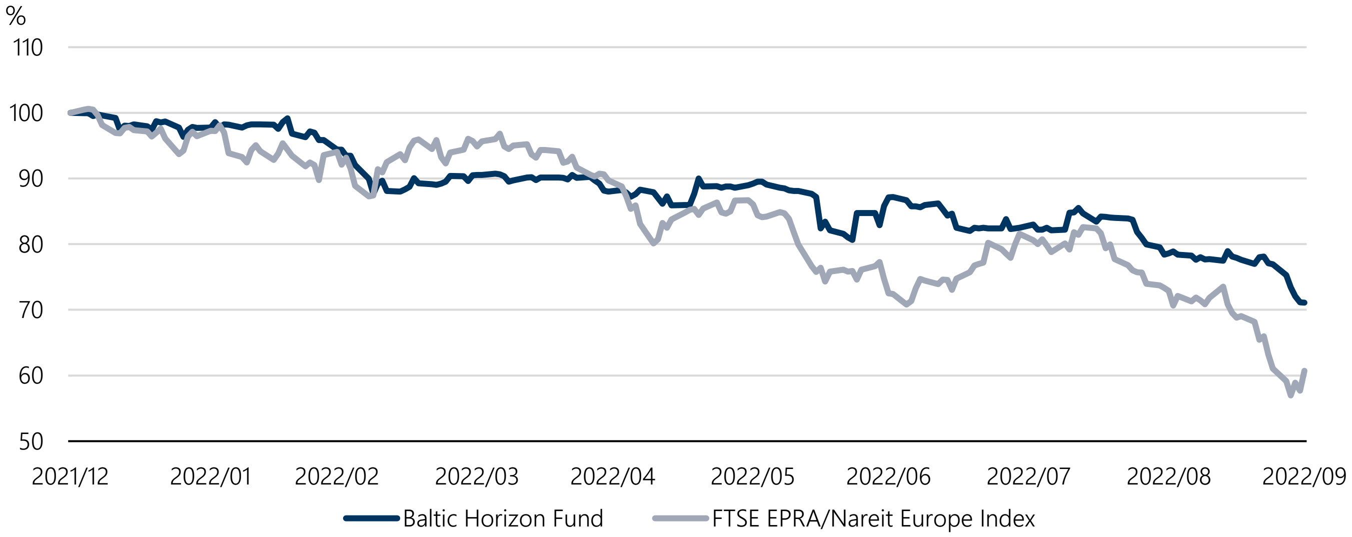
ISIN code	EE3500110244
Markets	Nasdaq Tallinn Nasdaq Stockholm
Ticker symbols:	
Nasdaq Tallinn	NHCBHFFT
Nasdaq Stockholm	NHCBHFFS
Bloomberg tickers:	
Nasdaq Tallinn	NHCBHFFT:ET
Nasdaq Stockholm	NHCBHFFS:SS

Key figures	30.09.2022	31.12.2021
Number of units issued (units)	119,635,429	119,635,429
Market capitalisation[1] (EUR)	83,812,391	127,519,749
IFRS NAV per unit (EUR)	1.1345	1.1082
Unit price premium (discount) from IFRS NAV per unit[2] (%)	(37.0%)	(3.5%)
EPRA NRV per unit (EUR)	1.2071	1.1884
Unit price premium (discount) from EPRA NRV per unit[3] (%)	(40.8%)	(10.0%)

Key figures	Q1-Q3 2022	Q1-Q3 2021
Nasdaq Tallinn:		
Highest unit price during the period (EUR)	1.0689	1.2800
Lowest unit price during the period (EUR)	0.6910	1.1200
Closing unit price (EUR)	0.7150	1.1200
Nasdaq Stockholm:		
Highest unit price during the period (SEK)	11.42	13.05
Lowest unit price during the period (SEK)	7.00	11.15
Closing unit price (SEK)	7.00	11.25
Earnings per units during the period (EUR)	0.05	(0.06)
Distribution per unit for the period[4] (EUR)	0.026	0.039

1. Based on the closing prices and split between units on the Nasdaq Tallinn and the Nasdaq Stockholm Stock Exchanges.
2. Based on the closing price on the Nasdaq Tallinn Stock Exchange and the IFRS NAV per unit at the end of period.
3. Based on the closing price on the Nasdaq Tallinn Stock Exchange and the EPRA NRV per unit at the end of period.
4. Distributions to unitholders for Q1-Q3 2022 and Q1-Q3 2021 Fund results.

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

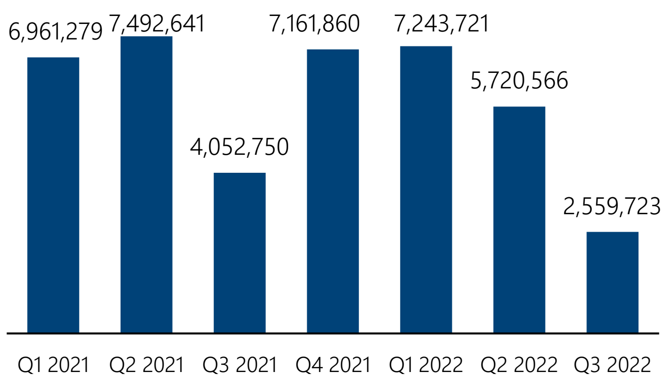


Baltic Horizon Fund's total shareholder return on unit in Q1-Q3 2022 amounted to -28.9%. Total shareholder return for a given period is equivalent to the movement in the unit price on the Nasdaq Tallinn Stock Exchange over the period plus dividends paid, divided by the opening unit price.

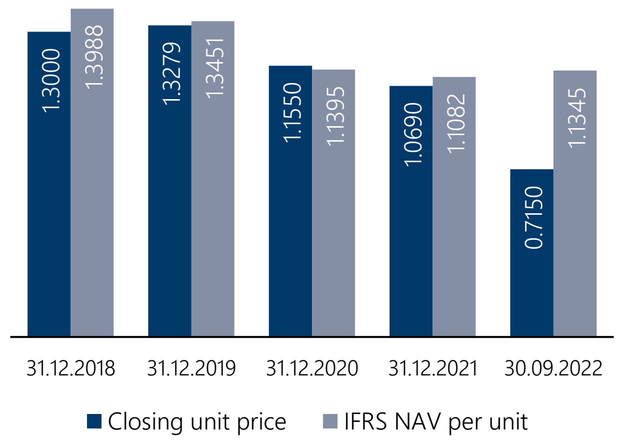
In Q1-Q3 2022, the Baltic Horizon Fund unit offered good liquidity. In total, 119,635,429 units were traded on the Nasdaq Tallinn and Nasdaq Stockholm stock exchanges, while the total trailing twelve-month trading volume reached 22.7 million units. Market capitalisation of approx. EUR 83.8 million turns around in ca. 5.3 years on the Nasdaq Tallinn and Stockholm Stock Exchanges. Baltic Horizon Fund was the 11th most traded listed security on the Nasdaq Tallinn Stock Exchange during Q1-Q3 2022. The first graph below shows the Baltic Horizon Fund units' quarterly trading volume on the Nasdaq Tallinn and the Nasdaq Stockholm Stock Exchanges.

During Q3 2022, Baltic Horizon Fund units on the Nasdaq Tallinn Stock Exchange were mostly trading at a discount compared to the net asset value per unit. At the end of Q3 2022, units were traded at a 37.0% discount compared to the IFRS NAV per unit and 40.8% discount compared to the EPRA NRV per unit. The second graph below shows the Baltic Horizon Fund unit price in relation to its IFRS net asset value since inception.

Quarterly trading volume on Nasdaq Tallinn and Stockholm Stock Exchanges
Units



Nasdaq Tallinn unit price compared with NAV
EUR



Dividend capacity

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

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

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

The management company of Baltic Horizon Fund has approved changes to cash distribution frequency. Starting from July 2022, Baltic Horizon Fund's cash distribution frequency will be changed from quarterly to semi-annually. Cash distributions for Q3 2022 and Q4 2022 results will be announced together at the beginning of 2023.

Generated net cash flow (GNCF) calculation formula

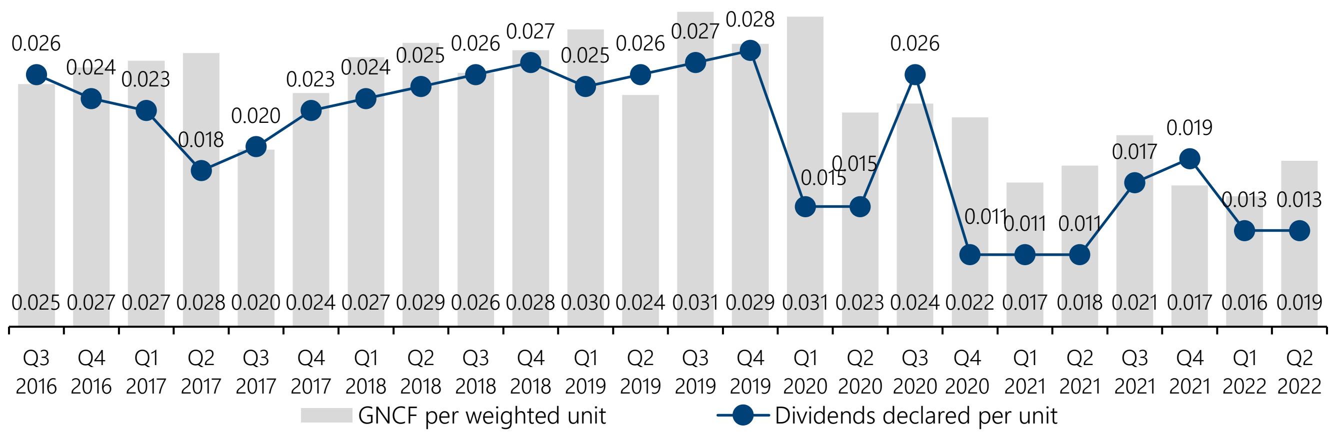
Item	Comments
(+) Net rental income	
(-) Fund administrative expenses	
(-) External interest expenses	Interest expenses incurred for bank loan financing
(-) CAPEX expenditure	The expenditure incurred in order to improve investment properties; the calculation will include capital expenditure based on 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)	

Distributions to unitholders for Fund results

On 28 April 2022, the Fund declared a cash distribution of EUR 1,555 thousand (EUR 0.013 per unit) to the Fund unitholders for Q1 2022 results. This represents a 1.17% return on the weighted average Q1 2022 net asset value to its unitholders.

On 28 July 2022, the Fund declared a cash distribution of EUR 1,555 thousand (EUR 0.013 per unit) to the Fund unitholders for Q2 2022 results. This represents a 1.17% return on the weighted average Q2 2022 net asset value to its unitholders.

Dividend per unit (EUR)



The management of the Fund remains committed to a long-term target of 7-9% annual dividend yield to investors on invested equity, which is defined as paid-in-capital since listing the Fund on the stock exchange on 30 June 2016. The table below provides the summary of historical calculations.

Dividend capacity calculation

EUR '000	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
(+) Net rental income	4,676	3,798	4,193	4,482	4,298
(-) Fund administrative expenses	(735)	(633)	(659)	(726)	(752)
(-) External interest expenses	(1,407)	(1,408)	(1,372)	(1,403)	(1,441)
(-) CAPEX expenditure[1]	(38)	(222)	(266)	(369)	(247)
(+) Extraordinary income related to investment properties[2]	-	440	-	261	-
(+) Added back listing related expenses	-	-	-	-	-
(+) Added back acquisition related expenses	9	32	1	5	-
Generated net cash flow (GNCF)	**2,505**	**2,007**	**1,897**	**2,250**	**1,858**
GNCF per weighted unit (EUR)	**0.021**	**0.017**	**0.016**	**0.019**	**0.016**
12-months rolling GNCF yield[3] (%)	**7.0%**	**6.8%**	**7.6%**	**8.0%**	**9.4%**
Dividends declared for the period	**2,034**	**2,273**	**1,555**	**1,555**	**-**
Dividends declared per unit[4] (EUR)	**0.017**	**0.019**	**0.013**	**0.013**	**-**
12-months rolling dividend yield[3] (%)	**4.5%**	**5.4%**	**6.3%**	**6.9%**	**-**

1. The table provides actual capital expenditures for the quarter. Future dividend distributions to unitholders are aimed to be based on the annual budgeted capital expenditure plans equalised for each quarter. This will reduce the quarterly volatility of cash distributions to unitholders.
2. Latvian government COVID-19 grants related to the decrease of net rental income in Galerija Centrs due to discounts to tenants. The grants are used to offset property operating expenses.
3. 12-month rolling GNCF and dividend yields are based on the closing market price of the unit as of the end of the quarter (Q3 2022: closing market price of the unit as of 30 September 2022).
4. Based on the number of units entitled to dividends.

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

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

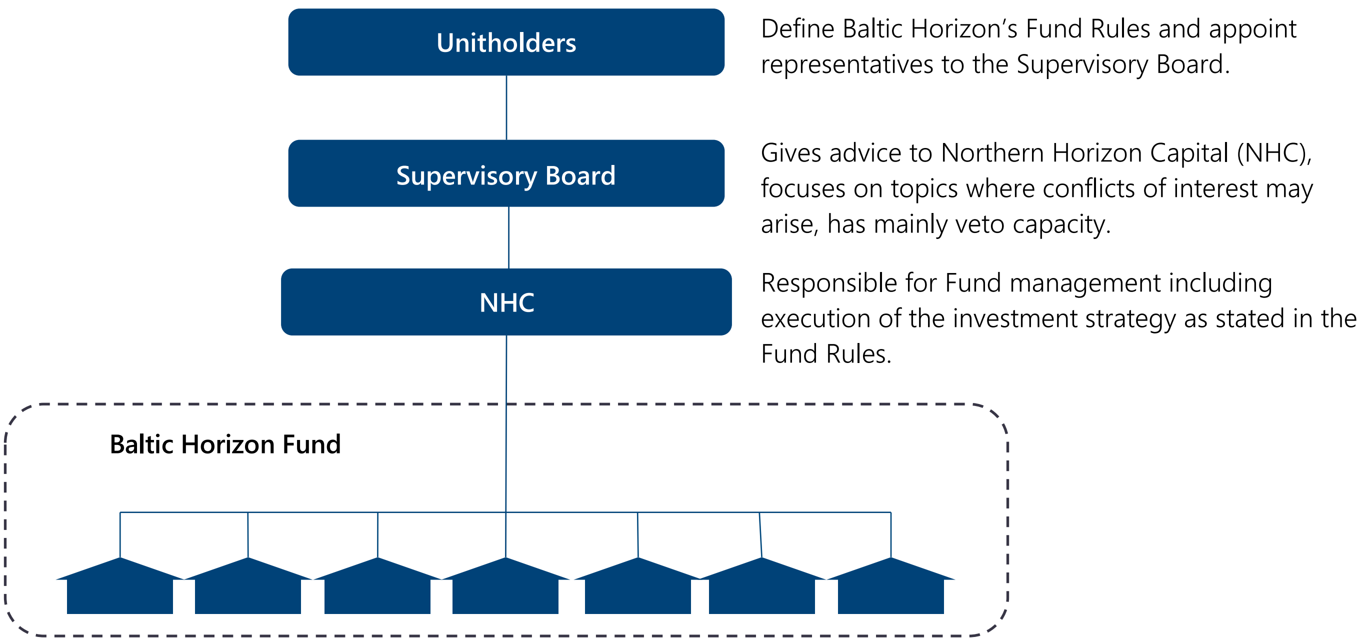
The Fund is managed by the Management Company, which is Northern Horizon Capital AS. The immediate team comprises of the Management Board, which is headed by the Fund Manager, and the Supervisory Board of the Management Company. The Fund also has its own Supervisory Board, which comprises of 4 independent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

Northern Horizon Capital AS is an experienced real estate asset manager. Northern Horizon Capital Group has proven itself as one of the leading real estate investors in the Baltic countries and elsewhere with an in-depth knowledge of the markets of operation. Over the course of the organization's life, Northern Horizon Capital Group has been able to build a strong and cohesive team from diverse backgrounds with a focus on being conservative and thorough, yet dynamic in real estate acquisitions and management.

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

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

Governance chart



Management Board and Supervisory Board of the Management Company

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

Supervisory Board of the Fund

The Fund has a Supervisory Board which consists of qualified members with recognised experience in the real estate markets in Estonia, Latvia, and Lithuania, impeccable reputation and appropriate education. In accordance with the Fund Rules, members of the Supervisory Board are appointed by the General Meeting. The Supervisory Board consists of three to five members.

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

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

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

Valuations

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

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

Audit

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

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

Members of the Management Board of the Management Company	Members of the Supervisory Board of the Management Company	Members of the Supervisory Board of the Fund
Tarmo Karotam (Chairman)	Milda Dargužaitė (Chairman)	Raivo Vare (Chairman)
Aušra Stankevičienė	Nerijus Žebrauskas	Andris Kraujins
Algirdas Vaitiekūnas	Daiva Liubomirskienė	Per Moller
		David Bergendahl

RISK MANAGEMENT

The risk management function of the Fund is outsourced to a sister company of the Management Company: Northern Horizon Capital AIFM Oy, which is a licensed AIFM in Finland. The Risk Manager of the Fund is responsible for identifying the Fund's market risk portfolio, preparing proposals regarding market risk limits, monitoring the utilization of the limit and producing overall market risk analyses. The Risk Manager 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 Manager reports to the Fund's boards on a regular basis. The Risk Manager 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). Currently, the yields of prime office and retail properties in the Baltic countries are decreasing as competition between real estate investors is consistently increasing. Investment yields in the Baltic countries are on average around 6.0% and 7.0% in the office and retail segments, with prime office yields at approx. 5.3-5.5%.
Interest rate risk	The Group's interest rate risk is related to interest-bearing borrowings. The Fund's policy is that long-term loans should be hedged to a fixed rate for their whole life. This converts floating rate liabilities to fixed rate liabilities. In order to achieve this, the Fund either takes fixed rate loans or swaps fixed interest rates for floating ones using interest rate derivatives. 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 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.
Credit risk	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 trading in financial instruments (counterparty credit risks) are minimized by making agreements only with the most reputable domestic and international banks and financial institutions.
Liquidity risk	Liquidity risk is the possibility of sustaining significant losses due to the inability to liquidate open positions, to realise assets by the due time at the prescribed fair price or to refinance loan obligations. 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 Management Company makes its best efforts to ensure sufficient liquidity by efficient cash management, by maintaining a "liquidity buffer" and organizing long-term diversified financing for real estate investments.
Operational risk	Operational risk represents the potential for loss resulting from inadequate or failed internal processes or systems, human factors, or external events, including business disruptions and system failure. The Fund is exposed to many types of operational risk and attempts to mitigate them by maintaining a system of internal control procedures and processes that are designed to control risk within appropriate levels. Also, training and development of personnel competencies, and active dialogue with investors help the Fund to identify and reduce the risks related to its operation.

SUSTAINABILITY

Our commitment

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.

Consequently, 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 strongly feel that continued commitment to high ESG standards is the best way for our investors to achieve their investment goals and at the same time to ensure that the environment and communities can benefit as well. For that we align our efforts with leading market standards: the Management Company of Baltic Horizon Fund and Northern Horizon group are members of EPRA, INREV, SIPA, and GRESB, as well as a signatories of the United Nations-supported Principles for Responsible Investment since 2014 (UN PRI) and for 2020 received A+/A evaluation. The Fund also issues a separate annual ESG report based on GRI guidelines

Environmental impact

Baltic Horizon maintains that all its employees are committed to environmental responsibility at all times. We believe that making the right environmental decisions leads to better investment outcomes and increased wellbeing of our stakeholders and society. As such, it is our aim to ensure that we can continuously reduce the negative environmental impact of our operations in all scopes.

We are taking steps to integrate ESG factors into our investment process in all steps of the investment life cycle by assigning positive value to measures that improve ESG. In Baltic Horizon our responsibility to national and international ESG legislation is recognised by monitoring present compliance and actively managing the risks of future proposed ESG regulation. To support it, in 2021 we signed as Sustainable Finance Disclosure Regulation ("SFDR") article 8 Fund and we are in the process of establishing our EU Taxonomy alignment to determine the percentage of our sustainable activities.

Stakeholder engagement

By ensuring that our investment activities have a positive environmental impact, we put a strong emphasis on the benefits that our business can have to our stakeholders. We define 4 core groups of stakeholders that are key to the success of our business:

Investors: we build relationships with our investors based on transparency and trust by engaging in dialogue and finding the best solutions for both parties to strengthen positive ESG impacts on our investments and community.

Tenants: tenant retention and commitment to our asset maintenance is a core focus of our asset management. We aim to be a considerate asset owner that reacts to the needs and suggestions of our tenants and to create a sustainability culture in the communities we have an impact on.

Partners: we continuously engage with our business partners to ensure smooth communication that is built on mutual values of trust, transparency and professionalism.

Employees: we are committed to creating sustainable value to our shareholders with integrity, and believe empowering our employees is the key to maintaining and creating excellent performance.

Governance

Baltic Horizon is dedicated to good corporate governance principles. We strive to have a transparent, fair and professional dialogue with our investors, business partners and employees. A lot of emphasis is put on identifying, monitoring, managing and minimizing potential risks, while protecting the full upside potential of investments. We will refuse any investment opportunity, which challenges our integrity or is in conflict with our mission statement and values. During Q4 2022, we plan to integrate human rights and the OECD's Guidelines into our existing policies and business procedures for business integrity.

We hold ourselves accountable to the highest standards of professionalism and ethics. Our group Code of Conduct ensures that our business activities are undertaken in an environment of integrity, transparency and accountability. This approach allows Baltic Horizon to be a trustworthy and accountable partner to all of our stakeholders.

Certification

Baltic Horizon certified all operational office assets in 2021 using BREEAM In-Use environmental assessment method and thus achieved one of the ESG goals. The minimum certification target – BREEAM In-Use "Very Good" was mostly achieved. Only one asset, Lincona was evaluated "Good" while all the other assets secured "Very Good" evaluation. The Fund's team exceeded its certification coverage target and now has 55% certification coverage for the entire portfolio. Baltic Horizon Fund plans to include retail assets in the certification program once the ongoing reconstruction projects are completed. The Fund has started the building certification process for the remaining retail assets that do not have BREEAM certification yet and expects to have the whole portfolio certified in 2023.

GRESB benchmarking

GRESB evaluation has become an integral self-evaluation tool and a guide for improvement and even contributes to the achievement of ESG goals for the Fund.

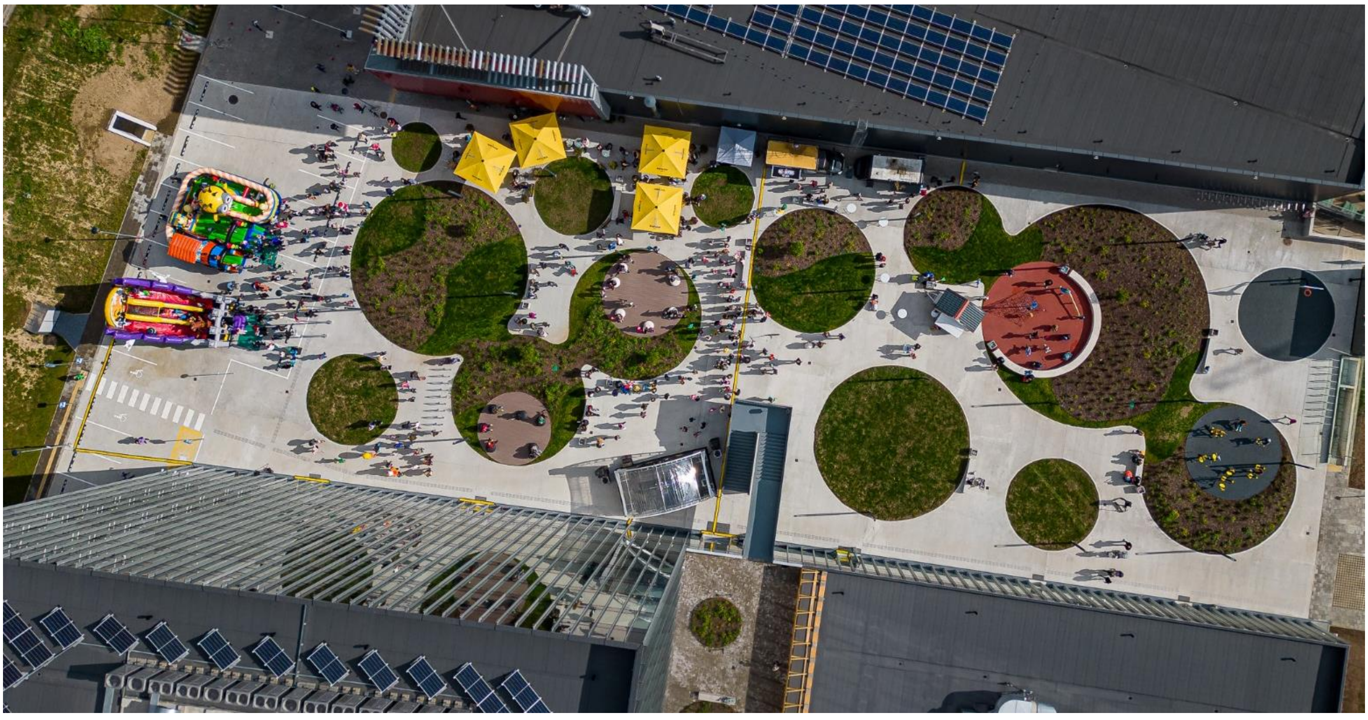
GRESB Real Estate Assessment consists of two separate assessment modules: Management and Performance. In 2021 Baltic Horizon scored 26 points in the Management module (out of 30) and 44 points in the Performance module (out of 70), achieving a total of 70 points (out of 100) and received 2 stars. This is an improvement compared to 2020 when Baltic Horizon scored 25 points in the Management module (out of 30) and 38 points in the Performance module (out of 70), achieving a total of 63 points out of 100.

In Q3 2022 BHF received the GRESB 4 star rating, exceeding its goal to achieve 3 stars. The Fund scored 28 points (out of 30) in the Management module and 55 points (out of 70) in the Performance module. In 2021 Baltic Horizon also enrolled in the Public Disclosure Assessment where the Fund achieved a 63-point score (out of 100), obtaining a B3 rating. In 2022, the Fund improved its rating to A (85 out of 100 points).

Baltic Horizon has a separate GRESB improvement plan and the goals for 2022 and 2023 are to improve tenant and community metrics, to set more measurable targets for the Fund and to improve the performance module by increasing environmental data coverage, reducing CO2 emissions and continuing work on building improvements.

Renewable energy

A key aspect in achieving our net-zero by 2030 target is ensuring that our portfolio assets are powered by clean and renewable energy sources. We are taking small steps to achieve this ambition. In 2021, a roof solar power plant was successfully installed in Domus Pro Retail and started producing green electricity. The goal for 2022 is to consider and assess the commercial and technical viability of installing solar power plants on the remaining office buildings. Other options such as distant solar plants will also be considered during H2 2022.



Electric vehicle charging stations

ESG requirements are rapidly evolving and one area of expected rapid change is mobility. Electrification of standard modes of transportation is accelerating and the Fund's intention is to ensure that its assets can meet the increasing charging demands of electric vehicles (EV). In previous years there were 8 charging points (4 stations) in Duetto. In Q1-Q3 2022 the following EV charging stations were installed: Duetto 6 charging points, North Star 4 charging points in collaboration with InBalance, and Domus Pro 8 charging points in collaboration with InBalance. In the retail portfolio, EV stations are considered only for the Europa SC in 2022.

Green leases

Achieving our ESG targets would be impossible without cooperation with our tenants. To ensure that our ESG 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 such topics 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.

Managing the energy crisis

In Q3 2022, energy prices reached record highs in the Baltic countries, especially Lithuania and Latvia. The Fund's team has actively launched initiatives to reduce the increased cost burden for our tenants. In retail, each building has been optimised to reduce energy usage by 9-15%. In some retail assets working hours have been shortened. The same actions have been taken to reduce energy usage in office buildings. The plan is to lower energy consumption by approx. 15% in all assets.

In addition, information on how to save energy has been distributed to all tenants. The management team and partners are monitoring the assets and tenants to measure the effectiveness of implemented optimisations and tenant satisfaction regarding the matter. Also, our property and asset managers keep in touch with tenants to address any issues which may arise during difficult times.

Community health and wellbeing

BHF recognises its impact on social well-being and the community since retail and office assets are integral to everyday life. In Q3 BHF team organised several community events to bring local people together in an entertaining and educational manner.

In the Europa shopping centre, a series of wellness and mental health seminars was organised to offer people an opportunity to come to the shopping mall for meaningful and informative events and to learn from experts how to maintain mental health and well-being at work and in personal life.

Furthermore, the Fund organised a Family Day, a nice and cosy family-orientated community gathering in the Domus Pro and Meraki premises, to celebrate the opening of a square and the completion of construction and to remind everyone that the Domus PRO shopping centre is easily accessible again.

OUTLOOK FOR 2022

The diversified property portfolio of Baltic Horizon Fund consists of 15 cash flow generating properties in the Baltic capitals. Baltic Horizon believes it has established a portfolio of strong retail and office assets with well-known and long-term tenants including local commercial leaders, governmental tenants, nearshoring shared service centres and the Baltic headquarters of leading international companies.

Both 2021 and 2022 started with growing COVID-19 cases and government restrictions in all three Baltic countries. However, the pandemic's direct negative effects on life and business operations have diminished in the Baltic countries. As a result, the operations of the Baltic Horizon portfolio have gradually improved and shown quick recovery in 2022 as governments have lifted restrictions and visitors/office workers have come back to shopping centres and offices. People in general have become less fearful of the virus and want to get back to life prior to COVID-19. Apart from other external turbulences, life is almost back to normal in the Baltics.

The year 2022 has seen another major event in Europe – Russia's full-fledged war against Ukraine. Even after eight months, there is still a high level of uncertainty about the outcome of the war. What seems to be clear today is that Russia will be cut out from Europe for a longer period and NATO stands strong to defend its allies and every inch of their territories.

In recent years, the Baltics limited direct economic relations with Russia to minimal levels. Yet, there is an apparent immediate negative effect on energy, construction materials and other prices not only in the Baltics but also in the rest of Europe. The war has had a huge impact on energy prices across Europe, which has heavily affected the costs of most businesses. The increase in energy prices has also affected the Fund, but the overall impact has been limited due to active asset management.

As disclosed in other parts of the report, the Fund's team has reduced the Fund's energy consumption by approx. 15% and continues to look for additional solutions to further lower energy consumption. The Fund has also fixed the electricity prices of its Estonian assets at a favourable level and will have a 50% fixed electricity price for its Lithuanian assets next year. The Fund entered into an agreement to purchase electricity from a remote solar panel park at a price fixed below the current market price of electricity. Baltic Horizon's asset managers and property management partners actively monitor the costs and continuously look for cost optimisation opportunities such as investing in renewable energy solutions or reducing electricity consumption in the buildings' common areas. The Fund is evaluating several green energy projects at the time of issue of these financial statements.

Throughout the last year, most property maintenance contracts have been retendered to ensure the best price-quality ratio. The construction prices of the Fund's development projects were fixed prior to the war and other costs have not increased significantly. The Fund continues to operate normally – signing new leases in shopping centres, extending the office leases, indexing the rents and rolling over debt.

The bank loans for several Baltic Horizon properties were expiring in 2022. At the beginning of 2022, the Fund prolonged most of the bank loans maturing in 2022. Currently, only the Meraki bonds and the Lincona bank loan are scheduled to expire in 2022. The Fund's team is already in the final stages of refinancing the expiring Meraki bonds and the Lincona bank loan. The team is engaged in active talks to extend other bank loans by the end of the year. An EUR 50 million bond refinancing project has also been initiated in recent months to redeem bonds prior to the final maturity.

An important aim in our Environmental, Social and Governance activities was to achieve four stars from GRESB in 2022. After achieving this goal, the Fund aims to obtain at least four stars in future GRESB assessments. Further improvements in ESG activities are in motion. The Fund is aiming to obtain the widely acknowledged BREEAM certification for all assets in its portfolio by the end of 2023. In addition, the aim to introduce green lease clauses into 100% of our lease agreements remains in place. In order to have attractive premises to rent over the long term, we are planning to reduce the energy consumption and to improve the energy efficiency of all properties by at least one energy efficiency class by 2025 and to have a clear strategy to achieve carbon neutrality in our portfolio by 2030.

Our retail asset teams are focusing heavily on leasing to fill the vacancies caused by the lockdowns. At the same time, operational improvements are being made across the whole portfolio to improve financial performance and create added value in the existing portfolio.

The Fund's management team is thrilled to see the first results of the Europa SC reconstruction project with new tenants coming to the shopping centre. The opening of the food hall Dialogai and other renovated areas have created a perfect value proposition for office workers in Vilnius CBD. The construction of Meraki's first tower was completed in Q3 2022 with a mix of flexible spaces suitable for small and large tenants. Other concept upgrades (Galerija Centrs), expansions (CC Plaza and Postimaja) and other projects will require hard commitment from the Fund's team and partners but ultimately they should allow Baltic Horizon Fund to maximise the value and synergies of its portfolio.

Continuous letting of the Meraki premises as well as new lease agreements in the reconstructed areas of the Europa SC, Galerija Centrs and Postimaja will eventually unlock the untapped potential of the portfolio. Overall, the Fund is well prepared to balance potential growth in costs, which may result from rising interest costs and inflation, with growth in income, which should be achieved through upcoming rent indexations and new lease agreements. The Fund's strategy and decisions will be revised when necessary to ensure adaptability to any changes in the operating environment. Regardless of the extraordinary uncertainties, the Fund's management team will strive to ensure peace of mind and the best possible outcome for our investors, tenants, partners and other stakeholders.

MANAGEMENT BOARD'S CONFIRMATION

Members of the Management Board of the Management Company Tarmo Karotam, Algirdas Vaitiekūnas and Aušra Stankevičienė confirm that according to their best knowledge, the condensed consolidated interim financial statements for the first nine months of 2022, 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 first nine months of the financial year and their effect on the condensed consolidated accounts.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

EUR '000	Notes	01.07.2022-30.09.2022	01.07.2021-30.09.2021	01.01.2022-30.09.2022	01.01.2021-30.09.2021
Rental income		5,352	5,332	15,422	14,844
Service charge income	5	1,362	1,271	4,007	3,697
Cost of rental activities	5	(2,416)	(1,927)	(6,456)	(5,335)
Net rental income	**4**	**4,298**	**4,676**	**12,973**	**13,206**
Administrative expenses	6	(752)	(735)	(2,137)	(2,236)
Other operating income		-	4	278	4
Valuation gains (losses) on investment properties	10, 11	(14)	(5)	158	(14,264)
Operating profit (loss)		**3,532**	**3,940**	**11,272**	**(3,290)**
Financial income		1	-	1	1
Financial expenses	7	(1,503)	(1,470)	(4,463)	(4,222)
Net financial expenses		**(1,502)**	**(1,470)**	**(4,462)**	**(4,221)**
Profit (loss) before tax		**2,030**	**2,470**	**6,810**	**(7,511)**
Income tax charge	4, 9	(132)	(127)	(673)	632
Profit (loss) for the period	**4**	**1,898**	**2,343**	**6,137**	**(6,879)**
Other comprehensive income that is or may be reclassified to profit or loss in subsequent periods					
Net gain on cash flow hedges	14b	1,308	168	2,604	619
Income tax relating to net gain on cash flow hedges	14b, 9	(102)	(3)	(217)	(34)
Other comprehensive income, net of tax, that is or may be reclassified to profit or loss in subsequent periods		**1,206**	**165**	**2,387**	**585**
Total comprehensive income (expense) for the period, net of tax		**3,104**	**2,508**	**8,524**	**(6,294)**
Basic and diluted earnings per unit (EUR)	**8**	**0.02**	**0.02**	**0.05**	**(0.06)**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR '000	Notes	30.09.2022	31.12.2021
Non-current assets			
Investment properties	4, 10	338,638	315,959
Investment property under construction	4, 11	-	11,400
Intangible assets		7	9
Property, plant and equipment		2	2
Derivative financial instruments	20	2,126	-
Other non-current assets		-	23
Total non-current assets		**340,773**	**327,393**
Current assets			
Trade and other receivables	12	2,746	2,708
Prepayments		507	137
Derivative financial instruments	20	301	-
Cash and cash equivalents	13	4,854	16,100
Total current assets		**8,408**	**18,945**
Total assets	**4**	**349,181**	**346,338**
Equity			
Paid in capital	14a	145,200	145,200
Cash flow hedge reserve	14b	1,558	(829)
Retained earnings		(11,034)	(11,787)
Total equity		**135,724**	**132,584**
Non-current liabilities			
Interest-bearing loans and borrowings	15	82,836	157,471
Deferred tax liabilities	9	7,170	6,297
Derivative financial instruments	20	-	756
Other non-current liabilities		1,335	1,103
Total non-current liabilities		**91,341**	**165,627**
Current liabilities			
Interest-bearing loans and borrowings	15	115,992	41,676
Trade and other payables	16	5,369	5,223
Income tax payable		1	5
Derivative financial instruments	20	5	109
Other current liabilities		749	1,114
Total current liabilities		**122,116**	**48,127**
Total liabilities	**4**	**213,457**	**213,754**
Total equity and liabilities		**349,181**	**346,338**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR '000	Notes	Paid in capital	Cash flow hedge reserve	Retained earnings	Total equity
As of 1 January 2021		**145,200**	**(1,661)**	**(7,218)**	**136,321**
Comprehensive income					
Net loss for the period		-	-	(6,879)	(6,879)
Other comprehensive income		-	585	-	585
Total comprehensive expense		**-**	**585**	**(6,879)**	**(6,294)**
Transactions with unitholders					
Profit distribution to unitholders	14c	-	-	(3,948)	(3,948)
Total transactions with unitholders		**-**	**-**	**(3,948)**	**(3,948)**
As of 30 September 2021		**145,200**	**(1,076)**	**(18,045)**	**126,079**
As of 1 January 2022		**145,200**	**(829)**	**(11,787)**	**132,584**
Comprehensive income					
Net profit for the period		-	-	6,137	6,137
Other comprehensive income	14b	-	2,387	-	2,387
Total comprehensive income		**-**	**2,387**	**6,137**	**8,524**
Transactions with unitholders					
Profit distribution to unitholders	14c	-	-	(5,384)	(5,384)
Total transactions with unitholders		**-**	**-**	**(5,384)**	**(5,384)**
As of 30 September 2022		**145,200**	**1,558**	**(11,034)**	**135,724**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR '000	Notes	01.01.2022-30.09.2022	01.01.2021-30.09.2021
Cash flows from core activities			
Profit (loss) before tax		**6,810**	**(7,511)**
Adjustments for non-cash items:			
Value adjustment of investment properties	10	(158)	14,264
Depreciation of property, plant and equipment		2	1
Change in impairment losses for trade receivables	12	121	90
Financial income		(1)	(1)
Financial expenses	7	4,463	4,222
Unrealised exchange differences		-	(1)
Working capital adjustments:			
Change in trade and other accounts receivable		(159)	(1,712)
Change in other current assets		(388)	(197)
Change in other non-current liabilities		232	110
Change in trade and other accounts payable		217	67
Change in other current liabilities		(365)	390
Income tax paid		(6)	(1)
Total cash flows from core activities		**10,768**	**9,721**
Cash flows from investing activities			
Interest received		1	1
Acquisition of property, plant and equipment and intangible assets		-	(2)
Investment property development expenditure		(5,971)	(3,180)
Capital expenditure on investment properties		(5,158)	(888)
Total cash flows from investing activities		**(11,128)**	**(4,069)**
Cash flows from financial activities			
Proceeds from a bond issue		-	4,000
Repayment of bank loans		(401)	(291)
Profit distribution to unitholders	14c	(5,384)	(3,948)
Transaction costs related to loans and borrowings		(809)	(124)
Repayment of lease liabilities		(31)	(16)
Interest paid		(4,261)	(4,008)
Total cash flows from financing activities		**(10,886)**	**(4,387)**
Net change in cash and cash equivalents		**(11,246)**	**1,265**
Cash and cash equivalents at the beginning of the year		**16,100**	**13,333**
Cash and cash equivalents at the end of the period		**4,854**	**14,598**

The accompanying notes are an integral part of these 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 Tornimäe 2, 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	30.09.2022	31.12.2021
BH Lincona OÜ	100%	100%
BOF SKY SIA	100%	100%
BH CC Plaza OÜ	100%	100%
BH Domus Pro UAB	100%	100%
BH Europa UAB	100%	100%
BH P80 OÜ	100%	100%
Kontor SIA	100%	100%
Pirita Center OÜ	100%	100%
BH Duetto UAB	100%	100%
Vainodes Krasti SIA	100%	100%
BH S27 SIA	100%	100%
BH Meraki UAB	100%	100%
BH Galerija Centrs SIA	100%	100%
BH Northstar UAB	100%	100%

2. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's latest consolidated annual financial statements as of and for the year ended 31 December 2021. These interim condensed consolidated financial statements do not include all of the information required in the complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are relevant to understanding the changes in the Group's financial position and performance since the last annual financial statements.

Going concern assessment

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

New standards, amendments and interpretations

A number of new standards and amendments to standards are not effective for annual periods beginning on 1 January 2022 but their earlier application is permitted. However, the Group has not early adopted any of the new or amended standards in preparing these interim condensed consolidated financial statements.

3. Summary of significant account policies

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the reported item in the future. The assumptions and judgements applied in these interim condensed consolidated financial statements were the same as those applied in the Group's consolidated financial statements for the year ended 31 December 2021.

Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements for the year ended 31 December 2021.

Fair value measurements

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

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

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

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

4. Operating segments

The Group's reportable segments are as follows:

- Retail segment – includes Europa Shopping Centre (Lithuania), Domus Pro Retail Park (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), Duetto I (Lithuania), Duetto II (Lithuania), Domus Pro stage III (Lithuania), Vainodes I (Latvia), LNK Centre (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 – 30 September 2022

EUR '000	Retail	Office	Leisure	Total segments
01.07.2022-30.09.2022:				
External revenue[1]	3,807	2,667	240	6,714
Segment net rental income	**1,696**	**2,362**	**240**	**4,298**
Net loss from fair value adjustment	(10)	(4)	-	(14)
Interest expenses[2]	(485)	(398)	(27)	(910)
Income tax expenses	(62)	(70)	-	(132)
Segment net profit	**1,090**	**1,761**	**211**	**3,062**
01.01.2022-30.09.2022:				
External revenue[1]	10,180	8,473	776	19,429
Segment net rental income	**4,914**	**7,330**	**729**	**12,973**

EUR '000	Retail	Office	Leisure	Total segments
Net (loss) profit from fair value adjustment	(4,321)	4,396	83	158
Interest expenses[2]	(1,386)	(1,173)	(69)	(2,628)
Income tax income (expenses)	15	(688)	-	(673)
Segment net (loss) profit	**(516)**	**9,335**	**735**	**9,554**
As of 30.09.2022:				
Segment assets	**169,293**	**164,482**	**15,351**	**349,126**
Investment properties[3]	163,300	160,813	14,525	338,638
Segment liabilities	**80,963**	**75,629**	**6,067**	**162,659**

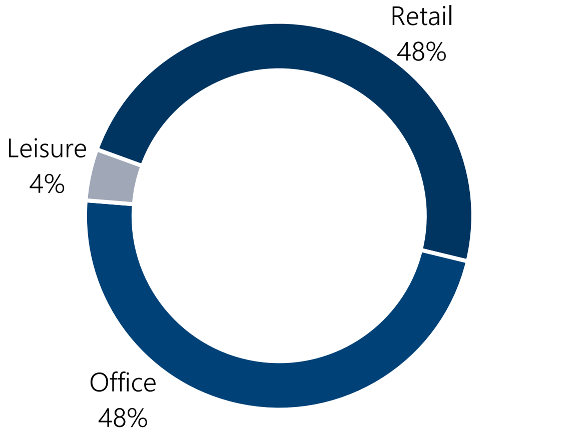
1. External revenue includes rental income and service charge income. The segments do not have inter-segment revenue.
2. Interest expenses include only external bank loan interest expenses, the Meraki bond interest expenses and interest expenses on lease liabilities.
3. Additions to non-current assets consist of subsequent expenditure on investment property (EUR 5,403 thousand) and additions to investment property under construction (EUR 5,718 thousand). Please refer to notes 10 and 11 for more information.

Operating segments – 30 September 2021

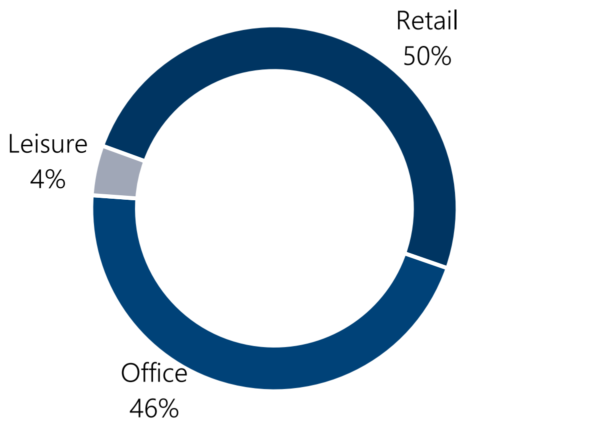
EUR '000	Retail	Office	Leisure	Total segments
01.07.2021-30.09.2021:				
External revenue[1]	3,097	3,223	283	6,603
Segment net rental income	**1,645**	**2,760**	**271**	**4,676**
Net loss from fair value adjustment	(1)	(4)	-	(5)
Interest expenses[2]	(434)	(424)	(19)	(877)
Income tax expenses	(53)	(74)	-	(127)
Segment net profit	**1,051**	**2,185**	**249**	**3,485**
01.01.2021-30.09.2021:				
External revenue[1]	8,315	9,595	631	18,541
Segment net rental income	**4,358**	**8,243**	**605**	**13,206**
Net (loss) gain from fair value adjustment	(6,612)	(7,742)	90	(14,264)
Interest expenses[2]	(1,241)	(1,177)	(58)	(2,476)
Income tax income	458	174	-	632
Segment net (loss) profit	**(3,274)**	**(739)**	**629**	**(3,384)**
As of 31.12.2021:				
Segment assets	**168,464**	**158,234**	**15,344**	**342,042**
Investment properties[3]	162,876	138,641	14,442	315,959
Investment property under construction[3]	-	11,400	-	11,400
Segment liabilities	**81,856**	**75,469**	**5,661**	**162,986**

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, the Meraki bond interest expenses and interest expenses on lease liabilities.
3. Additions to non-current assets consist of subsequent expenditure on investment property (EUR 2,567 thousand), additions to right-of-use assets (EUR 317 thousand) and additions to investment property under construction (EUR 7,047 thousand). Please refer to notes 10 and 11 for more information.

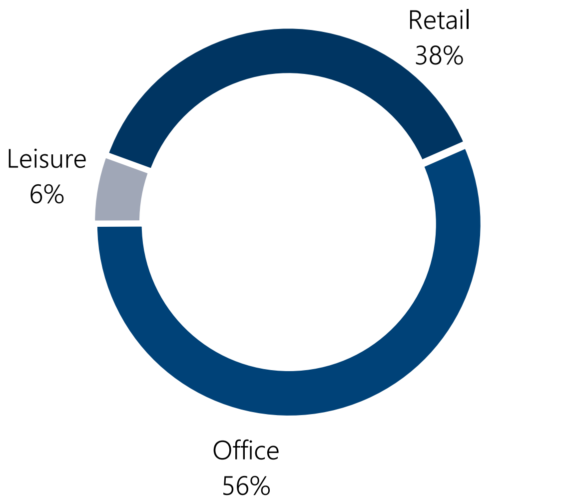
Investment properties as of 30 September 2022*



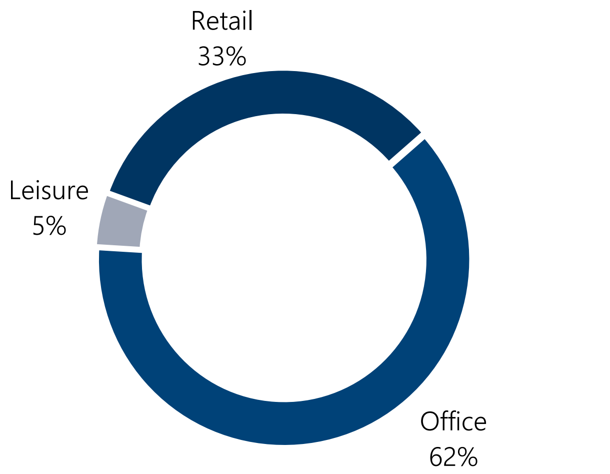
Investment properties as of 31 December 2021*



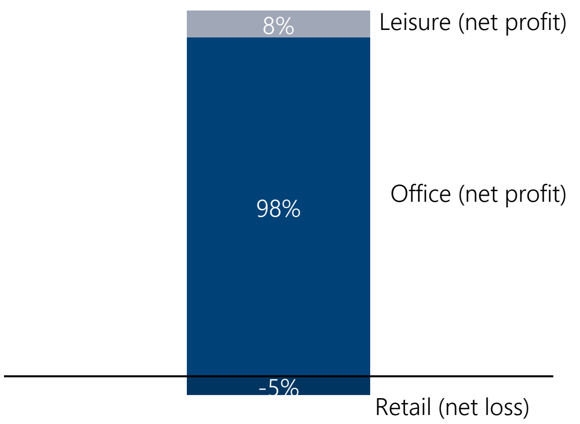
Segment net rental income for Q1-Q3 2022*



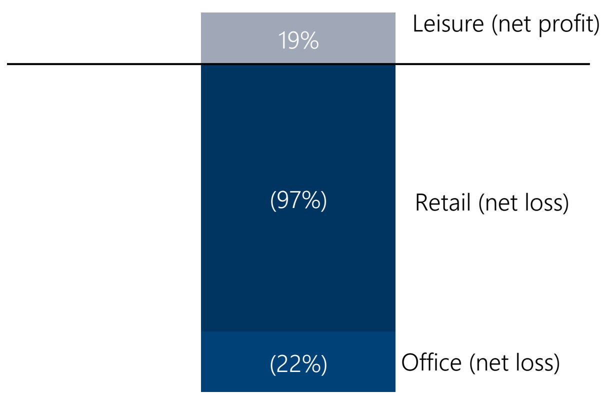
Segment net rental income for Q1–Q3 2021*



Segment net profit (loss) for Q1-Q3 2022*



Segment net profit (loss) for Q1-Q3 2021*



*As a percentage of the total for all reportable segments

Reconciliation of information on reportable segments to IFRS measures

Operating segments – 30 September 2022

EUR '000	Total reportable segments	Adjustments	Consolidated
01.07.2022–30.09.2022:			
Net profit	**3,062**	(1,164)[1]	**1,898**
01.01.2022–30.09.2022:			
Net profit	**9,554**	(3,417)[2]	**6,137**
As of 30.09.2022:			
Segment assets	**349,126**	55[3]	**349,181**
Segment liabilities	**162,659**	50,798[4]	**213,457**

1. Segment net profit for Q3 2022 does not include Fund management fee (EUR 427 thousand), bond interest expenses (EUR 531 thousand), bond arrangement fee amortisation (EUR 18 thousand), Fund custodian fees (EUR 23 thousand), and other Fund-level administrative expenses (EUR 165 thousand).
2. Segment net profit for Q1-Q3 2022 does not include Fund management fee (EUR 1,179 thousand), bond interest expenses (EUR 1,588 thousand), bond arrangement fee amortisation (EUR 52 thousand), Fund custodian fees (EUR 51 thousand), and other Fund-level administrative expenses (EUR 547 thousand).
3. Segment assets do not include cash, which is held at the Fund level (EUR 55 thousand).
4. Segment liabilities do not include liabilities related to a bond issue at the Fund level (EUR 49,959 thousand), accrued bond coupon expenses (EUR 307 thousand), management fee payable (EUR 427 thousand), and other short-term payables (EUR 105 thousand) at the Fund level.

Operating segments – 30 September 2021

EUR '000	Total reportable segments	Adjustments	Consolidated
01.07.2021 – 30.09.2021:			
Net profit	**3,485**	(1,142)[1]	**2,343**
01.01.2021 – 30.09.2021:			
Net loss	**(3,384)**	(3,495)[2]	**(6,879)**
As at 30.09.2021:			
Segment assets	**343,892**	5,663[3]	**349,555**
Segment liabilities	**172,707**	50,769[4]	**223,476**

1. Segment net profit for Q3 2021 does not include Fund management fee (EUR 443 thousand), bond interest expenses (EUR 531 thousand), bond arrangement fee amortisation (EUR 18 thousand), Fund custodian fees (EUR 16 thousand), and other Fund-level administrative expenses (EUR 134 thousand).
2. Segment net loss for Q1-Q3 2021 does not include Fund management fee (EUR 1,345 thousand), bond interest expenses (EUR 1,588 thousand), bond arrangement fee amortisation (EUR 52 thousand), Fund custodian fees (EUR 49 thousand), and other Fund-level administrative expenses (EUR 461 thousand).
3. Segment assets do not include cash, which is held at the Fund level (EUR 5,633 thousand).
4. Segment liabilities do not include liabilities related to a bond issue at the Fund level (EUR 49,890 thousand), accrued bond coupon expenses (EUR 307 thousand), management fee payable (EUR 442 thousand), and other short-term payables (EUR 130 thousand) at the Fund level.

Geographic information

	External revenue				Investment property value[1]	
EUR '000	01.07.2022 - 30.09.2022	01.07.2021 - 30.09.2021	01.01.2022 - 30.09.2022	01.01.2021 - 30.09.2021	30.09.2022	31.12.2021
Lithuania	2,815	2,534	7,777	7,173	141,759	129,109
Latvia	2,625	2,464	7,860	7,171	128,826	127,574
Estonia	1,274	1,605	3,792	4,197	68,053	70,676
Total	**6,714**	**6,603**	**19,429**	**18,541**	**338,638**	**327,359**

1. Investment property fair value.

Major tenant

No single lease accounted for more than 10% of the Group's total revenue. Rental income from one lease concluded with a tenant in the office segment represented EUR 900 thousand of the total rental income for Q1-Q3 2022 and EUR 300 thousand for Q3 2022 (EUR 900 thousand for Q1-Q3 2021 and EUR 300 thousand for Q3 2021).

5. Cost of rental activities

EUR '000	01.07.2022 – 30.09.2022	01.07.2021 – 30.09.2021	01.01.2022 – 30.09.2022	01.01.2021 – 30.09.2021
Repair and maintenance	775	532	2,285	1,639
Utilities	582	394	1,199	1,105
Property management expenses	348	374	1,040	914
Real estate taxes	250	281	761	843
Sales and marketing expenses	283	256	584	562
Allowance / (reversal of allowance) for bad debts	(30)	18	121	90
Property insurance	35	22	91	67
Other	173	50	375	115
Total cost of rental activities	**2,416**	**1,927**	**6,456**	**5,335**

Part of the total cost of rental activities (mainly utilities and repair and maintenance expenses) was recharged to tenants: EUR 4,007 thousand during the nine-month period ended 30 September 2022 and EUR 1,362 thousand during Q3 2022 (EUR 3,697 thousand during the nine-month period ended 30 September 2021 and EUR 1,271 thousand during Q3 2021).

6. Administrative expenses

EUR '000	01.07.2022-30.09.2022	01.07.2021-30.09.2021	01.01.2022-30.09.2022	01.01.2021-30.09.2021
Management fee	427	443	1,179	1,345
Consultancy fees	130	80	216	211
Fund marketing expenses	54	42	126	105
Audit fee	29	27	105	97
Legal fees	32	30	100	113
Custodian fees	23	16	51	49
Supervisory board fees	13	12	37	36
Other administrative expenses	44	85	323	280
Total administrative expenses	**752**	**735**	**2,137**	**2,236**

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 is calculated starting from 1 January 2017. The performance fee first becomes payable in the fifth year of the Fund (i.e. 2020). Transactions with related parties are disclosed in note 18.

7. Financial expenses

EUR '000	01.07.2022-30.09.2022	01.07.2021-30.09.2021	01.01.2022-30.09.2022	01.01.2021-30.09.2021
Interest on external loans and borrowings	1,436	1,404	4,201	4,054
Loan arrangement fee amortisation	60	62	197	157
Interest on lease liabilities	5	3	15	10
Other financial expenses	2	1	50	1
Total financial expenses	**1,503**	**1,470**	**4,463**	**4,222**

8. Earnings per unit

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

Profit or loss attributable to the unitholders of the Fund:

EUR '000	01.07.2022-30.09.2022	01.07.2021-30.09.2021	01.01.2022-30.09.2022	01.01.2021-30.09.2021
Profit (loss) for the period, attributed to the unitholders of the Fund	1,898	2,343	6,137	(6,879)
Profit (loss) for the period, attributed to the unitholders of the Fund	**1,898**	**2,343**	**6,137**	**(6,879)**

Weighted-average number of units:

	01.07.2022-30.09.2022	01.07.2021-30.09.2021	01.01.2022-30.09.2022	01.01.2021-30.09.2021
Issued units at 1 January	119,635,429	119,635,429	119,635,429	119,635,429
Weighted-average number of units	**119,635,429**	**119,635,429**	**119,635,429**	**119,635,429**

Basic and diluted earnings per unit:

	01.07.2022-30.09.2022	01.07.2021-30.09.2021	01.01.2022-30.09.2022	01.01.2021-30.09.2021
Basic and diluted earnings per unit*	0.02	0.02	0.05	(0.06)

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

9. Income tax

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

The Group's consolidated effective tax rate in respect of continuing operations for the nine-month period ended 30 September 2022 was 9.9% (nine-month period ended 30 September 2021: minus 8.4%).

As of 30 September 2022, the Group had tax losses of EUR 3,237 thousand (31 December 2021: EUR 2,414 thousand) that are available indefinitely for offset against future taxable profits of the Lithuanian companies in which the losses arose. The deferred tax liability arising from the revaluation of derivative instruments to fair value amounted to EUR 137 thousand as of 30 September 2022 (31 December 2021: asset of EUR 80 thousand). As of 30 September 2022, deferred tax liabilities on the difference between investment property fair and tax value and other deferred tax liabilities amounted to EUR 10,270 thousand (31 December 2021: EUR 8,791 thousand). Deferred tax is only applicable for the Fund's subsidiaries in Lithuania.

The major components of income tax for the periods ended 30 September 2022 and 2021 were as follows:

EUR '000	01.07.2022-30.09.2022	01.07.2021-30.09.2021	01.01.2022-30.09.2022	01.01.2021-30.09.2021
Consolidated statement of profit or loss				
Current income tax for the period	(1)	(3)	(1)	(4)
Deferred tax for the period	(131)	(124)	(672)	636
Income tax income (expense) reported in profit or loss	**(132)**	**(127)**	**(673)**	**632**
Consolidated statement of other comprehensive income				
Deferred income tax related to items charged or credited to equity:				
Revaluation of derivative instruments to fair value	(102)	(3)	(217)	(34)
Income tax reported in other comprehensive income	**(102)**	**(3)**	**(217)**	**(34)**

10. Investment property

EUR '000	30.09.2022	31.12.2021
Balance at 1 January	**315,959**	**334,518**
Development and refurbishment expenditure	4,520	2,136
Capital expenditure	883	431
Reclassification from investment property under construction	17,194	-
Disposals	-	(15,403)
Net revaluation gain (loss) on investment property	114	(6,012)
Additions to right-of-use assets (new leases)	-	317
Net revaluation loss on right-of-use assets	(32)	(28)
Closing balance	**338,638**	**315,959**
Closing balance excluding right-of-use assets	**338,092**	**315,383**

Investment property comprises buildings, which are rented out under lease contracts. The fair value of the Meraki office building was reclassified from investment property under construction to investment property during the period.

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

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

<u>Valuation techniques used to derive Level 3 fair values</u>
The Fund did not perform any property valuations as at 30 September 2022. The values of the properties are based on the valuation of investment properties performed by Colliers as at 30 June 2022, increased by right-of-use assets and subsequent capital expenditure.

The table below presents the following for each investment property:`

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

As of 30 June 2022:

Property	Valuation technique	Key unobservable inputs	Range
Europa Shopping centre, Vilnius (Lithuania)	DCF	- Discount rate	8.2%
Net leasable area (NLA) – 17,315 sq. m		- Rental growth p.a.	1.5% - 3.3%
Segment – Retail		- Long-term vacancy rate	5.0% - 10.0%
Year of construction/renovation – 2004		- Exit yield	7.0%
		- Average rent (EUR/sq. m)	12.6
Domus Pro, Vilnius (Lithuania)	DCF	- Discount rate	8.2% - 8.6%
Net leasable area (NLA) – 16,136 sq. m		- Rental growth p.a.	2.2% - 5.0%
Segment – Retail/Office		- Long-term vacancy rate	5.0% - 10.0%
Year of construction/renovation – 2013		- Exit yield	7.0% - 7.8%
		- Average rent (EUR/sq. m)	10.2
Lincona Office Complex, Tallinn (Estonia)	DCF	- Discount rate	8.2%
Net leasable area (NLA) – 10,871 sq. m		- Rental growth p.a.	1.0% - 6.3%
Segment – Office		- Long-term vacancy rate	10.0%
Year of construction/renovation – 2002 / 2008		- Exit yield	7.2%
		- Average rent (EUR/sq. m)	10.7
Coca-Cola Plaza, Tallinn (Estonia)	DCF	- Discount rate	7.5%
Net leasable area (NLA) – 11,440 sq. m		- Rental growth p.a.	1.8% - 6.3%
Segment – Leisure		- Long-term vacancy rate	6.0%
Year of construction/renovation – 1999		- Exit yield	6.3%
		- Average rent (EUR/sq. m)	8.6

Property	Valuation technique	Key unobservable inputs	Range
SKY Shopping Centre, Riga (Latvia)	DCF	- Discount rate	8.6%
Net leasable area (NLA) – 3,471 sq. m		- Rental growth p.a.	1.9% - 6.3%
Segment – Retail		- Long-term vacancy rate	1.0% - 5.0%
Year of construction/renovation – 2000 / 2010		- Exit yield	7.0%
		- Average rent (EUR/sq. m)	12.0
Upmalas Biroji, Riga (Latvia)	DCF	- Discount rate	8.3%
Net leasable area (NLA) – 9,876 sq. m		- Rental growth p.a.	0.5% - 3.3%
Segment – Office		- Long-term vacancy rate	2.0% - 5.0%
Year of construction/renovation – 2008		- Exit yield	6.5%
		- Average rent (EUR/sq. m)	12.8
Pirita Shopping Centre, Tallinn (Estonia)	DCF	- Discount rate	8.5%
Net leasable area (NLA) – 5,450 sq. m		- Rental growth p.a.	1.8% - 6.0%
Segment – Retail		- Long-term vacancy rate	6.0% - 12.0%
Year of construction/renovation – 2016		- Exit yield	7.5%
		- Average rent (EUR/sq. m)	13.2
Duetto I, Vilnius (Lithuania)	DCF	- Discount rate	8.2%
Net leasable area (NLA) – 8,499 sq. m		- Rental growth p.a.	2.2% - 5.0%
Segment – Office		- Long-term vacancy rate	2.5% - 10.0%
Year of construction/renovation – 2017		- Exit yield	6.8%
		- Average rent (EUR/sq. m)	12.2
Duetto II, Vilnius (Lithuania)	DCF	- Discount rate	8.2%
Net leasable area (NLA) – 8,643 sq. m		- Rental growth p.a.	2.2% - 5.0%
Segment – Office		- Long-term vacancy rate	2.5% - 12.5%
Year of construction/renovation – 2018		- Exit yield	6.8%
		- Average rent (EUR/sq. m)	13.5
Vainodes I, Riga (Latvia)*	DCF / Sales comparison approach for extension	- Discount rate	7.7%
Net leasable area (NLA) – 6,950 sq. m		- Rental growth p.a.	1.9% - 3.3%
Segment – Office		- Long-term vacancy rate	0.0% - 5.0%
Year of construction/renovation – 2014		- Exit yield	6.4%
		- Average rent (EUR/sq. m)	15.3
Postimaja, Tallinn (Estonia)	DCF	- Discount rate	7.5%
Net leasable area (NLA) – 9,242 sq. m		- Rental growth p.a.	1.8% - 6.3%
Segment – Retail		- Long-term vacancy rate	3.0%
Year of construction/renovation – 1980		- Exit yield	6.3%
		- Average rent (EUR/sq. m)	14.4
LNK Centre, Riga (Latvia)	DCF	- Discount rate	7.4%
Net leasable area (NLA) – 6,848 sq. m		- Rental growth p.a.	1.9% - 8.3%
Segment – Office		- Long-term vacancy rate	2.0% - 5.0%
Year of construction/renovation – 2006 / 2014		- Exit yield	6.0%
		- Average rent (EUR/sq. m)	14.7

Property	Valuation technique	Key unobservable inputs		Range
Galerija Centrs, Riga (Latvia)	DCF	-	Discount rate	9.0%
Net leasable area (NLA) – 20,095 sq. m		-	Rental growth p.a.	0.0% - 6.0%
Segment – Retail		-	Long-term vacancy rate	1.0% - 10.0%
Year of construction/renovation – 1939 / 2006		-	Exit yield	6.8%
		-	Average rent (EUR/sq. m)	15.7
North Star, Vilnius (Lithuania)	DCF	-	Discount rate	8.2%
Net leasable area (NLA) – 10,602 sq. m		-	Rental growth p.a.	2.2% - 11.5%
Segment – Office		-	Long-term vacancy rate	5.0% - 20.0%
Year of construction/renovation – 2009		-	Exit yield	6.8%
		-	Average rent (EUR/sq. m)	12.6

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

The table below sets out information about significant unobservable inputs used at 30 June 2022 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	2022: 6.0% - 8.3%	An increase in exit yield in isolation would result in a lower value of Investment property.
		Discount rate	2022: 7.4% - 9.0%	An increase in discount rate in isolation would result in a lower value of Investment property.
		Rental growth p.a.	2022: 0.0% - 11.5%	An increase in rental growth in isolation would result in a higher value of Investment property.
		Long-term vacancy rate	2022: 0.0% - 20.0%	An increase in long-term vacancy rate in isolation would result in a lower value of Investment property.

The book values of investment properties as of 30 September 2022 were as follows:

EUR '000	Total fair value Level 3
Latvia - Galerija Centrs (retail)	65,005
Lithuania – Europa (retail)	39,610
Estonia – Postimaja (retail)	27,082
Lithuania – Domus Pro (retail/office)	24,553
Latvia – Upmalas Biroji (office)	21,979
Lithuania – North Star (office)	21,593
Lithuania – Duetto II (office)	20,284
Lithuania – Duetto I (office)	18,525
Latvia – Vainodes I (office)	18,481
Latvia – LNK Centre (office)	17,668
Lithuania – Meraki (office)	17,194
Estonia – Lincona (office)	17,079
Estonia – Coca-Cola Plaza (leisure)	14,525
Estonia – Pirita (retail)	9,367
Latvia – SKY (retail)	5,693
Total	**338,638**

11. Investment property under construction

EUR '000	30.09.2022	31.12.2021
Balance at 1 January	**11,400**	**5,474**
Additions	5,718	7,047
Reclassification to investment properties	(17,194)	-
Net revaluation gain (loss)	76	(1,121)
Closing balance	**-**	**11,400**

On 16 May 2018, the Fund completed the acquisition of land next to the Domus Pro retail park. In December 2019, the Group started construction and development works to build an office on the acquired land plot. On 6 February 2020, the Group signed a construction contract for the Meraki development project in Vilnius, Lithuania. The land plot was initially recognised as an investment property but was reclassified to investment property under construction at the beginning of construction. As of 30 September 2022, the property including the land plot was reclassified to investment property.

Valuation techniques used to derive Level 3 fair values
As of 30 September 2022, the value of the property is based on the valuation of investment properties performed by Colliers International as of 30 June 2022 and subsequent capital expenditure.

Property	Valuation technique		Key unobservable inputs	Range
Meraki, Vilnius (Lithuania)	DCF	-	Discount rate	8.6%
Net leasable area (NLA) – 15,802 sq. m		-	Rental growth p.a.	1.8% - 6.0%
Segment – Office		-	Long-term vacancy rate	5.0%
Year of construction/renovation – 2021		-	Exit yield	7.0%
		-	Average rent (EUR/sq. m)	13.0

12. Trade and other receivables

EUR '000	30.09.2022	31.12.2021
Trade receivables, gross	3,041	2,992
Less impairment allowance for doubtful receivables	(559)	(508)
Accrued income	208	174
Other accounts receivable	56	50
Total	**2,746**	**2,708**

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

As of 30 September 2022, trade receivables at a nominal value of EUR 559 thousand were fully impaired (EUR 508 thousand as of 31 December 2021).

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

EUR '000	30.09.2022	31.12.2021
Balance as of 1 January	(508)	(589)
Charge for the period	(149)	(517)
Amounts written off	70	187
Reversal of allowances recognised in previous periods	28	411
Balance at end of period	**(559)**	**(508)**

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

		Neither past due	Past due but not impaired				
EUR '000	Total	nor impaired	<30 days	30-60 days	60-90 days	90-120 days	>120 days
30.09.2022	**2,482**	1,200	785	264	98	44	91
31.12.2021	**2,484**	1,023	286	347	353	135	340

13. Cash and cash equivalents

EUR '000	30.09.2022	31.12.2021
Cash at banks and on hand	4,854	16,100
Total cash	**4,854**	**16,100**

As of 30 September 2022, the Group had to keep at least EUR 350 thousand (31 December 2021: EUR 350 thousand) of cash in its bank accounts due to certain restrictions in bank loan agreements. The Group also keeps EUR 12 thousand of secured bonds proceeds in an escrow account.

14. Equity
14a. 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 30 September 2022, the total number of the Fund's units was 119,635,429 (31 December 2021: 119,635,429). Units issued are presented in the table below:

EUR '000	Number of units	Amount
As of 1 January 2022 and 30 September 2022	**119,635,429**	**145,200**

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

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

Subsidiaries did not hold any units of the Fund as of 30 September 2022 and 31 December 2021.

The Fund did not hold its own units as of 30 September 2022 and 31 December 2021.

14b. Cash flow hedge reserve

This reserve represents the fair value of the effective part of the derivative financial instruments (interest rate swaps), used by the Fund to hedge the cash flows from interest rate risk in the periods ended on 30 September 2022 and 31 December 2021. Please refer to note 20 for more information.

EUR '000	30.09.2022	31.12.2021
Balance at the beginning of the year	**(829)**	**(1,661)**
Movement in fair value of existing hedges	2,604	898
Movement in deferred income tax (note 9)	(217)	(66)
Net variation during the period	**2,387**	**832**
Balance at the end of the period	**1,558**	**(829)**

14c. Dividends (distributions)

EUR '000	01.01.2022-30.09.2022	01.01.2021-30.09.2021
Declared during the period	(5,384)	(3,948)
Total distributions made	**(5,384)**	**(3,948)**

On 4 February 2021, the Fund declared a cash distribution of EUR 1,316 thousand (EUR 0.011 per unit).

On 29 April 2021, the Fund declared a cash distribution of EUR 1,316 thousand (EUR 0.011 per unit).

On 28 July 2021, the Fund declared a cash distribution of EUR 1,316 thousand (EUR 0.011 per unit).

On 3 February 2022, the Fund declared a cash distribution of EUR 2,273 thousand (EUR 0.019 per unit).

On 28 April 2022, the Fund declared a cash distribution of EUR 1,555 thousand (EUR 0.013 per unit).

On 28 July 2022, the Fund declared a cash distribution of EUR 1,555 thousand (EUR 0.013 per unit).

15. Interest-bearing loans and borrowings

EUR '000	Maturity	Effective interest rate	30.09.2022	31.12.2021
Non-current borrowings				
Unsecured bonds	May 2023	4.25%	-	49,907
Bank 1	Jan 2023	3M EURIBOR + 2.10%	-	2,068
Bank 1	Sep 2023	3M EURIBOR + 1.75%	-	8,565
Bank 1[1]	Mar 2024	3M EURIBOR + 1.90%	17,876	17,894
Bank 1[2]	Mar 2024	3M EURIBOR + 1.90%	10,984	7,500
Bank 1[2]	Mar 2024	6M EURIBOR + 1.90%	-	3,497
Bank 1	Mar 2024	6M EURIBOR + 2.65%	8,990	8,985
Bank 1	Nov 2024	3M EURIBOR + 1.55%	9,822	9,817
Bank 1[3]	Feb 2026	6M EURIBOR + 1.90%	4,829	4,943
Bank 2[4]	Jan 2024	6M EURIBOR + 3.10%	29,986	-
Bank 3	Aug 2023	1M EURIBOR + 1.55%	-	11,740
Bank 4	Feb 2023	6M EURIBOR + 1.38%	-	17,189
Bank 4	Mar 2023	6M EURIBOR + 2.15%	-	15,364
Lease liabilities			546	576
Less current portion of bank loans and bonds			(164)	(539)
Less current portion of lease liabilities			(33)	(35)
Total non-current debt			**82,836**	**157,471**
Current borrowings				
Unsecured bonds	May 2023	4.25%	49,959	-
Secured bonds	Nov 2022	5.00%	3,987	3,929
Bank 1[5]	Jan 2023	3M EURIBOR + 2.10%	1,989	-
Bank 1	Dec 2022	6M EURIBOR + 1.40%	7,188	7,185
Bank 4	Feb 2023	6M EURIBOR + 1.38%	17,196	-
Bank 2[4]	Jan 2024	6M EURIBOR + 3.10%	-	29,988
Bank 3	Aug 2023	1M EURIBOR + 1.55%	11,744	-
Bank 1	Sep 2023	3M EURIBOR + 1.75%	8,361	-
Bank 4	Mar 2023	6M EURIBOR + 2.15%	15,371	-
Current portion of non-current bank loans and bonds			164	539
Current portion of lease liabilities			33	35
Total current debt			**115,992**	**41,676**
Total			**198,828**	**199,147**

1. The loan was refinanced on 10 February 2022 with the same bank.
2. The loan was refinanced on 9 February 2022 with the same bank.
3. The loan was refinanced on 3 February 2022 with the same bank.
4. The loan was refinanced on 2 April 2022 with the same bank.
5. The loan was refinanced on 11 January 2022 with the same bank.

Financial covenants for bank loans

As of 30 September 2022, the Fund was in compliance with all special conditions and covenants set under the bank loan agreements except for the Galerija Centrs property. The Loan-to-Value Ratio (LTV) of the Galerija Centrs property (carrying loan amount – EUR 30 million) was above the required maximum level of 45% at the end of Q3 2022, but this did not result in any consequences because the Fund received a formal waiver from the lender for the mentioned covenant breach. Management is monitoring the situation proactively with the banks to ensure timely measures.

Loan and bond securities

Borrowings received were secured with the following pledges and securities as of 30 September 2022:

	Mortgages of the property*	Second rank mortgages for derivatives	Cross-mortgage	Commercial pledge of the entire assets
Bank 1	Lincona, SKY, Europa, Domus Pro, LNK, Vainodes I, North Star and Pirita	Europa, Domus Pro, Vainodes I	Pirita and Lincona for Pirita and Lincona bank loans, Vainodes I and LNK for Vainodes I and LNK bank loan	Vainodes I, LNK
Bank 2	Galerija Centrs	Galerija Centrs		Galerija Centrs
Bank 3	Upmalas Biroji			
Bank 4	Coca-Cola Plaza and Postimaja, Duetto I and II			
Secured bonds	Meraki (land plots and office building)			

*Please refer to note 10 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	Domus Pro, North Star and Baltic Horizon Fund for Europa bank loan; Domus Pro and Europa for North Star bank loan; Europa and North Star for Domus Pro bank loan; Vainodes I for LNK bank loan, LNK for Vainodes I bank loan	Lincona, SKY, Europa, and Domus Pro	BH Northstar UAB	Europa, Domus Pro, North Star SKY, LNK and Vainodes I	BH Domus Pro UAB, Vainodes Krasti SIA, BH S27 SIA
Bank 2					BH Galerija Centrs SIA
Bank 3				Upmalas Biroji	
Bank 4		Duetto I and II	BH Duetto UAB	Duetto I and II	BH Duetto UAB
Secured bonds	Baltic Horizon Fund for Meraki secured bonds			Meraki (escrow account)	

16. Trade and other payables

EUR '000	30.09.2022	31.12.2021
Payables related to Meraki development	2,133	2,386
Trade payables	1,809	1,327
Accrued financial expenses	436	431
Management fee payable	427	420
Tax payables	266	285
Accrued expenses	184	244
Other payables	114	130
Total trade and other payables	**5,369**	**5,223**

As of 30 September 2022, the Fund had a payable in the amount of EUR 2,011 thousand for the construction costs of the Meraki development project as per the construction contract signed on 6 February 2020. Other costs related to the Meraki construction works amounted to EUR 122 thousand.

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.

17. Commitments and contingencies

17a. Litigation

As of 30 September 2022, there was no ongoing litigation, which could materially affect the consolidated financial position of the Group.

17b. Contingent assets

The Group did not have any contingent assets as of 30 September 2022.

17c. Contingent liabilities

The Group did not have any contingent liabilities as of 30 September 2022.

18. 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.

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

The Group's transactions with related parties during Q1-Q3 2022 and 2021 were the following:

EUR '000	01.01.2022-30.09.2022	01.01.2021-30.09.2021
Northern Horizon Capital AS group		
Management fees	1,179	1,345

The Group's balances with related parties as of 30 September 2022 and 31 December 2021 were the following:

EUR '000	30.09.2022	31.12.2021
Northern Horizon Capital AS group		
Management fees payable	427	420

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 will be calculated starting from 1 January 2017. The performance fee first becomes 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 30 September 2022.

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 36 thousand during the nine-month period ended 30 September 2022 and EUR 12 thousand during Q3 2022 (EUR 36 thousand during the nine-month period ended 30 September 2021 and EUR 12 thousand during Q3 2021). Please refer to note 6 for more information regarding the total expenses related to the Supervisory Board of the Fund.

Entities having control or significant influence over the Fund

The holders of units owning more than 5% of the units in total as of 30 September 2022 and 31 December 2021 are presented in the tables below:

As of 30 September 2022

	Number of units	Percentage
Nordea Bank AB clients	27,316,923	22.83%
SEB Bank AB clients	16,283,767	13.61%
Swedbank AB clients	14,830,784	12.40%
Raiffeisen Bank International AG clients	11,427,567	9.55%

As of 31 December 2021

	Number of units	Percentage
Nordea Bank AB clients	47,661,240	39.84%
Raiffeisen Bank International AG clients	13,632,289	11.39%
Swedbank AB clients	11,794,054	9.86%

Except for dividends paid, there were no transactions with the unitholders disclosed in the tables above.

19. Financial instruments

Fair values

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

	Carrying amount		Fair value	
EUR '000	30.09.2022	31.12.2021	30.09.2022	31.12.2021
Financial assets				
Trade and other receivables	2,746	2,708	2,746	2,708
Cash and cash equivalents	4,854	16,100	4,854	16,100
Derivative financial instruments	2,427	-	2,427	-
Financial liabilities				
Interest-bearing loans and borrowings				
Bank loans	(144,336)	(144,735)	(144,439)	(144,524)
Bonds	(53,946)	(53,836)	(54,387)	(54,009)
Trade and other payables	(5,369)	(5,223)	(5,369)	(5,223)
Derivative financial instruments	(5)	(865)	(5)	(865)

Fair value hierarchy

Quantitative disclosures of the Group's financial instruments in the fair value measurement hierarchy as of 30 September 2022 and 31 December 2021:

Period ended 30 September 2022

EUR '000	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Trade and other receivables	-	-	2,746	2,746
Cash and cash equivalents	-	4,854	-	4,854
Derivative financial instruments	-	2,427	-	2,427

EUR '000	Level 1	Level 2	Level 3	Total fair value
Financial liabilities				
Interest-bearing loans and borrowings				
Bank loans	-	-	(144,439)	(144,439)
Bonds	-	-	(54,387)	(54,387)
Trade and other payables	-	-	(5,369)	(5,369)
Derivative financial instruments	-	(5)	-	(5)

Period ended 31 December 2021

EUR '000	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Trade and other receivables	-	-	2,708	2,708
Cash and cash equivalents	-	16,100	-	16,100
Financial liabilities				
Interest-bearing loans and borrowings				
Bank loans	-	-	(144,524)	(144,524)
Bonds	-	-	(54,009)	(54,009)
Trade and other payables	-	-	(5,223)	(5,223)
Derivative financial instruments	-	(865)	-	(865)

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 30 September 2022, 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 discount rates in a range of +1.92% and +1.41%.
- Cash and cash equivalents are attributed to Level 2 in the fair value hierarchy.

20. Derivative financial instruments

The Group has entered into a number of interest rate swaps (IRS) with SEB and Nordea banks. 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 14b for more information.

Derivative type EUR '000	Starting date	Maturity date	Notional amount	Variable rate (received)	Fixed rate (paid)	Fair value 30.09.2022	Fair value 31.12.2021
IRS	Aug 2017	Feb 2022	5,766	6M EURIBOR	0.305%	-	(7)
IRS	Sep 2017	May 2022	6,825	3M EURIBOR	0.26%	-	(23)
IRS	July 2019	May 2022	30,000	6M EURIBOR	-0.37%	-	(20)
IRS	Mar 2018	Nov 2022	6,860	6M EURIBOR	0.46%	(5)	(59)
IRS	Nov 2016	Aug 2023	10,575	1M EURIBOR	0.26%	188	(119)
IRS	Jan 2019	Sep 2023	5,800	3M EURIBOR	0.32%	113	(70)
IRS	May 2018	Apr 2024	4,920	3M EURIBOR	0.63%	148	(104)
IRS	Mar 2018	Aug 2024	18,402	3M EURIBOR	0.73%	633	(463)
CAP	May 2018	Feb 2023	17,200	6M EURIBOR	3.5%	-	-
CAP	Aug 2024	Aug 2025	17,900	3M EURIBOR	2.0%	157	-
CAP	Aug 2023	Aug 2024	10,575	1M EURIBOR	3.0%	75	-
CAP	Feb 2023	Feb 2024	17,200	6M EURIBOR	3.0%	73	-
CAP	Apr 2024	Apr 2025	4,921	3M EURIBOR	3.0%	40	-
CAP	Sep 2023	Sep 2024	5,800	3M EURIBOR	3.0%	43	-
CAP	Aug 2022	Mar 2024	3,500	3M EURIBOR	2.0%	41	-
CAP	Aug 2022	Mar 2024	7,000	3M EURIBOR	2.0%	84	-
CAP	Mar 2024	Mar 2025	11,000	6M EURIBOR	3.0%	89	-
CAP	Oct 2022	May 2025	30,000	6M EURIBOR	3.0%	445	-
CAP	Sep 2022	Mar 2024	9,000	6M EURIBOR	1.0%	224	-
CAP	Mar 2024	Mar 2025	9,000	6M EURIBOR	3.0%	74	-
Derivative financial instruments, assets/liabilities						**2,422**	**(865)**
Net value of financial derivatives						**2,422**	**(865)**

Derivative financial instruments were accounted for at fair value as of 30 September 2022 and 31 December 2021. The maturity of the derivative financial instruments of the Group is as follows:

Classification according to maturity EUR '000	Liabilities 30.09.2022	Liabilities 31.12.2021	Assets 30.09.2022	Assets 31.12.2021
Non-current	-	(756)	2,126	-
Current	(5)	(109)	301	-
Total	**(5)**	**(865)**	**2,427**	**-**

21. Subsequent events

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

22. List of consolidated companies

Name	Registered office	Registration Number	Date of incorporation / acquisition	Activity	Interest in capital
BH Lincona OÜ	Hobujaama str. 4, Tallinn, Estonia	12127485	20 June 2011	Asset holding company	100%
BH Domus Pro UAB	Ukmergės str. 308-1, Vilnius, Lithuania	225439110	1 May 2014	Asset holding company	100%
BOF SKY SIA	Valdemara str. 21-20, Riga, Latvia	40103538571	27 March 2012	Asset holding company	100%
BH CC Plaza OÜ	Hobujaama str. 4, 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%
BH P80 OÜ	Hobujaama str. 5, Tallinn, Estonia	14065606	6 July 2016	Asset holding company	100%
Kontor SIA	Mūkusalas str. 101, Rīga, Latvia	40003771618	30 August 2016	Asset holding company	100%
Pirita Center OÜ	Hobujaama str. 5, Tallinn, Estonia	12992834	16 December 2016	Asset holding company	100%
BH Duetto UAB	Spaudos str. 8-1, Vilnius, Lithuania	304443754	13 January 2017	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	Ukmergės str. 308-1, Vilnius, Lithuania	304875582	18 July 2018	Asset holding company	100%
BH Galerija Centrs SIA	Audeju str. 16, Riga, Latvia	40003311422	13 June 2019	Asset holding company	100%
BH Northstar UAB	Ulonų str. 2, Vilnius, Lithuania	305175896	29 May 2019	Asset holding company	100%

MANAGEMENT APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements of Baltic Horizon Fund were approved for issue by the Management Board of the Management Company on 7 November 2022.

Tarmo Karotam Chairman of the Management Board	Aušra Stankevičienė Member of the Management Board	Algirdas Jonas Vaitiekūnas Member of the Management Board

DEFINITIONS OF KEY TERMS AND ABBREVIATIONS

AIFM
Alternative Investment Fund Manager.

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

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

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

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

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

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

Fund
Baltic Horizon Fund.

GAV
Gross Asset Value of the Fund.

IFRS
International Financial Reporting Standards.

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

Management Company
Northern Horizon Capital AS, register code 11025345.

NAV
Net asset value for the Fund.

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

Net Initial Yield
NOI divided by market value of the property.

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

NOI
Net operating income.

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

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

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

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

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

TTM
Trailing 12 months.