INTERIM FINANCIAL REPORT

Q3 2020

UNAUDITED CONDENSED CONSOLIDATED

INTERIM FINANCIAL STATEMENTS

FOR THE 9-MONTH PERIOD

ENDED 30 SEPTEMBER 2020

BALTIC HORIZON

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GENERAL INFORMATION ABOUT THE FUND

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 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 currently dual-listed on the Fund List of the Nasdaq Tallinn Stock Exchange and the Nasdaq Stockholm Alternative Investment Funds market.

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.

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

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

Key information

Fund name	Baltic Horizon Fund
Management Company	Northern Horizon Capital AS
Financial year	1 January – 31 December
Address of the Fund	Tornimäe 2 Tallinn 10145, Estonia
Type of fund	Contractual public closed-ended real estate fund
Style of fund	Core / Core plus
Market segment	Retail / Offices / Leisure
Life time / Investment stage	Evergreen
Stock exchanges	Nasdaq Tallinn Nasdaq Stockholm
Depositary	Swedbank AS
Auditor of the Fund	KPMG Baltics OÜ
Fund Manager	Tarmo Karotam
Management Board of the Management Company	Tarmo Karotam (Chairman) Aušra Stankevičienė Algirdas Vaitiekūnas

KEY FIGURES

EUR '000	Q1-Q3 2020	Q1-Q3 2019	Change (%)
Rental income	16,549	14,759	12.1%
Net rental income	15,189	13,584	11.8%
Operating (loss) profit	(2,587)	8,763	(129.5%)
(Loss) profit for the period	(6,863)	5,376	(227.7%)
Earnings per unit (EUR)	(0.06)	0.06	(200.0%)
Generated net cash flow (GNCF)	8,759	7,778	12.6%
Dividends per unit (EUR) [1]	0.056	0.078	(28.2%)

1. The Fund reduced cash distribution for Q1-Q2 2020 due to COVID-19 outbreak..

EUR '000	30.09.2020	31.12.2019	Change (%)
Investment properties in use	342,775	356,575	(3.9%)
Investment property under construction	4,437	2,367	87.5%
Total assets	358,409	371,734	(3.6%)
Net asset value (Total equity)	138,865	152,518	(9.0%)
Interest bearing loans and borrowings	205,952	206,132	(0.1%)
Total liabilities	219,544	219,216	0.1%
IFRS NAV per unit (EUR)	1.2247	1.3451	(9.0%)
LTV (%)	59.2%	57.3%	-
Average cost of debt (%)	2.6%	2.6%	-

EUR '000	Q1-Q3 2020	Q1-Q3 2019	Change (%)
Properties[1]	16	15	6.7%
Net leasable area (sq. m.)	153,351	146,514	4.7%
Direct property yield (%)	5.8%	6.5%	-
Net initial yield (%)	5.8%	6.3%	-
Occupancy (%)	96.2%	97.3%	-
Average rent (EUR per sq. m.)	12.18	12.66	(3.8%)

1. Properties includes 15 established cash flow properties and the Meraki development project.

EUR '000	30.09.2020	31.12.2019	Change (%)
Number of units outstanding (units)	113,387,525	113,387,525	-
Closing unit price (EUR)	1.1200	1.3279	(15.7%)
Closing unit price (SEK)	11.90	14.00	(15.0%)
Market capitalisation (EUR)[1]	127,286,979	151,232,586	(15.8%)

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

EUR '000	Q1-Q3 2020	Q1-Q3 2019	Change (%)
EPRA Earnings	8,874	7,872	12.7%
EPRA Earnings per unit (EUR)	0.08	0.09	(11.1%)
EPRA Cost ratio (%)	21.5%	23.3%	-

EUR '000	30.09.2020	31.12.2019	Change (%)
EPRA NRV[1]	148,957	162,514	(8.3%)
EPRA NRV per unit (EUR)[1]	1.3137	1.4333	(8.3%)
EPRA NTA[1]	148,957	162,514	(8.3%)
EPRA NTA per unit (EUR)[1]	1.3137	1.4333	(8.3%)
EPRA NDV[1]	139,380	151,940	(8.3%)
EPRA NDV per unit (EUR)[1]	1.2292	1.3400	(8.3%)
EPRA NAV[2]	148,957	162,514	(8.3%)
EPRA NAV per unit (EUR)[2]	1.3137	1.4333	(8.3%)
EPRA NNNAV[2]	147,702	160,380	(7.9%)
EPRA NNNAV per unit (EUR)[2]	1.3026	1.4144	(7.9%)

1. According to new EPRA BPR, three new EPRA NAV figures should be disclosed starting from the 2020 financial year.
2. EPRA NAV and EPRA NNNAV figures are disclosed to provide a comparison between the new NAV figures and the old NAV figures.

SIGNIFICANT EVENTS IN Q3 2020

Quarterly cash distribution

On 24 July 2020, the Fund distributed EUR 1.70 million to investors (EUR 0.015 per unit). This equals approx. 1.14% of the Fund's Q2 2020 weighted average net asset value. The pay-out also represents a 7.2% rolling distribution yield for the past 12 months based on the closing unit price of the last day of Q2 2020 on the Nasdaq Tallinn Stock Exchange.

COVID-19

At the beginning of 2020, a new coronavirus (COVID-19) started spreading all over the world, which has had an impact on businesses and economies, including in the Baltics. The virus outbreak has caused significant shifts in the Fund's operating environment, which will have a negative overall impact on the Fund's expected 2020 performance.

The virus situation still remains uncertain and thus the Fund management team at this point is not yet able to make the final assessment of the full financial consequences of the virus outbreak. It is evident that the operating results of Q2-Q3 2020 and property valuations were affected by the COVID-19 effects on the tenants' financial performance and the relief measures taken to deal with the pandemic. However, based on the currently available information, the Management Company believes that the COVID-19 pandemic should rather have a temporary effect on the Fund's results. Broad portfolio diversification should allow the Fund to limit the COVID-19 impact on the whole portfolio and maintain healthy consolidated operational performance.

In response to the COVID-19 outbreak, Northern Horizon Capital AS, the Management Company of the Fund, has taken assertive action to manage the risks arising from the pandemic and to protect the long-term value for the investors. The Management Company is focusing on optimizing operating costs and continuing active communication with the tenants to ensure long-term rent collection.

The Fund has opted to retain approx. EUR 2.2 million of distributable cash flow from the results for the first three quarters of 2020 to strengthen the Fund's financial position. Over the past three quarters, the Fund has increased its cash distribution reserve to EUR 3.0 million. The Management Company believes that it was in the best interest of the investors and the Fund to reduce its quarterly cash distribution during the initial outbreak of COVID-19 in order to protect and strengthen the Fund's financial position. The management team will continue to actively monitor the economic impact of the pandemic and reassess future distribution levels depending on the upcoming operating results.

Risk management

On 20 March and 27 March 2020, the Fund published a press release on the stock exchange and the Fund's website stating the Fund's position, action plan and measures taken to mitigate the risks during the virus outbreak.

The following measures are also in place to further mitigate the risks and protect the long-term interests of Baltic Horizon Fund and its investors:

- We actively communicate with our tenants and property managers who on a regular basis inform us of the measures they are taking to ensure their business continuity. We have agreed on regular updates on tenants' performance and any issues in relation to COVID-19;
- We have approached the developers and construction companies to inform us promptly of any interruptions in the supply chain of materials or any other potential delays in development projects. None have been reported thus far;
- There is a sufficient liquidity buffer in the form of the cash balance to meet financial obligations in case of worst case scenarios in 2020 including a second lockdown;
- We are continuously performing stress testing of debt covenants to be able to take any necessary measures in due time;
- The Management Company has initiated additional measures to protect the key staff of the Fund and ensure continuity: all employees are working remotely, all business travel is suspended, and the succession plan has been reviewed and updated.

Relief measures

The Fund has implemented a number of relief initiatives focused on alleviating the financial hardship of the most vulnerable group of tenants whose operations were most severely affected by the outbreak. The Fund has agreed to grant rent payment deferral for a period of 90 days and waive all penalties and interest arising from the rent deferral for the most affected tenants during April and May.

Baltic Horizon Fund has been in negotiations mainly with retail tenants regarding rent reductions and waivers during the lockdown and post-quarantine periods, which has had a negative impact on the Fund's performance in Q2-Q3 2020. As of 23 November 2020, the Fund management has decided on various discounts for the quarantine period based on discussions with retail and other tenants. The Fund assessed the impact of COVID-19 on each tenant's operating performance during the lockdown and granted discounts to the most affected tenants, while at the same time protecting the best interests of unitholders and other stakeholders. The Fund's management team reviewed each rent discount request individually in order to find suitable solutions for all parties.

Relief measures granted to tenants helped to improve collection rates and maintain trade receivables and operating cash inflows at healthy levels during Q2-Q3 2020..

ECONOMIC OVERVIEW

The spread of COVID 19 has had a major impact on the global economy and over the three quarters ofin 2020 Europe has witnessed sharp fluctuations in GDP movements. After a sharp decline of -11.8% in Q2, GDP in the euro area grew by 12.7% in Q3 (compared to the quarter before). Compared to the Q3 2019, the euro area GDP is still down by -4.3% .

The quarter-on-quarter fluctuations in the Baltic states have been one of the lowest in the EU, showing in Q2 a GDP drop in Q2 of 7.1% in Latvia and -5.9% in Lithuania and in Q3 the subsequent growth in Q3 of 6.6% in Latvia and 3.,7% in Lithuania. Respective GDP numbers for Estonia were 5.6% in Q2 and are expecteding a growth of approx. 4% in Q3. The tTourism, accommodation and catering sector, especially accommodation, food and travel services, were one ofamong the hardest-hit sectors hardest hit during the previous quarters.

The Estonian economy adapted very quickly to the changed environment when the COVID-19 crisis started whereas and the blow was softened quite effectively by the local economic and employment stimulus package. Imports decreased substantially however while exports decreased less than expected. The drop in Estonia's GDP in Estonia was mainly due to a decrease in private spending and lower investments but the recovery in Q3 was stronger than expected.

Latvian GDP growth in Q3 was also equally better than expected. GDP was supported by strong performance in retail trade. Better than expected results were recorded also in manufacturing and goods exports of goods, while exports of services exports have shown virtually no improvement since spring and the second wave is casting further shadow on its their quick recovery.

In Q3, the Lithuanian GDP in Q3 was supported by great performance in exports of goods of national origin and, better than expected results were recorded in retail trade as well. Once the lockdown restrictions were lifted, Lithuanians were eager to quickly get out and consume. Second The second wave of COVID-19 however is presenthas arrived, however, and is likely to have an impact on the economy again, albeit less than in Q2.

According to the latest ministries' forecasts by local ministries, the Estonian GDP is expected to decline by 4.6% in 2020 and then reverse to growth of 3.4% in 2021. In Latvia and Lithuania the respective GDP annual GDP estimates are –4.7% and -1% for 2020 followed by a recovery toof 4.6% and 3.8% growth for in 2021. The euro zone eEconomies are expected to decrease contract by -7.8% in 2020 and show an increase ofgrow by 4.2% in 2021.

The eEconomic performance will mostly be determined by the spread of the coronavirus, and the success of the preventative measures and the level of EU support packages. The labour market impact has thus far been lower than expected, largely due to the gGovernments' crisis supportive measures for employers and the overall economy, leaving the unemployment rate below 10% across the Baltics.

PROPERTY REPORT

Portfolio and market overview

The diversified property portfolio of Baltic Horizon Fund consists of 15 cash flow generating properties, and one property under development in the search of an anchor tenant, 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 had a successful Q1 2020 before COVID-19 started impacting the Baltic economies. Net rental income of the portfolio on a like-for-like basis decreased by 7.2% during the first nine months of the year compared to the same period last year. The office segment achieved growth during Q1-Q3 2020 with a 1.1% increase in net rental income. Occupancy drop on a year-over-year basis and rent reliefs led to like-for-like net rental income decrease of 17.4% and 15.9% in the retail and leisure segments, respectively.

Food stores and pharmacies were allowed to remain operational during the lockdown from March to May. Larger shopping centres were allowed to be open from the beginning of May, remaining closed for only about 6 weeks. During Q3, the sales figures for neighbourhood shopping centres recovered to pre-COVID levels whereas in centrally located centres the sales and footfall is still on average 20-30% lower mainly due to a lower number of tourists. Q3 2020 saw stronger recovery in footfall and tenant turnovers but due to the second wave of the virus and the associated restrictions, it is currently unknown whether the much expected Christmas sales will help retailers in the coming months as much as they are hoping. In terms of segments, the winners during this year have been home improvements stores, DIY, gardening and pet stores. The biggest negative impact has been recorded in high street fashion and restaurant businesses.

The vacancies in shopping centres stabilized in Q3 2020 at around 4-6% on average in Tallinn and Riga and around 1% in Vilnius. Higher vacancies are recorded in centrally located retail centres.

The COVID crisis has had virtually no impact on Baltic Horizon'soffice segment due to fixed lease agreements. The CC Plaza cinema building was also reopened in July, however with mask-wearing requirements.

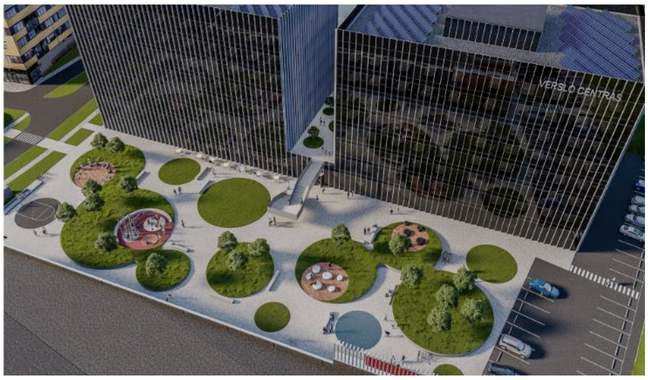
The Fund has implemented a number of relief initiatives focused on alleviating the financial hardship of the most vulnerable group of tenants, whose operations were most severely affected by the lockdowns. The Fund has agreed to grant rent payment deferral for a period of 90 days and waive all penalties and interest arising from the rent deferral for the most affected tenants. As a result, the payment discipline has improved noticeably and the level of overdue invoices returned closer to the pre-COVID industry standard levels during Q3 2020.

During the past quarters, in the office segment across the Baltics, many tenants adopted remote working practices where the nature of the job allowed it. Several tenants had employees work remotely already before the pandemic and looking ahead, especially SMEs intend to allow employees to work from home once the situation stabilizes on more flexible schedules (e.g. home Fridays). At the same time, it is also apparent from several interviews that employees are eager to return to the offices as social interaction and collaboration in physical meetings are still highly valued. The future of office work will very likely include an additional level of flexibility for tenants as they are continuously evaluating their future needs. Being able to expand or decrease their leased areas will become increasingly important and so will flexible working hours, rotating team working and being able to work partly from remote locations, if the nature of the job allows it.

In summary, it may be concluded that the COVID virus induced lockdown in the Baltics has impacted mainly Baltic Horizon's centrally located retail and entertainment centres. Retail assets located in the central business districts (Postimaja, Europa and Galerija Centrs) accounted for 27.9% of total portfolio NOI in Q3 2020. Overall, the portfolio has remained resilient to the crisis and the total negative effect on the portfolio NOI for the year 2020 is expected to remain around 10%.

Developments

Meraki



In 2018, the Fund completed the acquisition of 0.87 hectares of land next to the Domus Pro complex. The plots were acquired with the goal to further expand the Domus Pro complex. The building permit received in Q4 2019 allows to build approx. 15,800 sq. m. of leasable office space along with a parking house. The construction preparations were started in Q4 2019.

On 6 February 2020, the Group signed a construction contract for the Meraki development project in Vilnius, Lithuania. The total capital commitment in respect of construction costs contracted amounts to EUR 4.5 million for the current construction phase. The total construction commitment could increase to EUR 22.9 million once the Fund approves all construction phases.

At the end of Q3 2020, 22% of the net leasable area of one tower was pre-let to 3 local tenants and the management team is in negotiations to find additional anchor tenants for the property. The building is expected to be completed in Q4 2021. Meraki development costs amounted to EUR 5.0 million as of 30 September 2020, while the expected total development costs amount to EUR 26.5 million.

CC Plaza and Postimaja complex

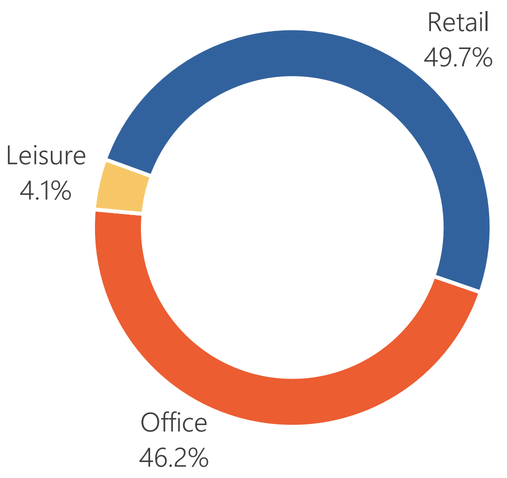
A final design and construction project was started in Q1 2020 for phase I of the CC Plaza and Postimaja expansion. A building permit to connect underground parking has been received from the City of Tallinn. Final concept details including tenant mix and a new name for the complex are being finalized. The final building permit is expected in December 2020 and the start of construction is planned for H2 2021.

Pirita SC

Pirita SC reconstruction project has been finalized and a building permit has been received for a small expansion. Tenant negotiations for the new premises are ongoing as the goal is to strengthen the tenant mix for Pirita SC to become an attractive local retail centre for its immediate catchment area. Securing new anchor tenants for the second floor is in process and the expected start of works is in H1 2021.

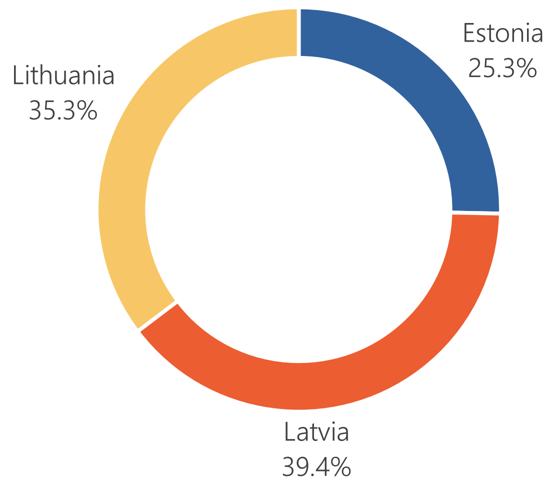
Property performance

Fund segment distribution as of 30 September 2020



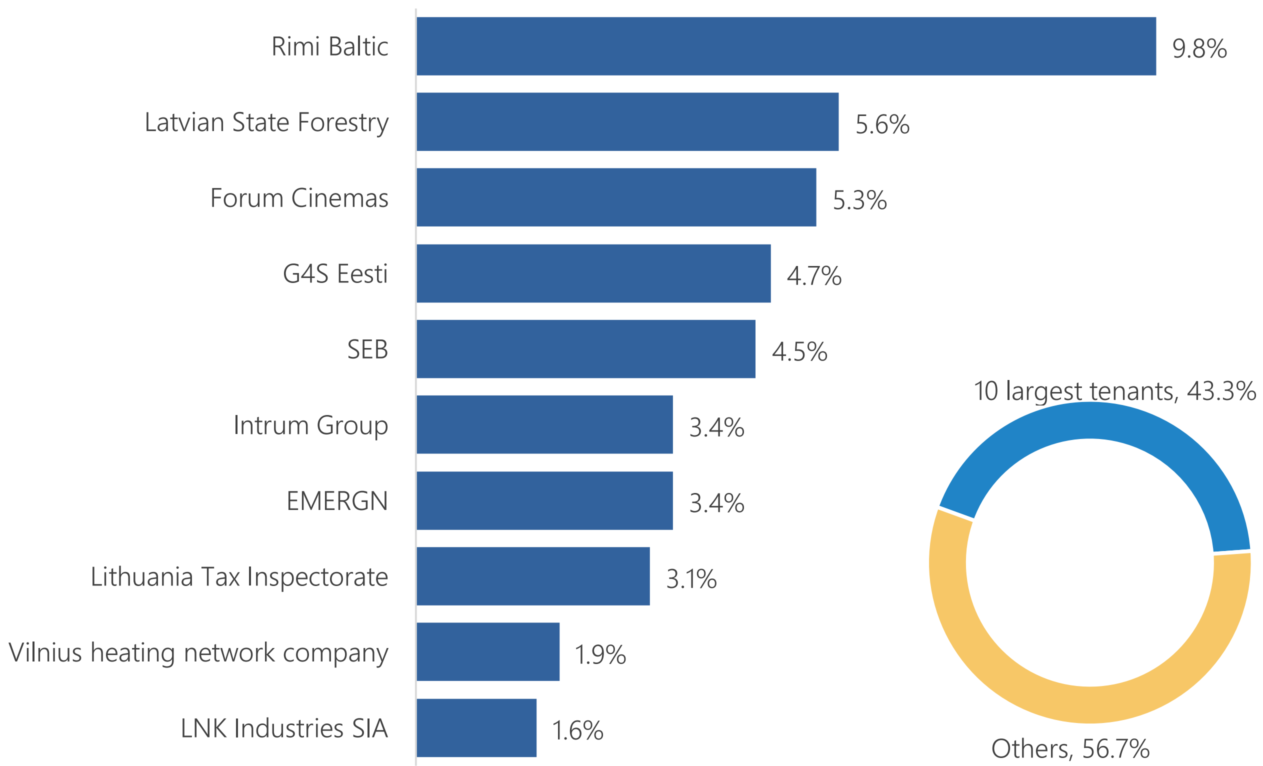
The Fund maintains a well-diversified mix of office, leisure, and retail buildings. At the end of Q3 2020, the portfolio was comprised of 49.7% retail assets, followed by 46.2% office assets and 4.1% leisure assets. Portfolio properties in the office segment contributed 55.1% of net rental income in Q3 2020 despite accounting for only 46.2% of the Fund's portfolio.

Fund country distribution as of 30 September 2020



In terms of country distribution, in Q3 2020 Lithuania's share in the Fund's portfolio increased due to ongoing Meraki development works and better investment property valuation results compared to Latvia and Estonia. At the end of Q3 2020, the Fund's assets were located as follows: 39.4% in Latvia, 35.3% in Lithuania and 25.3% in Estonia.

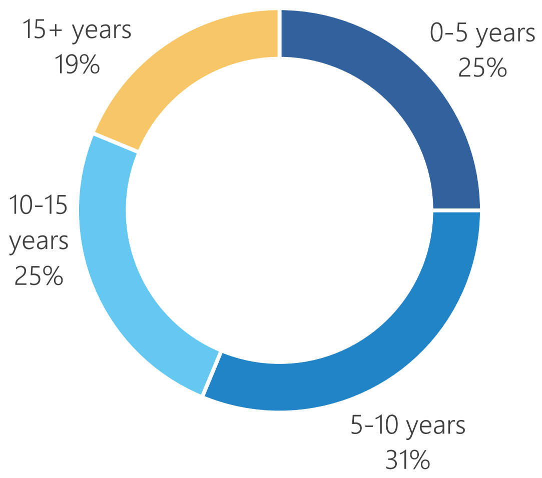
Rental concentration of the Fund's subsidiaries: 10 largest tenants as of 30 September 2020



The tenant base of the Fund is well diversified. The rental concentration of the Fund's subsidiaries (rental income from the 10 largest tenants) is shown in the picture above with the largest tenant Rimi Baltic accounting for 9.8% 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.

The graph on the right 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.

Fund portfolio by age as of 30 September 2020



Overview of the Fund's investment properties as of 30 September 2020

Property name	Sector	Fair value[1] (EUR '000)	NLA (sq. m.)	Direct property yield Q3 2020[2]	Net initial yield Q3 2020[3]	Occupancy rate for Q3 2020
Vilnius, Lithuania						
Duetto I	Office	16,250	8,587	7.7%	7.1%	100.0%
Duetto II	Office	18,665	8,674	7.3%	7.2%	100.0%
Europa SC	Retail	39,725	16,856	5.0%	4.7%	91.6%
Domus Pro Retail Park	Retail	16,170	11,247	7.0%	6.7%	96.6%
Domus Pro Office	Office	7,590	4,831	8.4%	7.1%	100.0%
North Star	Office	19,743	10,550	6.9%	7.2%	100.0%
Meraki Development		4,437	-	-	-	-
Total Vilnius		**122,580**	**60,745**	**6.5%**	**6.3%**	**97.0%**
Riga, Latvia						
Upmalas Biroji BC	Office	23,033	10,458	6.4%	6.7%	90.2%
Vainodes I	Office	20,843	8,052	6.9%	7.0%	100.0%
LNK Centre	Office	16,505	7,453	6.4%	6.6%	100.0%
Sky SC	Retail	4,962	3,254	8.5%	8.6%	98.6%
Galerija Centrs	Retail	71,370	20,022	3.8%	4.0%	84.9%
Total Riga		**136,713**	**49,239**	**5.2%**	**5.4%**	**91.7%**
Tallinn, Estonia						
Postimaja & CC Plaza complex	Retail	30,832	9,145	1.4%	1.6%	95.1%
Postimaja & CC Plaza complex	Leisure	14,250	8,664	8.0%	6.7%	100.0%
G4S Headquarters	Office	16,790	9,179	7.9%	7.3%	100.0%
Lincona	Office	16,470	10,871	7.5%	7.2%	91.6%
Pirita SC	Retail	9,577	5,508	4.7%	6.1%	81.5%
Total Tallinn		**87,919**	**43,367**	**4.9%**	**5.0%**	**94.5%**
Total portfolio		**347,212**	**153,351**	**5.5%**	**5.6%**	**94.6%**

1. Based on the latest valuation as at 30 June 2020, subsequent capital expenditure and recognised right-of-use assets.
2. Direct property yield (DPY) is calculated by dividing NOI by the acquisition value and subsequent capital expenditure of the property.
3. The net initial yield (NIY) is calculated by dividing NOI by the market value of the property.

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 2020, the average actual occupancy of the portfolio was 94.6% (Q2 2020: 96.4%). Taking into account Duetto I and Duetto II rental guarantees, the effective occupancy rate was 94.6% (Q2 2020: 96.4%). The occupancy rate as of 30 September 2020 was 94.7% (30 June 2020: 96.0%). The Fund's tenant base remains strong despite several tenants vacating premises in Q3 2020. Occupancy rates in the retail segment decreased further because of additional vacancies in Europa SC, Pirita SC and Galerija Centrs. The Fund signed a new rental agreement with F8 Outlet in Domus PRO Retail Park which increased the occupancy level of property to 100.0% at the end of Q3 2020. Occupancy rates in the office segment still remain strong albeit two tenants vacating premises in Upmalas Biroji and Lincona had a minor negative effect on the occupancy levels.

The average direct property yield during Q3 2020 was 5.5% (Q2 2020: 5.3%). The net initial yield for the whole portfolio for Q3 2020 was 5.6% (Q2 2020: 5.2%). Property yields increased compared to Q2 2020 albeit rent relief measures are still affecting the Fund's performance. Compared to pre-COVID-19 pandemic performance levels, the leisure and retail segments took the biggest hit mainly due to the COVID-19 incentives, while the office segment continued to perform well and remained largely unaffected. The average rental rate for the whole portfolio for Q3 2020 was EUR 11.8 per sq. m.

Breakdown of NOI development

Property	Date of acquisition	2016	2017	2018	2019	Q1-Q3 2019	Q1-Q3 2020
Galerija Centrs	13 June 2019	-	-	-	2,552	1,390	2,507
Postimaja & CC Plaza complex	8 March 2013[1]	972	985	2,447	2,495	1,870	1,479
Upmalas Biroji BC	30 August 2016	515	1,693	1,710	1,701	1,252	1,268
Europa SC	2 March 2015	2,360	2,365	2,332	2,467	1,889	1,219
Vainodes I	12 December 2017	-	75	1,463	1,462	1,097	1,096
North Star	11 October 2019	-	-	-	315	-	1,064
Duetto II	27 February 2019	-	-	-	1,090	767	1,014
Lincona	1 July 2011	1,202	1,172	1,192	1,276	963	935
G4S Headquarters	12 July 2016	546	1,149	1,189	1,127	827	917
Duetto I	22 March 2017	-	799	1,096	1,160	869	867
LNK Centre	15 August 2018	-	-	409	1,072	798	819
Domus Pro Retail	1 May 2014	1,103	1,185	1,160	1,132	866	800
Pirita SC	16 December 2016	30	900	900	438	308	507
Domus Pro Office	1 October 2017	-	35	499	562	421	394
Sky SC	7 December 2013	425	410	407	370	267	303
Total portfolio		**7,153**	**10,768**	**14,804**	**19,219**	**13,584**	**15,189**

1. The Fund completed the acquisition of Postimaja SC on 13 February 2018.

The Fund's portfolio produced EUR 15.2 million of net operating income (NOI) during the nine months of 2020 and EUR 4.8 million during Q3 2020 (Jan-Sep 2019: EUR 13.6 million; Q3 2019: EUR 5.4 million). Net rental income for the first three quarters of 2020 reflected a strong increase of 11.8% year on year as a result of a larger number of investment properties. 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 clear 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 2019 and 2020. 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.

Net rental income of the portfolio on a like-for-like basis decreased by 7.2% or EUR 823 thousand in Q1-Q3 2020, as compared to the same period last year. The decrease in net rental income from retail and leisure segments was mainly driven by an increase in provisions associated with overdue receivables from tenants and temporary discounts granted with the aim to provide support to tenants during the initial phases of the COVID-19 crisis. It is evident that the Fund's office segment properties have barely been affected by the COVID-19 pandemic. The office segment even showed a positive development with an increase of like-for-like net rental income of 1.1%. The Fund's portfolio diversification strategy proved that a well-balanced mix of retail, leisure and office segments can help optimize the risk of the portfolio and withstand the challenges arising from the COVID-19 pandemic.

EPRA like-for-like net rental income by segment

EUR '000	Fair value 30.09.2020	Net rental income Q1-Q3 2020	Net rental income Q1-Q3 2019	Change (EUR '000)	Change (%)
Like-for-like assets					
Retail	101,266	3,657	4,426	(769)	(17.4%)
Office	117,481	6,296	6,227	69	1.1%
Leisure	14,250	651	774	(123)	(15.9%)
Total like-for-like assets	**232,997**	**10,604**	**11,427**	**(823)**	**(7.2%)**
Acquired assets	109,778	4,585	2,157	2,428	112.6%
Development assets	4,437	-	-	-	-
Total portfolio assets	**347,212**	**15,189**	**13,584**	**1,605**	**11.8%**

Assets in Latvia saw a slight increase in Q1-Q3 2020 net rental income on a like-for-like basis, which was offset by the drop in the net rental income for Lithuanian and Estonian properties. The results of Lithuanian assets were significantly affected by the provisions made in relation to the overdue receivables and a sizeable amount of discounts granted to retail tenants in Domus PRO Retail and Europa SC during the temporary closure of shopping centres under lockdown restrictions in Lithuania. Temporary discounts to Forum Cinemas and other Postimaja and CC Plaza complex tenants negatively influenced Estonian market results during Q3 2020. Operating cost reductions across the portfolio helped to minimise the negative impact on the portfolio performance arising from the COVID-19 related rental income loss.

EPRA like-for-like net rental income by country

EUR '000	Fair value 30.09.2020	Net rental income Q1-Q3 2020	Net rental income Q1-Q3 2019	Change (EUR '000)	Change (%)
Like-for-like assets					
Estonia	87,919	3,838	3,968	(130)	(3.3%)
Latvia	65,343	3,486	3,414	72	2.1%
Lithuania	79,735	3,280	4,045	(765)	(18.9%)
Total like-for-like assets	**232,997**	**10,604**	**11,427**	**(823)**	**(7.2%)**
Acquired assets	109,778	4,585	2,157	2,428	112.6%
Development assets	4,437	-	-	-	-
Total portfolio assets	**347,212**	**15,189**	**13,584**	**1,605**	**11.8%**

Estonia

Portfolio properties based in Estonia started the year with significant growth in the net rental income and improvement in the key portfolio metrics, although rapid growth abruptly ended once the Fund started to grant COVID-19 relief measures to tenants starting from Q2 2020. Relief measures were granted after extensive discussions with mostly retail/leisure tenants in order to support them during the hardship, as well as to improve tenant rental payment discipline which was significantly affected by the lockdown in Estonia. Further COVID-19 impact on Estonian properties' results highly depends on the potential government's risk management measures concerning the second wave of the pandemic. Potential safety restrictions imposed by the government could have a direct impact on the Estonian portfolio's net rental income through lower amounts of tenant turnover rents.

Estonian properties like-for-like rental income dipped by 3.3%. During Q3 2020, the average direct property yield decreased to 4.9% (Q2 2020: 5.6%), while the average net initial yield reached 5.0% (Q2 2020: 5.5%). The decrease in yields and net rental income during Q3 2020 is mainly related to an occupancy drop in Lincona, Pirita SC and rent reliefs granted to tenants in the Postimaja and Coca Cola Plaza complex due to the spring lockdown. The average occupancy level for Q3 2020 was down to 94.5% (Q2 2020: 96.8%). At the end of Q3 2020, 2 out of the 5 properties in Estonia were fully leased to local and international tenants.

Latvia

All Latvian properties recognized a like-for-like growth in net rental income year over year resulting in a total increase of 2.1% for the Latvian market, which could be considered as a positive result under current market conditions. Like-for-like net rental income improved in 3 out of 4 Latvian properties – Upmalas Biroji, LNK Centre and SKY SC Meanwhile, Galerija Centrs underperformed during Q3 2020 compared to Q3 2019 due to significantly reduced turnover rents during the quarantine period, rent concessions and doubtful debt provisions resulting from weakened tenant payment discipline. The occupancy rate of Galerija Centrs decreased to 84.4% at 30 September 2020.

The average direct property yield of Latvian portfolio remained stable throughout Q3 2020 at 5.2% (Q2 2020: 5.2%), although yield is still remains lower compared to pre-COVID-19 levels. The average net initial yield rose to 5.4% during the quarter (Q2 2020: 5.3%). Latvian properties have development potential, which the Fund's management team aims to execute in the coming years in order to maximise the value of the properties. The average occupancy level for Q3 2020 fell to 91.7% (Q2 2020: 94.6%) mostly due to increased vacancies in Galerija Centrs and Upmalas Biroji. The Fund's management team is actively working to attract new tenants to Latvian properties and in Upmalas Biroji the vacancy is expected to be filled in Q4 2020.

Lithuania

Across all Baltic Horizon Fund markets, the properties in Lithuania showed the least promising results due to mandatory closure of all shopping centres for approx. 1.5 months during the quarantine period and post-quarantine effects on turnovers of retail shops. The closure of retail operations resulted in the financial distress of several tenants in Europa SC and required immediate action from the Fund. The management of the Fund decided to grant 30-50% discounts to tenants most affected by COVID-19 which together with government compensation helped the tenants to save at least 80% of rental expenses and overcome financial difficulties. Rent concessions, recognized doubtful debts and increased vacancies in Europa SC resulted in a like-for-like decline in rental income of 35.5% during the first three quarters of 2020.

During Q3 2020, the average direct property yield improved considerably to 6.5% (Q2 2020: 5.3%), while the average net initial yield was up to 6.3% (Q2 2020: 5.0%). The average occupancy level of Lithuanian properties dipped to 97.0% during Q3 2020 (Q2 2020: 97.5%). The effective vacancy rate of Duetto I and Duetto II was zero because Duetto I and Duetto II net rental is covered by a rental guarantee provided by YIT Lietuva for two years after each acquisition. Both assets were fully leased out at the end of Q3 2020 as the last tenants moved into the premises in Q3 2019 and Q4 2019.

FINANCIAL REPORT

Financial position and performance of the Fund

Net profit and net rental income

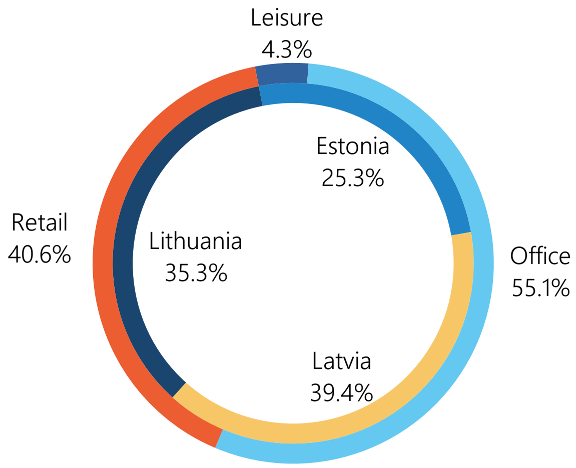
During the first three quarters of 2020, the Group recorded a net loss of EUR 6.9 million against a net profit of EUR 5.4 million for Q1-Q3 2019. The net result was significantly impacted by the one-off negative valuation result of EUR 15.8 million recognized in June 2020. The negative impact of valuation losses on investment properties was partially offset by an increase in net rental income, other operating income and a slight decrease in administrative expenses. Excluding the valuation impact on the net result, the net profit for Q1-Q3 2020 would have amounted to EUR 8.9 million (Q1-Q3 2019: EUR 7.8 million). In Q3 2020, the Fund earned a net profit of EUR 2.6 million, although negative COVID-19 related rent concessions impact on net rental income led to a lower net profit compared to previous year (Q3 2019: EUR 3.1 million). Earnings per unit for Q1-Q3 2020 were negative at EUR 0.06 (Q1-Q3 2019: positive EUR 0.06). Earnings per unit excluding valuation losses on the investment properties amounted to EUR 0.08 (Q1-Q3 2019: EUR 0.09).

In Q1-Q3 2020, the Group earned net rental income of EUR 15.2 million exceeding the previous year's net rental income for the same period by EUR 1.6 million or 11.8% (Q1-Q3 2019: 13.6 million). The increase was achieved through new acquisitions that were made following the capital raisings in 2019. The acquisition of Galerija Centrs and North Star had a significant effect on the Group's net rental income growth in Q1-Q3 2020 as compared to Q1-Q3 2019, albeit rental income growth in Q2-Q3 2020 was slower due to relief measures granted to tenants during the COVID-19 pandemic. The addition of Galerija Centrs added EUR 2.5 million to the net rental income during the first quarters of 2020, while North Star added EUR 1.1 million.

On an EPRA like-for-like basis, portfolio net rental income decreased by 7.2% year on year mainly due to weaker performance in retail and leisure segments. The decrease was partially offset by the strong performance of the office segment which remained largely unaffected by the lockdown in the Baltic States.

Portfolio properties in the office segment contributed 55.1% (Q1-Q3 2019: 51.5%) of net rental income in Q1-Q3 2020 followed by the retail segment with 40.6% (Q1-Q3 2019: 42.8%) and the leisure segment with 4.3% (Q1-Q3 2019: 5.7%).

Net rental income by segment and country (%)



Retail assets located in the central business districts (Postimaja, Europa and Galerija Centrs) accounted for 30.0% of total portfolio net rental income in the first quarters of 2020. Total net rental income attributable to neighbourhood shopping centres accounted for 10.6% in Q1-Q3 2020.

During the first three quarters of 2020, investment properties in Latvia and Lithuania contributed 39.4% (Q1-Q3 2019: 35.4%) and 35.3% (Q1-Q3 2019: 35.4%) of net rental income respectively, while investment properties in Estonia contributed 25.3% (Q1-Q3 2019: 29.2%).

Gross Asset Value (GAV)

At the end of September 2020, the GAV decreased to EUR 358.4 million (31 December 2019: EUR 371.7 million) which was a drop of 3.6% over the first three quarters of 2020. The decrease is mainly related to the negative property revaluation of EUR 15.8 million or 3.7% of the portfolio value at the end of 2019. Compared to the previous quarter, the Fund's GAV rose by EUR 1.7 million during Q3 2020. The Group made a capital investment (EUR 1.2 million) in the Meraki office building development project during Q3 2020. The Fund aims to continue the construction of the Meraki office building throughout 2020 and 2021. The Management Company will continue to actively monitor the economic impact of the pandemic and ensure sufficient liquidity levels during the construction period.

Key earnings figures

EUR '000	Q3 2020	Q3 2019	Change (%)
Net rental income	**4,799**	**5,412**	**(11.3%)**
Administrative expenses	(682)	(879)	(22.4%)
Other operating income	-	17	(100.0%)
Valuation losses on investment properties	(4)	-	-
Operating profit	**4,113**	**4,550**	**(9.6%)**
Net financing costs	(1,367)	(1,339)	2.1%
Profit before tax	**2,746**	**3,211**	**(14.5%)**
Income tax	(153)	(152)	0.7%
Net profit for the period	**2,593**	**3,059**	**(15.2%)**
Weighted average number of units outstanding (units)	113,387,525	100,461,178	12.9%
Earnings per unit (EUR)	**0.02**	**0.03**	**(33.3%)**

Key financial position figures

EUR '000	30.09.2020	31.12.2019	Change (%)
Investment properties in use	342,775	356,575	(3.9%)
Investment property under construction	4,437	2,367	87.5%
Gross asset value (GAV)	**358,409**	**371,734**	**(3.6%)**
Interest bearing loans and bonds	205,660	205,827	(0.1%)
Total liabilities	**219,544**	**219,216**	**0.1%**
Net asset value (NAV)	**138,865**	**152,518**	**(9.0%)**
Number of units outstanding (units)	113,387,525	113,387,525	-
IFRS Net asset value (IFRS NAV) per unit (EUR)	**1.2247**	**1.3451**	**(9.0%)**
EPRA Net reinvestment value (EPRA NRV) per unit (EUR)	**1.3137**	**1.4333**	**(8.3%)**
EPRA Net tangible assets (EPRA NTA) per unit (EUR)	**1.3137**	**1.4333**	**(8.3%)**
EPRA Net disposal value (EPRA NDV) per unit (EUR)	**1.2292**	**1.3400**	**(8.3%)**
EPRA Net asset value (EPRA NAV) per unit (EUR)	1.3137	1.4333	(8.3%)
Loan-to-Value ratio (%)	59.2%	57.3%	-
Average effective interest rate (%)	2.6%	2.6%	-

Investment properties

The Baltic Horizon Fund portfolio consists of 15 cash flow investment properties in the Baltic capitals and investment property under construction on the Meraki land plot. At the end of Q3 2020, the fair value of the Fund's portfolio was EUR 347.2 million (31 December 2019: EUR 358.9 million) and incorporated a total net leasable area of 153,351 sq. m. During Q3 2020, the Group invested EUR 0.5 million in the existing property portfolio and an additional EUR 1.2 million in the Meraki development project.

Interest bearing loans and bonds

Interest bearing loans and bonds (excluding lease liabilities) remained at a similar level of EUR 205.7 million compared to year-end 2019 figures (31 December 2019: EUR 205.8 million). Outstanding bank loans decreased slightly due to regular bank loan amortization. Annual loan amortization forms 0.2% of total debt outstanding.

Cash flow

Cash inflow from core operating activities for the first three quarters of 2020 amounted to EUR 11.9 million (Q1-

Q3 2019: cash inflow of EUR 11.0 million). Cash outflow from investing activities was EUR 2.5 million (Q1-Q3 2019: cash outflow of EUR 56.4 million) due to subsequent capital expenditure on existing portfolio properties and investments in the Meraki development project. Cash outflow from financing activities was EUR 10.9 million (Q1-Q3 2019: cash inflow of EUR 38.8 million). During the first nine months of 2020, the Fund made three cash distributions of EUR 6.6 million and paid regular interest on bank loans and bonds. At the end of Q3 2020, the Fund had a sufficient amount of cash (EUR 8.4 million) to cover its liquidity needs amid the COVID-19 pandemic.

Net Asset Value (NAV)

At the end of September 2020, the Fund net asset value (NAV) decreased to EUR 138.9 million (31 December 2019: EUR 152.5 million) as a result of negative portfolio revaluation which was impacted by the high market uncertainty surrounding the COVID-19 pandemic. Compared to the year-end 2019 NAV, the Fund's NAV decreased by 9.0%. Positive operational performance over the period was offset by EUR 6.6 million dividend distributions to the unitholders and a negative cash flow hedge reserve movement of EUR 0.2 million. Compared to the previous quarter, the Fund's NAV rose by EUR 0.9 million during Q3 2020 mostly due to positive operational performance of the portfolio. At 30 September 2020, NAV per unit stood at EUR 1.2247 (31 December 2019: EUR 1.3451), while NAV per unit based on EPRA standards was EUR 1.3137 (31 December 2019: EUR 1.4333).

FINANCING

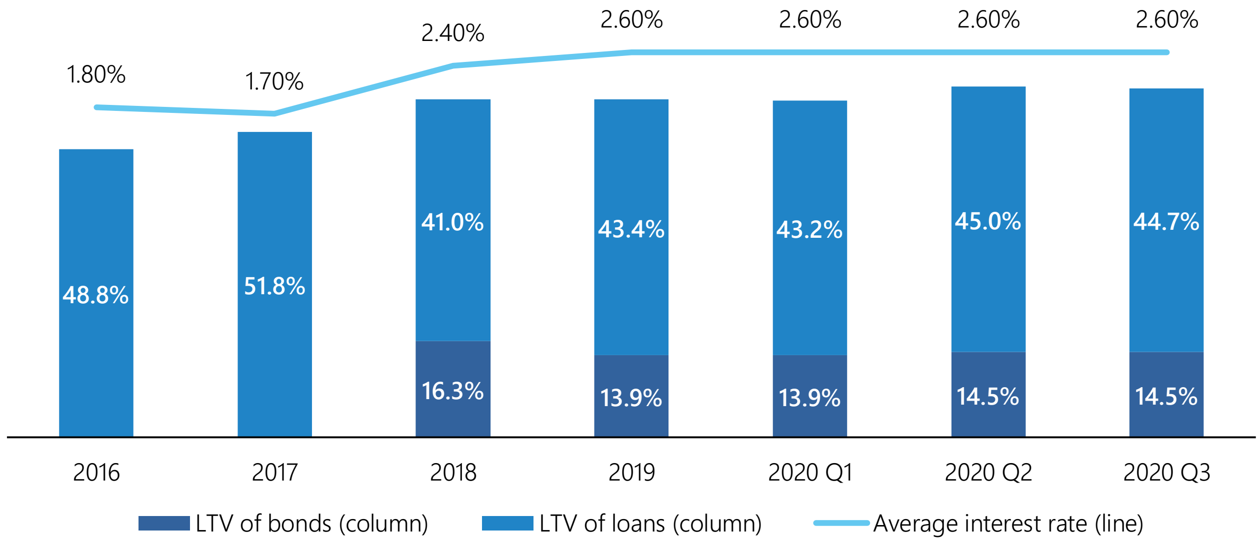
The Fund currently aims to use a 55% long-term leverage strategy. At no point in time may the Fund's leverage exceed 65%. The ability to borrow on attractive terms plays a major role in the investment strategy and cash distributions to unitholders.

On 27 July 2020, S&P Global Ratings affirmed Baltic Horizon Fund "MM3" mid-market rating and removed the Fund from CreditWatch with negative implications, where the Fund was placed on 7 May 2020. The indicative corresponding rating for "MM3" on the global rating scale is "BB+/ BB".

During Q3 2020, the regular bank loan amortisation remained low at 0.2% (EUR 97 thousand per quarter), while the average interest rate as of 30 September 2020 remained stable at 2.6% (31 December 2019: 2.6%). LTV ratio slightly decreased during the quarter and reached 59.2% as a result of additional capital investments into the portfolio. The management team is working on maintaining a low average interest rate and reducing LTV in the future.

Weighted debt financing average time to maturity was 2.4 years and weighted hedge average time to maturity was 2.4 years at the end of Q3 2020.

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 2020. Interest bearing debt was comprised of bank loans with a total carrying value of EUR 155.8 million and bonds with a carrying value of EUR 49.8 million. 100% of the debt instruments were denominated in euros.

The Fund's debt financing is diversified between 4 most reputable domestic and international banks in the Baltics and unsecured bonds. Bank loans have been obtained by subsidiaries that hold the Fund's properties and the properties have been pledged as loan collateral. The parent entity holds the 5-year unsecured bonds.

Loan arrangement costs are capitalised and amortised over the terms of the respective loans. At the end of Q3 2020, the unamortised balance of loan arrangement costs for all loans and bonds was EUR 425 thousand.

As of 30 September 2020, 83% of total debt had fixed interest rates while the remaining 17% 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%.

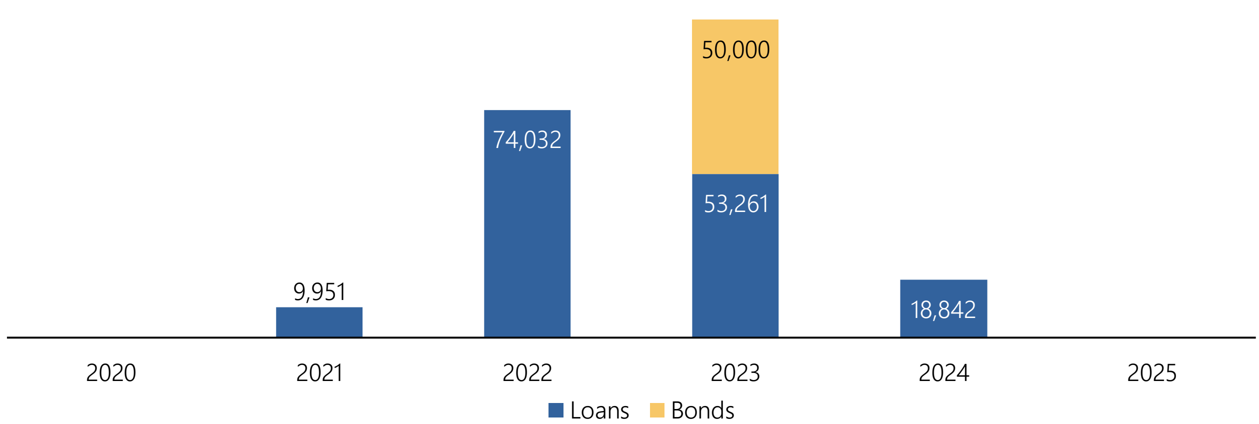
Financial debt structure of the Fund as of 30 September 2020

Property	Maturity	Currency	Carrying amount (EUR '000)	% of total	Fixed rate portion (%)
Galerija Centrs	26 May 2022	EUR	30,000	14.6%	100%
Europa SC	5 July 2022	EUR	20,900	10.1%	88%
CC Plaza and Postimaja	12 February 2023	EUR	17,200	8.3%	100%[1]
Duetto I and II	31 March 2023	EUR	15,376	7.5%	47%[2]
Upmalas Biroji BC	31 August 2023	EUR	11,750	5.7%	90%
Domus Pro	31 May 2022	EUR	11,000	5.3%	64%
Vainodes I	13 November 2024	EUR	9,842	4.8%	50%
LNK	27 September 2023	EUR	8,935	4.3%	65%
North Star	15 March 2024	EUR	9,000	4.4%	-%
G4S Headquarters	16 August 2021	EUR	7,750	3.8%	100%
Lincona	31 December 2022	EUR	7,188	3.5%	95%
Pirita SC	20 February 2022	EUR	4,944	2.4%	119%
Sky SC	1 August 2021	EUR	2,200	1.1%	-%
Total bank loans		**EUR**	**156,085**	**75.8%**	**78%**
Less capitalised loan arrangement fees[3]		EUR	(246)		
Total bank loans recognised in the statement of financial position		**EUR**	**155,839**		
5 year-unsecured bonds	8 May 2023	EUR	50,000	24.2%	100%
Less capitalised bond arrangement fees[3]		EUR	(179)		
Total debt recognised in the statement of financial position		**EUR**	**205,660**	**100.0%**	**83%**

1. CC Plaza and Postimaja loan has an interest rate cap at 3.5% for the variable interest rate part.
2. Duetto loan has an interest rate cap at 1% for the variable interest rate part.
3. Amortised each month over the term of a loan/bond.

The graph below shows that around 86% of total debt financing matures in 2022-2023. G4S Headquarters and SKY SC bank loans, which account for 4.8% of total debt, will be maturing in August 2021. The Management Company is looking at potential options to refinance these loans during 2021.

Financial debt term structure of the Fund as of 30 September 2020 (EUR '000)



Covenant reporting

As of 30 September 2020, the Fund was in compliance with all the covenants set under the bond issue terms and conditions dated 8 May 2018.

During Q3 2020, the Fund was in compliance with all special conditions and covenants set under the bank loan agreements.

In July 2020, the Fund applied for temporary reduction of the equity covenant in the terms and conditions of the Bonds in relation to Baltic Horizon Fund EUR 50 million 5-year unsecured bonds maturing in 2023 by way of written procedure announced on 6 July 2020. The bondholders adopted the decision by the way of written procedure to temporarily reduce the equity ratio bond covenant to 25% or greater (previously 35% or greater). The original equity ratio covenant of 35% or greater will be automatically reinstated as of 1 August 2021.

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.

Financial covenants for bonds

Covenant	Requirement	Ratio 31.12.2019	Ratio 31.03.2020	Ratio 30.06.2020	Ratio 30.09.2020
Equity Ratio	> 25.0[1] / 35.0%	42.6%	42.4%	40.0%	40.2%
Debt Service Coverage Ratio	> 1.20	3.32	3.35	3.30	3.16

1. On 28 July 2020, the bondholders adopted the decision by the way of written procedure to temporarily reduce the equity ratio bond covenant to 25% or greater, until 31 July 2021.

EPRA PERFORMANCE MEASURES

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 October 2019, EPRA published new best practices recommendations (BPR) for financial disclosures by listed real estate companies. New EPRA BPR introduced three new measures of net asset value: EPRA net tangible assets (NTA), EPRA net reinvestment value (NRV) and EPRA net disposal value (NDV). Three new measures of net asset value will replace the old net asset value indicators: EPRA NAV and EPRA NNNAV.

New best practices recommendations are effective for accounting periods starting on 1 January 2020 and have been adopted by the Group to present the financial figures for the 9-month period ended 30 September 2020.

The Fund will provide a bridge between the previous EPRA NAV metrics, as calculated in line with the EPRA November 2016 BPR, and the three new net asset value indicators in 2020 reporting for both the current and comparative accounting periods. A reconciliation between the new EPRA NAV indicators and old EPRA NAV indicators are presented below.

Baltic Horizon Fund received two prestigious accolades at the European Public Real Estate Association (EPRA) virtual annual conference 2020. 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. Baltic Horizon was also awarded a "Most Improved Annual Report Award" for the outstanding improvement in reporting quality and compliance with the Association's BPR. EPRA assessed the financial statements of 168 European listed real estate as part of its annual award process.

Key performance indicators – definition and use

EPRA Indicators		EPRA definition	EPRA purpose
1.	**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.
2.	**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.
3.	**EPRA NTA**	Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	
4.	**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.	
5.	**EPRA NAV**	Net Asset Value adjusted to include properties and other investments at fair	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant

EPRA Indicators		EPRA definition	EPRA purpose
		value and to exclude certain items not expected to crystallise in a long-term investment property business model.	information on the fair value of the assets and liabilities within a true real estate company with a long-term investment strategy.
6.	EPRA NNNAV	EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.	Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all the assets and liabilities within a real estate company.
7.	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.
8.	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).	
9.	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.
10.	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 NAV

	30.09.2020				
EUR '000	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV	EPRA NNNAV
IFRS NAV	**138,865**	**138,865**	**138,865**	**138,865**	**138,865**
Exclude:					
V. Deferred tax liability on investment properties	8,322	8,322	-	8,322	8,322
V. Deferred tax on fair value of financial instruments	(112)	(112)	-	(112)	(112)
VI. Fair value of financial instruments	1,882	1,882	-	1,882	1,882
Include:					
IX. Revaluation at fair value of fixed-rate loans	-	-	515	-	515
XII. Fair value of financial instruments	-	-	-	-	(1,882)
XII. Deferred tax on fair value of financial instruments	-	-	-	-	112
NAV	**148,957**	**148,957**	**139,380**	**148,957**	**147,702**
Fully diluted number of units	113,387,525	113,387,525	113,387,525	113,387,525	113,387,525
NAV per unit (EUR)	**1.3137**	**1.3137**	**1.2292**	**1.3137**	**1.3026**

EPRA NAV

	31.12.2019				
EUR '000	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV	EPRA NNNAV
IFRS NAV	**152,518**	**152,518**	**152,518**	**152,518**	**152,518**
Exclude:					
V. Deferred tax liability on investment properties	8,440	8,440	-	8,440	8,440
V. Deferred tax on fair value of financial instruments	(99)	(99)	-	(99)	(99)
VI. Fair value of financial instruments	1,655	1,655	-	1,655	1,655
Include:					
IX. Revaluation at fair value of fixed-rate loans	-	-	(578)	-	(578)
XII. Fair value of financial instruments	-	-	-	-	(1,655)
XII. Deferred tax on fair value of financial instruments	-	-	-	-	99
NAV	**162,514**	**162,514**	**151,940**	**162,514**	**160,380**
Fully diluted number of units	113,387,525	113,387,525	113,387,525	113,387,525	113,387,525
NAV per unit (EUR)	**1.4333**	**1.4333**	**1.3400**	**1.4333**	**1.4144**

EPRA Earnings

EUR '000	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019
Net result IFRS	**2,593**	**3,059**	**(6,863)**	**5,376**
Exclude:				
I. Changes in fair value of investment properties	4	-	15,757	2,439
VIII. Deferred tax in respect of EPRA adjustments	153	151	(20)	57
EPRA Earnings	**2,750**	**3,210**	**8,874**	**7,872**
Weighted number of units during the period	113,387,525	100,461,178	113,387,525	91,360,754
EPRA Earnings per unit	**0.02**	**0.03**	**0.08**	**0.09**

EPRA Cost ratio

EUR '000	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019
Property expenses not recharged to tenants	468	370	1,360	995
Administrative expenses	682	879	2,205	2,405
EPRA costs (including direct vacancy costs)	**1,150**	**1,249**	**3,565**	**3,400**
Rental income	5,267	5,782	16,549	14,579
Gross rental income	**5,267**	**5,782**	**16,549**	**14,579**
EPRA Cost ratio (including direct vacancy costs)	**21.8%**	**21.6%**	**21.5%**	**23.3%**

INVESTOR RELATIONS

Baltic Horizon Fund units are currently dual-listed on the Fund List of the Nasdaq Tallinn Stock Exchange and the Nasdaq Stockholm Alternative Investment Funds market. Trading with Baltic Horizon units on the Nasdaq Tallinn Stock Exchange began on 6 July 2016. The first trading day on Nasdaq Stockholm was on 23 December 2016.

As at 30 September 2020, the market capitalisation for Baltic Horizon Fund was approx. EUR 127.3 million (31 December 2019: EUR 151.2 million) based on the closing unit market prices on the Nasdaq Tallinn Stock Exchange and the Nasdaq Stockholm Alternative Investment Funds market. During Q3 2020, Baltic Horizon Fund units on the Nasdaq Tallinn Stock Exchange were trading at a discount compared to the net asset value per unit. The COVID-19 outbreak had a negative impact on the capital and real estate markets all around the world including the Baltics. Despite the heavy initial downtrend in the unit price at the beginning of the COVID-19 outbreak, Baltic Horizon Fund units regained investors' confidence at the end of Q2 2020 and remained relatively stable throughout Q3 2020. At the end of the Q3 2020, unit price on the Nasdaq Tallinn Stock Exchange (EUR 1.12 per unit) increased significantly from the lowest unit trading price this year (EUR 0.95 per unit) which was reached at the end of March 2020.

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 and graphs

	30.09.2020	31.12.2019
Number of units issued (units)	113,387,525	113,387,525
Nasdaq Tallinn:		
Highest unit price (EUR)	1.4000	1.4195
Lowest unit price (EUR)	0.9500	1.3000
Closing unit price (EUR)	1.1200	1.3279
Nasdaq Stockholm:		
Highest unit price (SEK)	14.70	15.60
Lowest unit price (SEK)	10.25	13.21
Closing unit price (SEK)	11.90	14.00
Market capitalisation[1] (EUR)	127,286,979	151,232,586
IFRS NAV per unit (EUR)	1.2247	1.3451
Unit price premium (discount) from IFRS NAV per unit[2] (%)	(8.5%)	(1.3%)
EPRA NAV per unit (EUR)	1.3137	1.4333
Unit price premium (discount) from EPRA NAV per unit[3] (%)	(14.7%)	(7.4%)

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 at the end of the period and the IFRS NAV per unit.
3. Based on the closing price on the Nasdaq Tallinn Stock Exchange at the end of the period and the EPRA NAV per unit.

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 a 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 a discretion to distribute lower dividends than 80% of generated net cash flow (GNCF) if the liquidity of the Fund is endangered.

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
(+) Added back listing related expenses	
(+) Added back acquisition related expenses	Include the expenses for acquisitions that did not occur
Generated net cash flow (GNCF)	

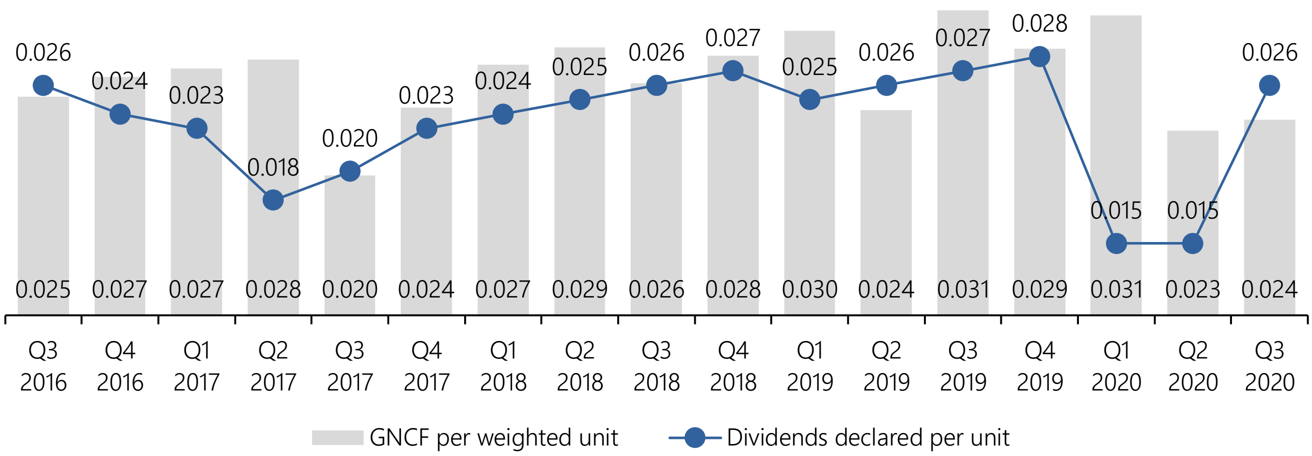
Distributions to unitholders for Fund results

On 24 July 2020, the Fund declared a cash distribution of EUR 1,701 thousand (EUR 0.015 per unit) to the Fund unitholders for Q2 2020 results. This represents a 1.14% return on the weighted average Q2 2020 net asset value to its unitholders.

On 20 October 2020, the Fund declared a cash distribution of EUR 3,111 thousand (EUR 0.026 per unit) to the Fund unitholders for Q3 2020 results. This represents a 2.25% return on the weighted average Q3 2020 net asset value to its unitholders.

With reduced payouts over 2020 in the light of prevailing market uncertainty, the Fund has opted to retain EUR 3.0 million of distributable cash flow. The Management Company of the Fund will continue to actively monitor the economic impact of the pandemic and reassess future distribution levels depending on the upcoming operating results.

Dividend per unit (EUR)



The management of the Fund remains committed to target a 7-9% yield of annual dividends 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 a summary of historical calculations.

Dividend capacity calculation

EUR '000	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
(+) Net rental income	5,412	5,635	5,772	4,618	4,799
(-) Fund administrative expenses	(879)	(846)	(889)	(634)	(682)
(-) External interest expenses	(1,295)	(1,346)	(1,331)	(1,327)	(1,327)
(-) CAPEX expenditure[1]	(178)	(225)	(95)	(97)	(230)
(+) Added back listing related expenses	60	-	39	29	114
(+) Added back acquisition related expenses	16	-	-	-	-
Generated net cash flow (GNCF)	**3,136**	**3,218**	**3,496**	**2,589**	**2,674**
GNCF per weighted unit (EUR)	**0.031**	**0.029**	**0.031**	**0.023**	**0.024**
12-months rolling GNCF yield[2] (%)	**8.4%**	**8.6%**	**11.5%**	**9.6%**	**9.4%**
Dividends declared for the period	**3,061**	**3,175**	**1,701**	**1,701**	**3,111**
Dividends declared per unit[3] (EUR)	**0.027**	**0.028**	**0.015**	**0.015**	**0.026**
12-months rolling dividend yield[2] (%)	**7.8%**	**8.0%**	**9.6%**	**7.2%**	**7.5%**

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. 12-month rolling GNCF and dividend yields are based on the closing market price of the unit as at the end of the quarter (Q3 2020: closing market price of the unit as of 30 September 2020).
3. 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.

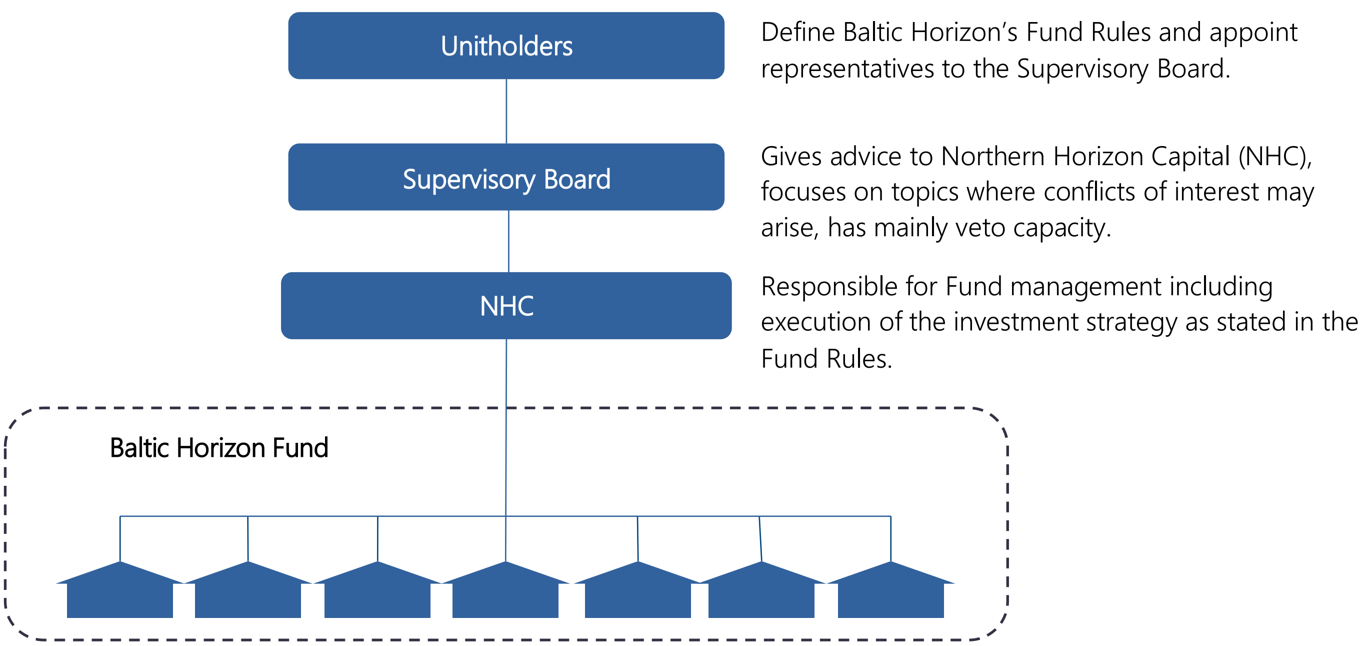
The Fund is managed by the Management Company, which is Northern Horizon Capital AS. The immediate team comprises of the Management Board, which is headed by the Fund Manager, and the Supervisory Board of the Management Company. The Fund also has its own Supervisory Board, which comprises of 4 independent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

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. 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 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

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 6.5% and 7.5% in the office and retail segments, with prime office yields at approx. 6%.

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 taking 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 while at the same time and 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.

Environmental Impact

Baltic Horizon maintains that all its employees are committed to environmental responsibility at all times. We are firmly of the belief that making the right environmental decision leads to better investment outcomes and increased wellbeing of our stakeholders and society at large. As such, It is our aim to ensure that we can continuously improve the environmental impact of our business.

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 recognized by monitoring present compliance and actively managing the risks of future proposed ESG regulation.

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 on transparency by ensuring strong performance together positive ESG impacts.

Tenants: tenant retention and commitment to our assets is a core focus of our asset management efforts. We aim to be a considerate asset owner that reacts to the needs and suggestions of our tenants.

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 in 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.

We hold ourselves accountable to the highest standards of professionalism and ethics. Northern Horizon Capital 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.

OUTLOOK FOR 2020

The spread of COVID-19 is having a major impact on global economies and many countries are heading for a recession. A lockdown of the Baltic societies during the period from March to May has led to an economic downturn but less than recorded in most other EU countries. The partial recovery of the economies in Q3 is again being hampered by the second wave restrictions, albeit those being not as severe as during the first wave in March. The road to full recovery is expected only in 2021 when successful vaccines are starting to be distributed widely, especially to the risk groups of the population, which will then allow again free movement of people.

For the Baltic States, the GDP drop for 2020 is expected to be between 4-4.5% with a similar level rebound estimated for 2021. However, unemployment is expected to increase from historic lows of 4-6% to 8-9% and start recovering in 2021. Wage growth is expected to slow considerably as most companies cut back on bonuses, the use of overtime work declines, and some companies reduce wages. CPI is expected to ease to 1% across the Baltics, mainly due to a drop in demand and the low global oil price but then to pick up in 2021. Both governments and central banks have so far announced enormous support packages to combat the economic effect of the pandemic. Package sizes by the Baltic governments amount to 5-6% of annual GDP and are funded either by reserves or cheap government debt.

The diversified property portfolio of Baltic Horizon Fund consists of 15 cash flow generating properties, and one property under development and in the search of an anchor tenant, 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
In summary, it may be concluded that the COVID virus induced lockdown in the Baltics has impacted mainly Baltic Horizon's centrally located retail and entertainment centres. Retail assets located in the central business districts (Postimaja, Europa and Galerija Centrs) accounted for 30% of total portfolio NOI in Q1-Q3 2020. Overall, the portfolio has remained resilient to the crisis and the total negative effect on the portfolio NOI for the year of 2020 is expected to remain around 10%.

It is quite certain that international tourism will recover slowly over the next 1-2 years. Therefore, bringing our CBD shopping centres back to full performance will take a similar amount of time. Although the Covid-19 fallout will reduce activity this year, the economy is forecasted to rebound back to growth next year as domestic and external demand gradually strengthen. An improving labour market is poised to support incomes and thus private consumption, while reduced uncertainty will support investment. The economic performance in the coming years will mostly be determined by the spread of the coronavirus and the success of the preventative measures including vaccines and the level of EU support packages.

All in all, in 2020 and 2021 the Fund management team continues to focus on filling up the increased vacancies, mainly in CBD shopping centres, and on creating added value in the already owned investment properties. In addition to the CC Plaza and Postimaja expansion and the reconstruction of Pirita SC, this also includes preparing for the expansion of the Upmalas Biroji complex, Europa SC, Vainodes I, and G4S properties and further construction of Meraki.

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 2020, 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	01.07.2020-30.09.2020	01.07.2019-30.09.2019	01.01.2020-30.09.2020	01.01.2019-30.09.2019
Rental income		5,267	5,782	16,549	14,579
Service charge income	5	1,245	1,476	3,749	3,128
Cost of rental activities	5	(1,713)	(1,846)	(5,109)	(4,123)
Net rental income	4	**4,799**	**5,412**	**15,189**	**13,584**
Administrative expenses	6	(682)	(879)	(2,205)	(2,405)
Other operating income		-	17	186	23
Valuation losses on investment properties	10	(4)	-	(15,757)	(2,439)
Operating profit (loss)		**4,113**	**4,550**	**(2,587)**	**8,763**
Financial income		1	1	3	4
Financial expenses	7	(1,368)	(1,340)	(4,118)	(3,316)
Net financing costs		**(1,367)**	**(1,339)**	**(4,115)**	**(3,312)**
Profit (loss) before tax		**2,746**	**3,211**	**(6,702)**	**5,451**
Income tax charge	4, 9	(153)	(152)	(161)	(75)
Profit (loss) for the period	4	**2,593**	**3,059**	**(6,863)**	**5,376**
Other comprehensive income that is or may be reclassified to profit or loss in subsequent periods					
Net losses on cash flow hedges	15b	(3)	(305)	(227)	(1,397)
Income tax relating to net gains on cash flow hedges	15b, 9	(2)	17	13	92
Other comprehensive expense, net of tax, that is or may be reclassified to profit or loss in subsequent periods		**(5)**	**(288)**	**(214)**	**(1,305)**
Total comprehensive income (expense) for the period, net of tax		**2,588**	**2,771**	**(7,077)**	**4,071**
Basic and diluted earnings per unit (EUR)	8	**0.02**	**0.03**	**(0.06)**	**0.06**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR '000	Notes	30.09.2020	31.12.2019
Non-current assets			
Investment properties	4, 10	342,775	356,575
Investment property under construction	4, 11	4,437	2,367
Derivative financial instruments	21	-	73
Other non-current assets		54	54
Total non-current assets		**347,266**	**359,069**
Current assets			
Trade and other receivables	12	1,849	1,794
Prepayments		496	301
Other current assets	13	411	734
Cash and cash equivalents	14	8,387	9,836
Total current assets		**11,143**	**12,665**
Total assets	4	**358,409**	**371,734**
Equity			
Paid in capital	15a	138,064	138,064
Cash flow hedge reserve	15b	(1,770)	(1,556)
Retained earnings		2,571	16,010
Total equity		**138,865**	**152,518**
Non-current liabilities			
Interest bearing loans and borrowings	16	195,705	205,718
Deferred tax liabilities		6,166	6,199
Derivative financial instruments	21	1,847	1,728
Other non-current liabilities		1,162	1,298
Total non-current liabilities		**204,880**	**214,943**
Current liabilities			
Interest bearing loans and borrowings	16	10,247	414
Trade and other payables	17	3,729	3,171
Income tax payable		-	8
Derivative financial instruments		35	-
Other current liabilities		653	680
Total current liabilities		**14,664**	**4,273**
Total liabilities	4	**219,544**	**219,216**
Total equity and liabilities		**358,409**	**371,734**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR '000	Notes	Paid in capital	Own units	Cash flow hedge reserve	Retained earnings	Total equity
As at 1 January 2019		**93,673**	**(335)**	**(1,005)**	**17,472**	**109,805**
Comprehensive income						
Net profit for the period		-	-	-	5,376	**5,376**
Other comprehensive expense		-	-	(1,305)	-	**(1,305)**
Total comprehensive income		**-**	**-**	**(1,305)**	**5,376**	**4,071**
Transactions with unitholders						
Paid in capital – units issued		28,545	-	-	-	**28,545**
Cancellation of own units		(335)	335	-	-	**-**
Profit distribution to unitholders	15c	-	-	-	(7,192)	**(7,192)**
Total transactions with unitholders		**28,210**	**335**	**-**	**(7,192)**	**21,353**
As at 30 September 2019		**121,883**	**-**	**(2,310)**	**15,656**	**135,229**
As at 1 January 2020		**138,064**	**-**	**(1,556)**	**16,010**	**152,518**
Comprehensive income						
Net loss for the period		-	-	-	(6,863)	**(6,863)**
Other comprehensive expense	15b	-	-	(214)	-	**(214)**
Total comprehensive expense		**-**	**-**	**(214)**	**(6,863)**	**(7,077)**
Transactions with unitholders						
Profit distribution to unitholders	15c	-	-	-	(6,576)	(6,576)
Total transactions with unitholders		**-**	**-**	**-**	**(6,576)**	**(6,576)**
As at 30 September 2020		**138,064**	**-**	**(1,770)**	**2,571**	**138,865**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR '000	Notes	01.01.2020-30.09.2020	01.01.2019-30.09.2019
Cash flows from core activities			
(Loss) profit before tax		**(6,702)**	**5,451**
Adjustments for non-cash items:			
Value adjustment of investment properties	10	15,757	2,439
Change in impairment losses for trade receivables		195	44
Financial income		(3)	(4)
Financial expenses	7	4,118	3,316
Unrealised exchange differences		(1)	-
Working capital adjustments:			
Change in trade and other accounts receivable		(250)	734
Change in other current assets		(385)	(561)
Change in other non-current liabilities		(136)	27
Change in trade and other accounts payable		83	56
Change in other current liabilities		(589)	(507)
Income tax paid		(190)	(6)
Total cash flows from core activities		**11,897**	**10,989**
Cash flows from investing activities			
Interest received		2	4
Acquisition of subsidiaries, net of cash acquired		-	(38,161)
Acquisition of investment property	10	(90)	(17,841)
Investment property development expenditure	11	(1,484)	-
Capital expenditure on investment properties	10	(878)	(426)
Total cash flows from investing activities		**(2,450)**	**(56,424)**
Cash flows from financing activities			
Proceeds from issue of bonds		-	10,000
Proceeds from bank loans		-	48,409
Repayment of bank loans		(300)	(37,708)
Proceeds from issue of units		-	28,545
Profit distribution to unitholders	15c	(6,576)	(7,192)
Transaction costs related to loans and borrowings		-	(175)
Repayment of lease liabilities		(13)	-
Interest paid		(4,007)	(3,124)
Total cash flows from financing activities		**(10,896)**	**38,755**
Net change in cash and cash equivalents		**(1,449)**	**(6,680)**
Cash and cash equivalents at the beginning of the year		**9,836**	**12,225**
Cash and cash equivalents at the end of the period		**8,387**	**5,545**

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 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 currently dual-listed on the NASDAQ Stockholm and the NASDAQ Tallinn Stock Exchanges.

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 the 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	30.09.2020	31.12.2019
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%
Tampere Invest 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 at and for the year ended 31 December 2019. 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.

These interim condensed consolidated financial statements were authorised for issue by the Management Company's Board of Directors on 30 November 2020.

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 2020 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 accounting 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 2019.

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 2019.

Measurement of fair values

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), G4S Headquarters (Estonia), Upmalas Biroji (Latvia), Duetto I (Lithuania), Duetto II (Lithuania), Domus Pro Business Centre (Lithuania), Vainodes I (Latvia), LNK Centre (Latvia), 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 or 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 2020

EUR '000	Retail	Office	Leisure	Total segments
01.07.2020-30.09.2020:				
External revenue[1]	3,114	3,152	246	6,512
Segment net rental income	**1,815**	**2,746**	**238**	**4,799**
Net losses from fair value adjustment	(1)	(3)	-	(4)
Interest expenses[2]	(406)	(372)	(16)	(794)
Income tax expenses	(65)	(88)	-	(153)
Segment net profit	**1,299**	**2,226**	**215**	**3,740**
01.01.2020-30.09.2020:				
External revenue[1]	10,047	9,576	675	20,298
Segment net rental income	**6,164**	**8,374**	**651**	**15,189**
Net losses from fair value adjustment	(9,499)	(5,358)	(900)	(15,757)
Interest expenses[2]	(1,241)	(1,107)	(49)	(2,397)
Income tax expenses	87	(248)	-	(161)
Segment net profit (loss)	**(4,677)**	**1,647**	**(309)**	**(3,339)**

EUR '000	Retail	Office	Leisure	Total segments
As at 30.09.2020:				
Segment assets	**177,586**	**165,293**	**14,632**	**357,511**
Investment properties[3]	172,636	155,889	14,250	342,775
Investment property under construction[3]	-	4,437	-	4,437
Segment liabilities	**85,546**	**77,703**	**5,506**	**168,755**

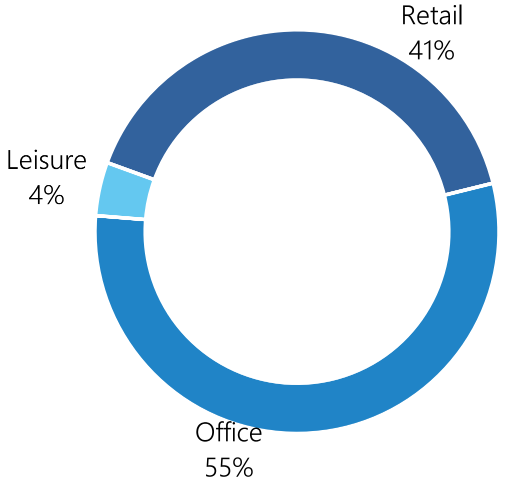
1. External revenue includes rental income and service charge income. The segments do not have inter-segment revenue.
2. Interest expenses include only external bank loan interest expenses and interest expenses on lease liabilities.
3. Additions to non-current assets consist of subsequent expenditure on investment property (EUR 1,392 thousand), acquisition of land (EUR 90 thousand) and additions to investment property under construction (EUR 2,545 thousand). Please refer to notes 10 and 11 for more information.

Operating segments – 30 September 2019

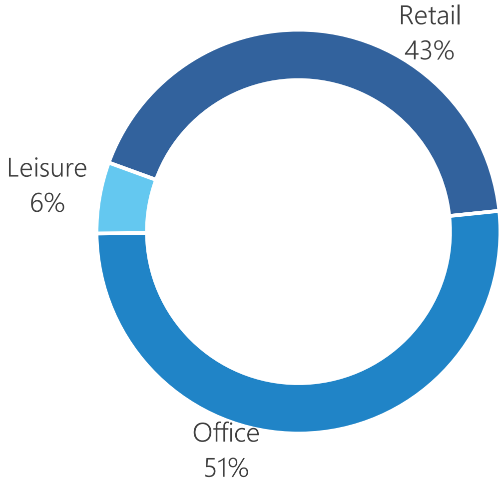
EUR '000	Retail	Office	Leisure	Total segments
01.07.2019-30.09.2019:				
External revenue[1]	4,084	2,899	275	7,258
Segment net rental income	**2,727**	**2,418**	**267**	**5,412**
Net gains (losses) from fair value adjustment	-	-	-	-
Interest expenses[2]	(420)	(315)	(17)	(752)
Income tax expenses	(96)	(56)	-	(152)
Segment net profit	**2,144**	**2,002**	**248**	**4,394**
01.01.2019-30.09.2019:				
External revenue[1]	8,704	8,204	799	17,707
Segment net rental income	**5,814**	**6,996**	**774**	**13,584**
Net gains (losses) from fair value adjustment	(1,497)	(1,452)	510	(2,439)
Interest expenses[2]	(912)	(816)	(49)	(1,777)
Income tax expenses	(46)	(29)	-	(75)
Segment net profit	**3,194**	**4,501**	**1,229**	**8,924**
As at 31.12.2019:				
Segment assets	**186,377**	**168,352**	**15,710**	**370,439**
Investment properties[3]	180,740	160,685	15,150	356,575
Investment property under construction[3]	-	2,367	-	2,367
Segment liabilities	**85,563**	**76,907**	**5,534**	**168,004**

1. External revenue includes rental income and service charge income. The segments do not have inter-segment revenue.
2. Interest expenses include only external bank loan interest expenses and interest expenses on lease liabilities.
3. Additions to non-current assets consist of acquisition of investment property (EUR 114,133 thousand), subsequent expenditure on investment property (EUR 651 thousand), additions to right-of-use assets (EUR 321 thousand) and additions to investment property under construction (EUR 746 thousand). Please refer to notes 10 and 11 for more information.

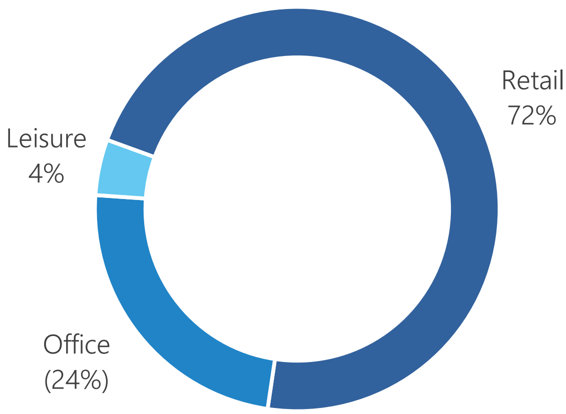
Segment net rental income for Q1-Q3 2020



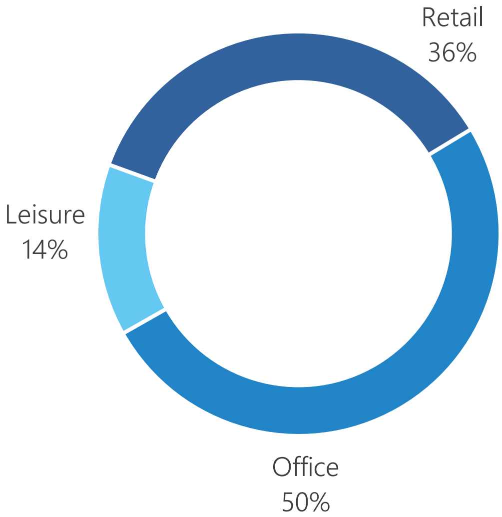
Segment net rental income for Q1-Q3 2019



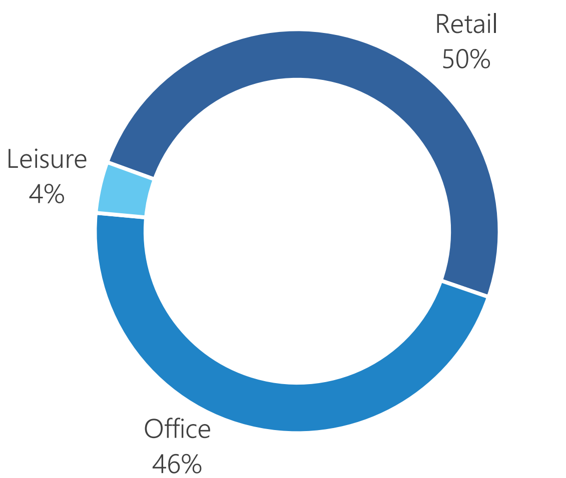
Segment net loss for Q1-Q3 2020



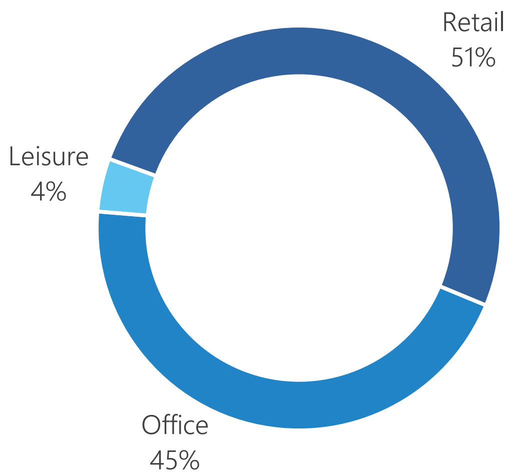
Segment net profit for Q1-Q3 2019



Investment properties as at 30 September 2020*



Investment properties as at 31 December 2019*



*As a percentage of the total for all reportable segments

Reconciliation of information on reportable segments to IFRS measures

Operating segments – 30 September 2020

EUR '000	Total reportable segments	Adjustments	Consolidated
01.07.2020-30.09.2020:			
Net profit (loss)	**3,740**	(1,147)[1]	**2,593**
01.01.2020-30.09.2020:			
Net loss	**(3,339)**	(3,524)[2]	**(6,863)**
As at 30.09.2020:			
Segment assets	**357,511**	898[3]	**358,409**
Segment liabilities	**168,755**	50,789[4]	**219,544**

1. Segment net profit for Q3 2020 does not include Fund management fee (EUR 419 thousand), bond interest expenses (EUR 531 thousand), bond arrangement fee amortisation (EUR 18 thousand), reversal of Fund performance fee accrual (minus EUR 50 thousand), Fund custodian fees (EUR 17 thousand), and other Fund-level administrative expenses (EUR 212 thousand).
2. Segment net loss for the nine-month period ended 30 September 2020 does not include Fund management fee (EUR 1,281 thousand), bond interest expenses (EUR 1,588 thousand), bond arrangement fee amortisation (EUR 52 thousand), Fund performance fee accrual (EUR 74 thousand), Fund custodian fees (EUR 53 thousand), and other Fund-level administrative expenses (EUR 476 thousand).
3. Segment assets do not include cash, which is held at the Fund level (EUR 898 thousand).
4. Segment liabilities do not include liabilities related to a bond issue at the Fund level (EUR 49,821 thousand), accrued bond coupon expenses (EUR 307 thousand), management fee payable (EUR 419 thousand), and other short-term payables (EUR 242 thousand) at the Fund level.

Operating segments – 30 September 2019

EUR '000	Total reportable segments	Adjustments	Consolidated
01.07.2019-30.09.2019:			
Net profit	**4,394**	(1,335)[1]	**3,059**
01.01.2019-30.09.2019:			
Net profit	**8,924**	(3,548)[2]	**5,376**
As at 31.12.2019:			
Segment assets	**370,439**	1,295[3]	**371,734**
Segment liabilities	**168,004**	51,212[4]	**219,216**

1. Segment net profit for Q3 2019 does not include Fund management fee (EUR 444 thousand), bond interest expenses (EUR 543 thousand), bond arrangement fee amortisation (EUR 14 thousand), Fund performance fee accrual (EUR 164 thousand), Fund custodian fees (EUR 17 thousand), and other Fund-level administrative expenses (EUR 153 thousand).
2. Segment net profit for nine months ended 30 September 2019 does not include Fund management fee (EUR 1,205 thousand), bond interest expenses (EUR 1,430 thousand), bond arrangement fee amortisation (EUR 47 thousand), Fund performance fee accrual (EUR 310 thousand), Fund custodian fees (EUR 47 thousand), and other Fund-level administrative expenses (EUR 509 thousand).
3. Segment assets do not include cash, which is held at the Fund level (EUR 1,295 thousand).
4. Segment liabilities do not include liabilities related to a bond issue at the Fund level (EUR 49,770 thousand), accrued bond coupon expenses (EUR 313 thousand), management fee payable (EUR 474 thousand), and other short-term payables (EUR 655 thousand) at the Fund level.

Geographic information

EUR '000	External revenue				Investment property value[1]	
	01.07.2020-30.09.2020	01.07.2019-30.09.2019	01.01.2020-30.09.2020	01.01.2019-30.09.2019	30.09.2020	31.12.2019
Lithuania	2,558	2,268	7,518	6,598	122,580	122,975
Latvia	2,631	3,329	8,323	6,391	136,713	143,347
Estonia	1,323	1,661	4,457	4,718	87,919	92,620
Total	**6,512**	**7,258**	**20,298**	**17,707**	**347,212**	**358,942**

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

Major tenant

No single tenant accounted for more than 10% of the Group's total revenue. Rental income from one tenant in the office segment represented EUR 900 thousand of the Group's total rental income for nine months ended 30 September 2020 and EUR 300 thousand for Q3 2020 (EUR 600 thousand for nine months ended 30 September 2019 and EUR 300 thousand for Q3 2019).

5. Cost of rental activities

EUR '000	01.07.2020-30.09.2020	01.07.2019-30.09.2019	01.01.2020-30.09.2020	01.01.2019-30.09.2019
Repair and maintenance	576	602	1,678	1,446
Utilities	347	419	971	773
Property management expenses	278	294	815	669
Real estate taxes	265	256	798	600
Sales and marketing expenses	213	238	515	418
Allowance (reversal of allowance) for bad debts	(22)	(42)	195	44
Property insurance	23	23	68	62
Other	33	56	69	111
Total cost of rental activities	**1,713**	**1,846**	**5,109**	**4,123**

Part of the total cost of rental activities was recharged to tenants: EUR 3,749 thousand during the nine-month period ended 30 September 2020 and EUR 1,245 thousand during Q3 2020 (EUR 3,128 thousand during the nine-month period ended 30 September 2019 and EUR 1,476 thousand during Q3 2019).

6. Administrative expenses

EUR '000	01.07.2020-30.09.2020	01.07.2019-30.09.2019	01.01.2020-30.09.2020	01.01.2019-30.09.2019
Management fee	419	444	1,281	1,205
Listing related expenses	114	60	182	114
Consultancy fees	29	55	128	238
Legal fees	44	38	108	120
Audit fee	28	24	78	66
Performance fee	(50)	164	74	310
Fund marketing expenses	12	26	70	74
Custodian fees	17	17	53	47
Supervisory board fees	12	13	36	38
Other administrative expenses	57	38	195	193
Total administrative expenses	**682**	**879**	**2,205**	**2,405**

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 19.

7. Financial expenses

EUR '000	01.07.2020-30.09.2020	01.07.2019-30.09.2019	01.01.2020-30.09.2020	01.01.2019-30.09.2019
Interest on external loans and borrowings	1,319	1,295	3,977	3,207
Loan arrangement fee amortisation	46	45	132	108
Interest on lease liabilities	3	-	8	-
Foreign exchange loss	-	-	1	1
Total financial expenses	**1,368**	**1,340**	**4,118**	**3,316**

8. Earnings per unit

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

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

EUR '000	01.07.2020-30.09.2020	01.07.2019-30.09.2019	01.01.2020-30.09.2020	01.01.2019-30.09.2019
Profit (loss) for the period, attributed to the unitholders of the Fund	2,593	3,059	(6,863)	5,376
Profit (loss) for the period, attributed to the unitholders of the Fund	**2,593**	**3,059**	**(6,863)**	**5,376**

Weighted-average number of units:

	01.07.2020-30.09.2020	01.07.2019-30.09.2019	01.01.2020-30.09.2020	01.01.2019-30.09.2019
Issued units at 1 January	113,387,525	78,496,831[4]	113,387,525	78,496,831[4]
Effect of units issued in April 2019[1]	-	18,839,239	-	11,705,262
Effect of units issued in May 2019[2]	-	627,974	-	323,222
Effect of units issued in July 2019[3]	-	2,497,134	-	835,438
Weighted-average number of units	**113,387,525**	**100,461,178**	**113,387,525**	**91,360,754**

1. In April 2019, the Fund issued 18,839,239 units through two private placements, which were part of the Tampere Invest SIA (Galerija Centrs) acquisition deal.
2. In May 2019, the Fund issued 627,974 units through a private placement, which was part of the Tampere Invest SIA (Galerija Centrs) acquisition deal.
3. In July 2019, the Fund issued 2,951,158 units through a private placement, which was part of the Tampere Invest SIA acquisition deal.
4. The number of units excludes 255,969 units acquired by the Fund and cancelled in February 2019 as part of the unit buy-back program.

Basic and diluted earnings per unit:

EUR	01.07.2020-30.09.2020	01.07.2019-30.09.2019	01.01.2020-30.09.2020	01.01.2019-30.09.2019
Basic and diluted earnings per unit*	0.02	0.03	(0.06)	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. Deferred tax is only applicable to the Fund's subsidiaries in Lithuania.

The Group's consolidated effective tax rate in respect of continuing operations for the nine-month period ended 30 September 2020 was negative 2.4% (nine-month period ended 30 September 2019: 1.4%). The low effective tax rate for the nine-month period ended 30 September 2020 is related to a decrease in the deferred tax liability due to a drop in the fair values of Lithuanian investment properties.

The major components of income tax for the periods ended 30 September 2020 and 2019 were as follows:

EUR '000	01.07.2020-30.09.2020	01.07.2019-30.09.2019	01.01.2020-30.09.2020	01.01.2019-30.09.2019
Consolidated statement of profit or loss				
Current income tax for the period	-	(1)	(181)	(18)
Deferred tax for the period	(153)	(151)	20	(57)
Income tax expense reported in profit or loss	**(153)**	**(152)**	**(161)**	**(75)**
Consolidated statement of other comprehensive income				
Deferred income tax related to items charged or credited to equity:				
Revaluation of derivative instruments to fair value	(2)	17	13	92
Income tax reported in other comprehensive income	**(2)**	**17**	**13**	**92**

On 19 June 2020, the Fund as the sole shareholder of Kontor SIA decided to distribute dividends from the retained earnings of the subsidiary resulting in a one-off corporate income tax charge of EUR 181 thousand.

10. Investment property

EUR '000	30.09.2020	31.12.2019
Balance at 1 January	**356,575**	**245,160**
Acquisitions	90	114,133
Capital expenditure	422	651
Development and refurbishment expenditure	970	-
Disposals	-	(5)
Transfer to investment property under construction	-	(1,700)
Net revaluation loss on investment property	(15,269)	(1,969)
Initial recognition of right-of-use assets at 1 January (IFRS 16)	-	163
Additions to right-of-use assets (new leases)	-	158
Net revaluation loss on right-of-use assets	(13)	(16)
Closing balance	**342,775**	**356,575**
Closing balance excluding right-of-use assets	**342,483**	**356,270**

Investment property comprises buildings, which are rented out under lease contracts.

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.

As at 30 June 2020, new external valuations were performed by independent property valuator Newsec.

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

Valuation techniques used to derive Level 3 fair values

The Fund did not perform any property valuation as at 30 September 2020. The values of the properties are based on the valuation of investment properties performed by Newsec as at 30 June 2020 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 2020:

Property	Valuation technique	Key unobservable inputs	Range
Europa Shopping centre, Vilnius (Lithuania)	DCF	- Discount rate	8.1%
Net leasable area (NLA) – 16,856 sq. m.		- Rental growth p.a.	0.4% - 2.0%
Segment – Retail		- Long-term vacancy rate	2.0% - 5.0%
Year of construction/renovation – 2004		- Exit yield	6.8%
		- Average rent (EUR/sq. m.)	14.8
Domus Pro, Vilnius (Lithuania)	DCF	- Discount rate	8.1% - 8.7%
Net leasable area (NLA) – 16,057 sq. m.		- Rental growth p.a.	0.4% - 2.0%
Segment – Retail/Office		- Long-term vacancy rate	2.0% - 5.0%
Year of construction/renovation – 2013		- Exit yield	7.5%
		- Average rent (EUR/sq. m.)	9.6
Lincona Office Complex, Tallinn (Estonia)	DCF	- Discount rate	8.2%
Net leasable area (NLA) – 10,865 sq. m.		- Rental growth p.a.	0.4% - 1.7%
Segment – Office		- Long-term vacancy rate	5.0%
Year of construction/renovation – 2002 / 2008		- Exit yield	7.5%
		- Average rent (EUR/sq. m.)	10.1
Coca-Cola Plaza , Tallinn (Estonia)	DCF	- Discount rate	8.8%
Net leasable area (NLA) – 8,664 sq. m.		- Rental growth p.a.	0.0% - 3.0%
Segment – Leisure		- Long-term vacancy rate	2.0%
Year of construction/renovation – 1999		- Exit yield	7.5%
		- Average rent (EUR/sq. m.)	10.7
G4S Headquarters, Tallinn (Estonia)*	DCF	- Discount rate	8.1%
Net leasable area (NLA) – 9,179 sq. m.		- Rental growth p.a.	2.0% - 2.1%
Segment – Office		- Long-term vacancy rate	2.0% - 5.0%
Year of construction/renovation – 2013		- Exit yield	7.3%
		- Average rent (EUR/sq. m.)	10.8

Property	Valuation technique	Key unobservable inputs	Range
SKY Shopping Centre, Riga (Latvia)	DCF	- Discount rate	9.8%
Net leasable area (NLA) – 3,254 sq. m.		- Rental growth p.a.	0.4% - 1.7%
Segment – Retail		- Long-term vacancy rate	5.0%
Year of construction/renovation – 2000 / 2010		- Exit yield	7.8%
		- Average rent (EUR/sq. m.)	11.5
Upmalas Biroji, Riga (Latvia)	DCF	- Discount rate	8.1%
Net leasable area (NLA) – 10,459 sq. m.		- Rental growth p.a.	0.4% - 1.7%
Segment – Office		- Long-term vacancy rate	5.0%
Year of construction/renovation – 2008		- Exit yield	7.0%
		- Average rent (EUR/sq. m.)	13.1
Pirita Shopping Centre, Tallinn (Estonia)	DCF	- Discount rate	9.9%
Net leasable area (NLA) – 5,460 sq. m		- Rental growth p.a.	0.0% - 2.1%
Segment – Retail		- Long-term vacancy rate	2.0% - 10.0%
Year of construction/renovation – 2016		- Exit yield	8.0%
		- Average rent (EUR/sq. m.)	13.8
Duetto I, Vilnius (Lithuania)	DCF	- Discount rate	8.1%
Net leasable area (NLA) – 8,498 sq. m		- Rental growth p.a.	0.4% - 2.0%
Segment – Office		- Long-term vacancy rate	5%
Year of construction/renovation – 2017		- Exit yield	7.3%
		- Average rent (EUR/sq. m.)	11.9
Duetto II, Vilnius (Lithuania)	DCF	- Discount rate	8.1%
Net leasable area (NLA) – 8,515 sq. m		- Rental growth p.a.	0.4% - 2.0%
Segment – Office		- Long-term vacancy rate	5%
Year of construction/renovation – 2018		- Exit yield	7.3%
		- Average rent (EUR/sq. m.)	12.8
Vainodes I, Riga (Latvia)*	DCF	- Discount rate	8.1%
Net leasable area (NLA) – 8,052 sq. m		- Rental growth p.a.	0.0% - 1.9%
Segment – Office		- Long-term vacancy rate	1.0% - 5.0%
Year of construction/renovation – 2014		- Exit yield	7.0%
		- Average rent (EUR/sq. m.)	13.2
Postimaja, Tallinn (Estonia)*	DCF	- Discount rate	7.6%
Net leasable area (NLA) – 9,145 sq. m		- Rental growth p.a.	0.0% - 2.1%
Segment – Retail		- Long-term vacancy rate	2.0%
Year of construction/renovation – 1980		- Exit yield	6.0%
		- Average rent (EUR/sq. m.)	15.8
LNK Centre, Riga (Latvia)	DCF	- Discount rate	7.4%
Net leasable area (NLA) – 7,452 sq. m		- Rental growth p.a.	0.2% - 2.8%
Segment – Office		- Long-term vacancy rate	5.0%
Year of construction/renovation – 2006 / 2014		- Exit yield	6.5%
		- Average rent (EUR/sq. m.)	12.3
Galerija Centrs, Riga (Latvia)	DCF	- Discount rate	7.6%
Net leasable area (NLA) – 20,022 sq. m		- Rental growth p.a.	0.2% - 2.0%
Segment – Retail		- Long-term vacancy rate	2.0% - 5.0%
Year of construction/renovation – 1939 / 2006		- Exit yield	6.8%
		- Average rent (EUR/sq. m.)	21.3

Property	Valuation technique	Key unobservable inputs	Range
North Star, Vilnius (Lithuania)	DCF	- Discount rate	8.1%
Net leasable area (NLA) – 10,550 sq. m		- Rental growth p.a.	0.0% - 2.0 %
Segment – Office		- Long-term vacancy rate	5.0%
Year of construction/renovation – 2009		- Exit yield	7.0%
		- Average rent (EUR/sq. m.)	12.3

*Postimaja, G4S and Vainodes I property valuations also include building expansion rights. The market value of the additional building rights is EUR 5.1 million for Postimaja, EUR 0.1 million for G4S and EUR 3.3 million for Vainodes I.

The table below sets out information about significant unobservable inputs used at 30 September 2020 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	2020: 6.0% - 8.0%	An increase in exit yield in isolation would result in a lower value of Investment property.
		Discount rate	2020: 7.4% - 9.9%	An increase in discount rate in isolation would result in a lower value of Investment property.
		Rental growth p.a.	2020: 0.0% - 3.0%	An increase in rental growth in isolation would result in a higher value of Investment property.
		Long-term vacancy rate	2020: 1.0% - 10.0%	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 at 30 September 2020 were as follows:

EUR '000	Total fair value Level 3
Latvia - Galerija Centrs (retail)	71,370
Lithuania – Europa (retail)	39,725
Estonia – Postimaja (retail)	30,832
Lithuania – Domus Pro (retail/office)	23,760
Latvia – Upmalas Biroji (office)	23,033
Latvia – Vainodes I (office)	20,843
Lithuania – North Star (office)	19,743
Lithuania – Duetto II (office)	18,665
Estonia – G4S (office)	16,790
Latvia – LNK Centre (office)	16,505
Estonia – Lincona (office)	16,470
Lithuania – Duetto I (office)	16,250
Estonia – Coca-Cola Plaza (leisure)	14,250
Estonia – Pirita (retail)	9,577
Latvia – SKY (retail)	4,962
Total	**342,775**

11. Investment property under construction

EUR '000	30.09.2020	31.12.2019
Balance at 1 January	**2,367**	**-**
Transfer from investment property	-	1,700
Capital expenditure	2,545	746
Net revaluation loss	(475)	(79)
Closing balance	**4,437**	**2,367**

In December 2019, the Group started construction and development works to build an office on the land plot near Domus Pro Retail Park. On 6 February 2020, the Group signed a construction contract for the Meraki development project in Vilnius, Lithuania.

As of 30 June 2020, the investment property under construction was valued by the independent external valuator Newsec.

<u>Valuation techniques used to derive Level 3 fair values</u>
The Fund did not perform any property valuation as at 30 September 2020. The value of the investment property under construction is based on the valuation of investment properties performed by Newsec as at 30 June 2020 increased by subsequent capital expenditure.

Property	Valuation technique		Key unobservable inputs	Range
Meraki, Vilnius (Lithuania)	DCF	-	Discount rate	18.0%
Net leasable area (NLA) – 15,116 sq. m		-	Rental growth p.a.	0.7% - 2.0%
Segment – Office		-	Long-term vacancy rate	5.0%
Year of construction/renovation – 2021		-	Exit yield	7.3%
		-	Average rent (EUR/sq. m.)	12.0

12. Trade and other receivables

EUR '000	30.09.2020	31.12.2019
Trade receivables, gross	1,978	1,644
Less impairment allowance for doubtful receivables	(591)	(399)
Accrued income	403	477
Other accounts receivable	59	72
Total	**1,849**	**1,794**

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

As at 30 September 2020, trade receivables at a nominal value of EUR 591 thousand were fully impaired (EUR 399 thousand as at 31 December 2019). Movements in the impairment allowance for doubtful receivables were as follows:

EUR '000	30.09.2020	31.12.2019
Balance at 1 January	(399)	(221)
Acquisitions of subsidiaries	-	(190)
Charge for the period	(368)	(233)
Amounts written off	3	177
Reversal of allowances recognised in previous periods	173	68
Balance at end of period	**(591)**	**(399)**

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**
30.09.2020	**1,387**	897	305	92	78	1	14
31.12.2019	**1,245**	920	210	48	13	9	45

13. Other current assets

Other current assets comprise of prepaid expenses related to future investment property acquisitions and development projects in Lithuania, Latvia and Estonia.

14. Cash and cash equivalents

EUR '000	30.09.2020	31.12.2019
Cash at banks and on hand	8,387	9,836
Total cash	**8,387**	**9,836**

As at 30 September 2020, the Group had to keep at least EUR 350 thousand (31 December 2019: EUR 350 thousand) of cash in its bank accounts due to certain restrictions in bank loan agreements.

15. Equity
15a. Paid in capital

The units are currently dual-listed on the Fund List of the Nasdaq Tallinn Stock Exchange and the Nasdaq Stockholm Alternative Investment Funds market. As at 30 September 2020, the total number of the Fund's units was 113,387,525 (as at 31 December 2019: 113,387,525). Units issued are presented in the table below:

EUR '000	Number of units	Amount
As at 1 January 2020 and 30 September 2020	**113,387,525**	**138,064**

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

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

Subsidiaries did not hold any units of the Fund as at 30 September 2020 and 31 December 2019.

The Fund did not hold its own units as at 30 September 2020 and 31 December 2019.

15b. 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 period ended on 30 September 2020 and 31 December 2019.

EUR '000	30.09.2020	31.12.2019
Balance at the beginning of the year	**(1,556)**	**(1,005)**
Movement in fair value of existing hedges	(227)	(595)
Movement in deferred income tax (note 9)	13	44
Net variation during the period	**(214)**	**(551)**
Balance at the end of the period	**(1,770)**	**(1,556)**

15c. Dividends (distributions)

EUR '000	2020	2019
Declared during the period	(6,576)	(7,192)
Total distributions made	**(6,576)**	**(7,192)**

On 13 February 2019, the Fund declared a cash distribution of EUR 2,119 thousand (EUR 0.027 per unit).

On 17 May 2019, the Fund declared a cash distribution of EUR 2,449 thousand (EUR 0.025 per unit).

On 2 August 2019, the Fund declared a cash distribution of EUR 2,624 thousand (EUR 0.026 per unit).

On 31 January 2020, the Fund declared a cash distribution of EUR 3,175 thousand (EUR 0.028 per unit).

On 24 April 2020, the Fund declared a cash distribution of EUR 1,701 thousand (EUR 0.015 per unit).

On 24 July 2020, the Fund declared a cash distribution of EUR 1,701 thousand (EUR 0.015 per unit).

16. Interest bearing loans and borrowings

EUR '000	Maturity	Effective interest rate	30.09.2020	31.12.2019
Non-current borrowings				
Bonds	May 2023	4.25%	49,821	49,770
Bank 1	Jul 2022	3M EURIBOR + 1.30%	20,882	20,874
Bank 1	Aug 2021	3M EURIBOR + 1.75%	-	2,286
Bank 1	Aug 2021	6M EURIBOR + 1.40%	-	7,746
Bank 1	Feb 2022	6M EURIBOR + 1.40%	4,941	4,939
Bank 1	Dec 2022	6M EURIBOR + 1.40%	7,182	7,180
Bank 1	Nov 2024	3M EURIBOR + 1.55%	9,807	9,800
Bank 1	May 2022	3M EURIBOR + 1.55%	7,333	7,328
Bank 1	May 2022	6M EURIBOR + 1.55%	3,654	3,654
Bank 1	Sep 2023	3M EURIBOR + 1.75%	8,906	9,111
Bank 1	Mar 2024	6M EURIBOR + 2.65%	8,977	8,972
Bank 2	May 2022	6M EURIBOR + 2.75%	29,950	29,928
Bank 3	Aug 2023	1M EURIBOR + 1.55%	11,732	11,727
Bank 4	Mar 2023	6M EURIBOR + 2.15%	15,351	15,344
Bank 4	Feb 2023	6M EURIBOR + 1.38%	17,176	17,168
Lease liabilities			292	305
Less current portion of bank loans and bonds			(282)	(397)
Less current portion of lease liabilities			(17)	(17)
Total non-current debt			**195,705**	**205,718**
Current borrowings				
Bank 1	Aug 2021	3M EURIBOR + 1.75%	2,200	-
Bank 1	Aug 2021	6M EURIBOR + 1.40%	7,748	-
Current portion of non-current bank loans and bonds			282	397
Current portion of lease liabilities			17	17
Total current debt			**10,247**	**414**
Total			**205,952**	**206,132**

Loan securities

Borrowings received were secured with the following pledges and securities as of 30 September 2020:

	Mortgages of the property*	Second rank mortgages for derivatives	Cross-mortgage	Commercial pledge of the entire assets
Bank 1	Lincona, SKY, G4S Headquarters, Europa, Domus Pro, LNK, Vainodes I, North Star and Pirita	Europa, Domus Pro, Vainodes I	Pirita, Lincona, G4S Headquarters for Pirita, Lincona, G4S Headquarters 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			

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

	Suretyship	Pledges of receivables	Pledges of bank accounts	Share pledge
Bank 1	Europa for Domus Pro bank loan, Europa for North Star bank loan, Vainodes I for LNK bank loan, LNK for Vainodes I bank loan	Lincona, SKY, Europa, and Domus Pro	Europa, SKY, LNK and Vainodes I	BH Domus Pro UAB, Vainodes Krasti SIA, BH S27 SIA
Bank 2				Tampere Invest SIA
Bank 3			Upmalas Biroji	
Bank 4		Duetto I and II	Duetto I and II	BH Duetto UAB

17. Trade and other payables

EUR '000	30.09.2020	31.12.2019
Payables related to Meraki development	1,061	-
Trade payables	954	875
Management fee payable	419	474
Accrued expenses	398	830
Accrued financial expenses	388	410
Tax payables	340	471
Other payables	169	111
Total trade and other payables	**3,729**	**3,171**

As of 30 September 2020, the Fund had a payable in the amount of EUR 1,048 thousand for the construction costs of the Meraki development project as per the construction contract signed on 6 February 2020. Other costs related to Meraki construction amounted to EUR 13 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.

18. Commitments and contingencies

18a. Litigation

As at 30 September 2020, there was no ongoing litigation, which could materially affect the consolidated financial position of the Group.

18b. Contingent assets

On 18 December 2018, the Fund signed an additional agreement to the sales and purchase agreement with the seller of the Duetto II property. The seller agreed to provide a rental income guarantee in the aggregate amount of EUR 1,300 thousand per annum (EUR 108 thousand per month) of the effective net operating income from the Building for the first 24 months starting from 27 February 2019. An asset has not been recognised in the financial statements as the management of the Fund expects that Duetto II will be able to earn the guaranteed amount of rent.

18c. Contingent liabilities

The Group did not have any contingent liabilities at 30 September 2020.

19. Related parties

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

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

The Group's transactions with related parties during the nine-month period ended 30 September 2020 and 2019 were the following:

EUR '000	01.01.2020 – 30.09.2020	01.01.2019 – 30.09.2019
Northern Horizon Capital AS group		
Management fees	1,281	1,205
Performance fees	74	310

The Group's balances with related parties as at 30 September 2020 and 31 December 2019 were the following:

EUR '000	30.09.2020	31.12.2019
Northern Horizon Capital AS group		
Management fees payable	419	474
Accrued performance fees	74	545

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 owns 7,737 units of the Fund.

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 expense reimbursements and remuneration of the Supervisory Board of the Fund amounted to EUR 36 thousand during the nine-month period ended 30 September 2020 and EUR 12 thousand during Q3 2020 (EUR 38 thousand during the nine-month period ended 30 September 2019 and EUR 13 thousand during Q3 2019). 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 2020 and 31 December 2019 are presented in the tables below:

As at 30 September 2020

	Number of units	Percentage
Nordea Bank AB clients	52,751,014	46.52%
Raiffeisen Bank International AG clients	16,300,147	14.38%

As at 31 December 2019

	Number of units	Percentage
Nordea Bank AB clients	54,428,197	48.00%
Raiffeisen Bank International AG clients	17,561,032	15.49%

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

20. Financial instruments

Fair values

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

	Carrying amount		Fair value	
EUR '000	**30.09.2020**	**31.12.2019**	**30.09.2020**	**31.12.2019**
Financial assets				
Trade and other receivables	1,849	1,794	1,849	1,794
Cash and cash equivalents	8,387	9,836	8,387	9,836
Derivative financial instruments	-	73	-	73
Financial liabilities				
Interest-bearing loans and borrowings				
Bank loans	(155,839)	(156,057)	(155,141)	(155,718)
Bonds	(49,821)	(49,770)	(50,004)	(50,687)
Trade and other payables	(3,729)	(3,171)	(3,729)	(3,171)
Derivative financial instruments	(1,882)	(1,728)	(1,882)	(1,728)

Fair value hierarchy

Quantitative disclosures of the Group's financial instruments in the fair value measurement hierarchy as at 30 September 2020 and 31 December 2019:

Period ended 30 September 2020

EUR '000	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Trade and other receivables	-	-	1,849	1,849
Cash and cash equivalents	-	8,387	-	8,387
Derivative financial instruments	-	-	-	-
Financial liabilities				
Interest-bearing loans and borrowings				
Bank loans	-	-	(155,141)	(155,141)
Bonds	-	-	(50,004)	(50,004)
Trade and other payables	-	-	(3,729)	(3,729)
Derivative financial instruments	-	(1,882)	-	(1,882)

Period ended 31 December 2019

EUR '000	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Trade and other receivables	-	-	1,794	1,794
Cash and cash equivalents	-	9,836	-	9,836
Derivative financial instruments	-	73	-	73
Financial liabilities				
Interest-bearing loans and borrowings				
Bank loans	-	-	(155,718)	(155,718)
Bonds	-	-	(50,687)	(50,687)
Trade and other payables	-	-	(3,171)	(3,171)
Derivative financial instruments	-	(1,728)	-	(1,728)

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 at 30 September 2020 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 +1.14% and -1.34%.
- Cash and cash equivalents are attributed to Level 2 in the fair value hierarchy.

21. Derivative financial instruments

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

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

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

Derivative type EUR '000	Starting date	Maturity date	Notional amount	Variable rate (received)	Fixed rate (paid)	Fair value	
						30.09.2020	31.12.2019
CAP	Nov 2017	Mar 2022	7,200	6M EURIBOR	1.0%*	-	-
CAP	May 2018	Feb 2023	17,200	6M EURIBOR	3.5%*	-	-
IRS	July 2019	May 2022	30,000	6M EURIBOR	-0.37%	-	73
Derivative financial instruments, assets						**-**	**73**
IRS	Aug 2016	Aug 2021	7,750	6M EURIBOR	0.05%	(35)	(46)
IRS	Aug 2017	Feb 2022	5,893	6M EURIBOR	0.305%	(64)	(76)
IRS	Sep 2017	May 2022	7,050	3M EURIBOR	0.26%	(93)	(102)
IRS	July 2019	May 2022	30,000	6M EURIBOR	-0.37%	(42)	-
IRS	Mar 2018	Nov 2022	6,860	6M EURIBOR	0.46%	(138)	(142)
IRS	Nov 2016	Aug 2023	10,575	1M EURIBOR	0.26%	(256)	(228)
IRS	Jan 2019	Sep 2023	5,800	3M EURIBOR	0.32%	(150)	(135)
IRS	May 2018	Apr 2024	4,920	3M EURIBOR	0.63%	(206)	(194)
IRS	Mar 2018	Aug 2024	18,402	3M EURIBOR	0.73%	(898)	(805)
Derivative financial instruments, liabilities						**(1,882)**	**(1,728)**
Net value of financial derivatives						**(1,882)**	**(1,655)**

*Interest rate cap

Derivative financial instruments were accounted for at fair value as at 30 September 2020 and 31 December 2019. The maturity of the derivative financial instruments of the Group is as follows:

Classification according to maturity	Liabilities		Assets	
EUR '000	30.09.2020	31.12.2019	30.09.2020	31.12.2019
Non-current	(1,847)	(1,728)	-	73
Current	(35)	-	-	-
Total	**(1,882)**	**(1,728)**	**-**	**73**

22. Subsequent events

On 20 October 2020, the Fund declared a cash distribution of EUR 3,111 thousand (EUR 0.026 per unit) to unitholders.

On 23 September 2020, the Fund announced the issue of new units in a secondary public offering. In total, gross equity of EUR 7.2 million was raised through the transaction. The new units were issued at a price of EUR 1.1566, which was calculated according to the procedure adopted at the general meeting and was equal to the year-to-date weighted average price of units on the Nasdaq Tallinn Stock Exchange until a date preceding 7 calendar days of the first day of subscription period. After the transaction, the total number of Fund units registered in the Estonian Register of Securities increased to 119,635,429.

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

23. List of consolidated companies

Name	Registered office	Registration Number	Date of incorporation / acquisition	Activity	Interest in capital
BH Lincona OÜ	Rävala 5, Tallinn, Estonia	12127485	20 June 2011	Asset holding company	100%
BOF SKY SIA	Valdemara 21-20, Riga, Latvia	40103538571	27 March 2012	Asset holding company	100%
BH CC Plaza OÜ	Rävala 5, Tallinn, Estonia	12399823	11 December 2012	Asset holding company	100%
BH Domus Pro UAB	Bieliūnų g. 1-1, Vilnius, Lithuania	225439110	1 May 2014	Asset holding company	100%
BH Europa UAB	Gynėjų 16, Vilnius, Lithuania	300059140	2 March 2015	Asset holding company	100%
BH P80 OÜ	Hobujaama 5, Tallinn, Estonia	14065606	6 July 2016	Asset holding company	100%
Kontor SIA	Mūkusalas iela 101, Rīga, Latvia	40003771618	30 August 2016	Asset holding company	100%
Pirita Center OÜ	Hobujaama 5, Tallinn, Estonia	12992834	16 December 2016	Asset holding company	100%
BH Duetto UAB	Jogailos 9, Vilnius, Lithuania	304443754	13 January 2017	Asset holding company	100%
Vainodes Krasti SIA	Agenskalna 33, Riga, Latvia	50103684291	12 December 2017	Asset holding company	100%
BH Meraki UAB	Ukmergės str. 308-1, Vilnius, Lithuania	304875582	18 July 2018	Asset holding company	100%
BH S27 SIA	Skanstes iela 27, Riga, Latvia	40103810023	15 August 2018	Asset holding company	100%
BH Northstar UAB	Bieliūnų g. 8-1, Vilnius, Lithuania	305175896	29 May 2019	Asset holding company	100%
Tampere Invest SIA	Audeju iela 16, Riga, Latvia	40003311422	13 June 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 30 November 2020.

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.

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.

EPRA NAV
It is a measure of the fair value of net assets assuming a normal investment property company business model. Accordingly, there is an assumption of owning and operating investment property for the long term. The measure is provided by the European Public Real Estate Association, the industry body for European Real Estate Investment Trusts (REITs).

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 divided by the carrying amount of investment property (including investment property under construction).

Management Company
Northern Horizon Capital AS, register code 11025345, registered address at Tornimäe 2, Tallinn 15010, Estonia

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.

NOI
Net operating income

Net Initial Yield
NOI divided by market value of the property