Baltic Horizon

INTERIM REPORT

Q3 2023

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2023

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Baltic Horizon Fund

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

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

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

KEY FIGURES

Key earnings figures	Unit	Q1-Q3 2023	Q1-Q3 2022	Change (%)
Rental income	EUR ‘000	13,988	15,422	(9.3%)
Net rental income	EUR ‘000	11,723	12,973	(9.6%)
Net rental income margin[1]	%	83.8	84.1	-
Valuation gains (losses) on investment properties	EUR ‘000	(14,626)	158	(9,357.0%)
EBIT	EUR ‘000	(8,684)	11,272	(177.0%)
EBIT margin[2]	%	(62.1)	73.1	-
Net profit (loss)	EUR ‘000	(15,216)	6,137	(347.9%)
Net profit (loss) margin	%	(108.8)	39.8	-
Earnings per unit	EUR	(0.13)	0.05	(360.0%)
Generated net cash flow[3]	EUR ‘000	1,654	6,005	(72.5%)
Generated net cash flow per unit[4]	EUR/unit	0.01	0.050	(72.0%)

Key financial position figures	Unit	30.09.2023	31.12.2022	Change (%)
Total assets	EUR ‘000	269,462	343,963	(21.7%)
Return on assets (TTM)	%	(5.6)	1.1	-
Total equity	EUR ‘000	117,984	133,655	(11.7%)
Equity ratio	%	43.8	38.9	-
Return on equity (TTM)	%	(13.7)	3.0	-
Interest-bearing loans and borrowings	EUR ‘000	144,266	195,111	(26.1%)
Total liabilities	EUR ‘000	151,478	210,308	(28.0%)
LTV	%	56.1	58.4	-
Average cost of debt	%	5.1	3.0	-
Weighted average duration of debt	years	2.4	1.8	-
Current ratio	times	0.2	0.1	-
Quick ratio	times	0.1	0.1	-
Cash ratio	times	0.1	0.1	-
IFRS NAV per unit	EUR	0.9862	1.1172	(11.7%)

Key property portfolio figures	Unit	30.09.2023	31.12.2022	Change (%)
Fair value of portfolio	EUR ‘000	256,662	333,123	(23.0%)
Properties[5]	number	12	15	(20.0%)
Net leasable area	sq. m	119,201	151,870	(21.5%)
Occupancy rate	%	77.1	90.5	-

Key property portfolio figures	Unit	Q1-Q3 2023	Q1-Q3 2022	Change (%)
Direct property yield	%	4.7	5.1	-
Net initial yield	%	5.3	5.4	-

Key unit figures	Unit	30.09.2023	31.12.2022	Change (%)
Number of units outstanding	units	119,635,429	119,635,429	-
Closing unit price	EUR	0.3400	0.5750	(40.9%)
Closing unit price	SEK	4.06	5.60	(27.5%)
Market capitalisation[6]	EUR	40,676,046	68,790,372	(40.9%)

Key EPRA figures	Unit	Q1-Q3 2023	Q1-Q3 2022	Change (%)
EPRA Earnings	EUR '000	2,551	6,651	(61.6%)
EPRA Earnings per unit	EUR	0.02	0.06	(66.7%)

Key EPRA figures	Unit	30.09.2023	31.12.2022	Change (%)
EPRA NRV (Net Reinstatement Value)	EUR '000	121,966	141,943	(14.1%)
EPRA NRV per unit	EUR	1.0195	1.1865	(14.1%)
EPRA NTA (Net Tangible Assets)	EUR '000	121,966	141,943	(14.1%)
EPRA NTA per unit	EUR	1.0195	1.1865	(14.1%)
EPRA NDV (Net Disposal Value)	EUR '000	117,565	133,313	(11.8%)
EPRA NDV per unit	EUR	0.9827	1.1143	(11.8%)
EPRA LTV	%	53.5	57.9	-

1. Net rental income as a % of rental income.
2. EBIT (earnings before interest and taxes) as a % of rental income.
3. Generated net cash flow is calculated based on net rental income less administrative expenses, less external interest expenses, less CAPEX expenditure. Listing related expenses and acquisition related expenses are added back in GNCF calculation.
4. Generated net cash flow per weighted average numbers of units during the period.
5. Properties includes 12 established cash flow properties.
6. Based on the closing prices and split between units on the Nasdaq Tallinn and the Nasdaq Stockholm Stock Exchanges.

Investment strategy

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

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

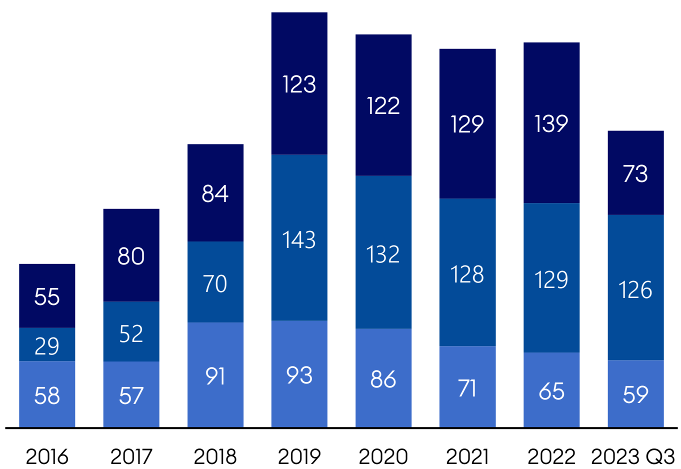
The Fund aims to use a 55% long-term leverage strategy. At no point in time may the Fund's leverage exceed 65%.

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

12 Properties

119,201 Portfolio size (sq. m)

Portfolio value (EUR million)



Ten largest properties

1. Galerija Centrs	26.3%
2. Europa SC	14.0%
3. Postimaja	9.0%
4. North Star	7.9%
5. Upmalas Biroji BC	7.8%
6. Vainodes	6.7%
7. Meraki	6.4%
8. LNK Centre	6.0%
9. Lincona	5.5%
10. Coca-Cola Plaza	4.8%
11. Others	5.6%

Q3 2023 AT A GLANCE

Registration of listing prospectus

On 8 May 2023 Baltic Horizon Fund announced the completion of the non-public subscription of 5-year bonds worth EUR 42 million and the intention to list the bonds on the Nasdaq Tallinn stock exchange. On 1 August 2023 Baltic Horizon Fund made a partial early redemption of the bonds resulting in the current total nominal amount of the bonds being EUR 34,499,997. The Estonian Financial Supervision and Resolution Authority approved the prospectus for listing and admission to trading of the bonds on 16 October 2023. The first trading day of the bonds on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange was 25 October 2023.

BREEAM In-Use certificates

Baltic Horizon Fund has obtained BREEAM In-Use certificates for its Estonian retail assets: Postimaja, CC Plaza and Pirita – have all achieved BREEAM In-Use certification with a 'Good' rating. The BREEAM In-Use certificate is one of the most important instruments for assessing sustainable commercial construction in Europe. It has been a key ESG priority for the Fund to certify its properties with the internationally recognized BREEAM standards. In 2021, the portfolio of office buildings received BREEAM certification, and in 2022, a costed retail portfolio certification plan was implemented with the goal to have a 100% certified portfolio by the end of 2023.

Baltic Horizon wins EPRA Gold award

Baltic Horizon Fund has been honoured with a Gold BPR Award for its financial reporting from the European Public Real Estate Association (EPRA) for the fourth year in a row. EPRA assessed the financial statements of 182 European listed real estate entities as part of its annual award process.

GRESB benchmarking

In Q3 2023, Baltic Horizon maintained the GRESB 4 star rating for the second year in a row. In the assessment, the fund achieved a total score of 82 out of 100, representing the third highest GRESB score in the 'Northern Europe | Diversified – Office/Retail | Listed' peer group. The GRESB Real Estate Assessment is an investor-driven global ESG benchmark and reporting framework for listed property companies, private property funds, developers and investors that invest directly in real estate. The achievement of GRESB ratings confirms the Fund's continuous efforts in the ESG field.

PROPERTY REPORT

Portfolio and market overview

At the end of Q3 2023, the diversified property portfolio of Baltic Horizon Fund consisted of 12 cash flow-generating properties in the Baltic capitals. Baltic Horizon believes it has established a well-diversified portfolio of retail and office assets with well-known and long-term tenants including local commercial leaders, governmental agencies, nearshoring shared service centres and the Baltic headquarters of leading international companies.

The recovery of our centrally located shopping centres from the impact of the COVID-19 pandemic was solid throughout 2022 and Q1-Q3 2023. In Q1-Q3 2023, the total turnover of the shopping centres' tenants displayed remarkable growth, surpassing Q1-Q3 2022 figures by an impressive 2-12% across all centrally located retail assets.

While footfall remains below pre-pandemic levels, we are witnessing steady growth in footfall across all retail properties. For instance, Q1-Q3 2023 footfall in Europa SC increased by 8% compared to the same period in the previous year. Moreover, the recent opening of the BURZMA food hall at Galerija Centrs has triggered an exceptional 15% year-over-year surge in footfall, contributing to the overall recovery of Galerija Centrs. Postimaja has been experiencing a temporary decrease in footfall figures, primarily attributed to the ongoing construction of a tramline in close proximity to the shopping centre.

Although customer visits have become less frequent, there has been an upward trend in spending during these visits, with a clear focus on specific purchases. The recovery of the tourism sector is expected to further boost footfall figures, as Galerija Centrs and Postimaja have traditionally been sought-after destinations for tourist shopping. The upcoming 12 months are projected to witness the return to pre-pandemic levels of tourism in the Baltics, which should unlock new growth opportunities.

The opening of the BURZMA food hall and the successful negotiation of deals with new tenants, including international fashion brand ARKET, at Galerija Centrs have created a strong basis for growth in its operating results. Additionally, ongoing negotiations for new lease agreements, especially those with synergistic food hall tenants like bakeries, high-end restaurants and other new anchor tenants, are expected to drive further growth.

While one-off costs related to these endeavours impacted Galerija Centrs' operating results during 2023, the situation is expected to improve greatly during the latter part of the year and in future periods. Several strategic changes in Galerija Centrs will be announced in the upcoming months.

Throughout Q1-Q3 2023, the Fund secured crucial lease extensions with anchor tenants in retail assets. Notably, the anchor grocery tenant Rimi extended its leases on the same favourable terms in both Postimaja and Galerija Centrs. Furthermore, the successful opening of the Reval Café terrace in Postimaja during Q1 2023 fortified a long-term lease and introduced an attractive new entrance to the property. The H&M store will be upgraded in Postimaja to include the H&M Home concept.

Meanwhile, Europa SC demonstrated an impressive surge in letting activity during Q1-Q3 2023, with the Fund successfully securing deals for a total of 2,941 sq. m with thirteen tenants, including prominent names like Pi Pilates, Optometrijos Centras, Codekus and others. In addition, the Fund recently finalized a new lease agreement with a prominent anchor tenant IKI at Europa SC, signing a ten-year lease for an approximate total lettable area of 1,900 sq. m. The opening of the new anchor tenant's store, which will be at the heart of the upgraded concept of the shopping centre, is anticipated to take place early next year.

The increased leasing activity at Europa SC, coupled with the robust performance of Pirita & SKY in Q1-Q3 2023, resulted in a notable rise in the NOI of the retail segment compared to the Q1-Q3 2022 figures.

The office segment witnessed a shift in working practices during the pandemic, with many tenants adopting remote working arrangements where possible. However, there is a growing eagerness among employees to return to offices for social interaction and productive collaboration in physical settings. To address the evolving office reality, Baltic Horizon has been revitalizing larger vacant office areas, transforming them into flexible working spaces to cater to smaller tenants' needs. Initiatives like the office hotel in North Star and similar concepts in Meraki have yielded favourable results.

In response to evolving market dynamics, the Fund is actively engaged in reletting efforts for current office vacancies and forthcoming office spaces, particularly in light of EMERGN's decision to reduce their rented area in LNK and the SEB exit from Upmalas Biroji. Proactive measures are being taken to fill these vacancies, with the Fund securing the Latvian State Police as a tenant for approximately 4,060 sq. m in Upmalas Biroji to partially offset the vacancy from SEB premises. The agreement with the Latvian State Police was signed in November and the move is expected early next year. The occupancy rate of Upmalas Biroji wil increase to 60% following the takeover of these premises.

Additionally, intense negotiations are underway to ensure maximum occupancy in the Lincona building with a newly signed deal with Pet24 to open a pet store on the ground floor. We are also actively seeking new small-scale tenants to occupy available spaces in LNK. The well-configured floor layout of the building makes it suitable to accommodate smaller businesses or dedicate the building to one or two large tenants.

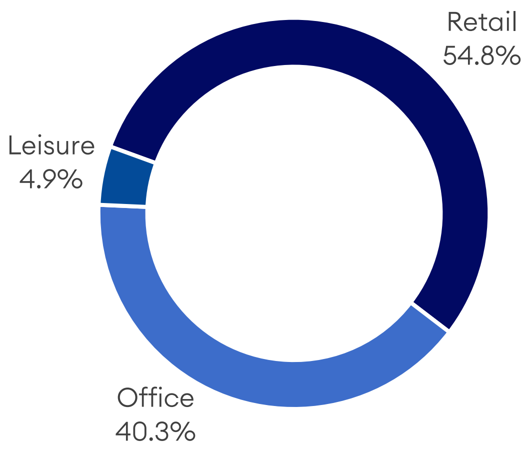
In Meraki, one new lease agreement was successfully executed during Q3 2023. Furthermore, we have initiated at least five active negotiations with potential new tenants as of the publication of this report. Notably, the commercial terms have been agreed with the prospective tenants, and we are in the process of formalizing contracts and aiming to close deals for an approximate total of 1,600 sq. m. of leasable space.

The recent vacancies in LNK and Upmalas Biroji are anticipated to affect the office portfolio results. However, we expect this impact to be partially mitigated by the stability provided by the fixed lease agreements in the remaining portfolio, as well as newly signed leases. In response to these vacancies, the Fund is actively working to provide flexible lease solutions to prospective tenants with the aim to maintain healthy occupancy figures. It is worth noting that rental indexations have played a pivotal role in sustaining organic growth within the office portfolio results.

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

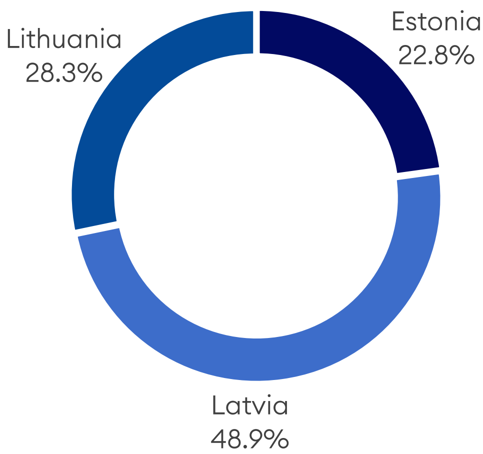
Property performance

Fund segment distribution as of 30 September 2023



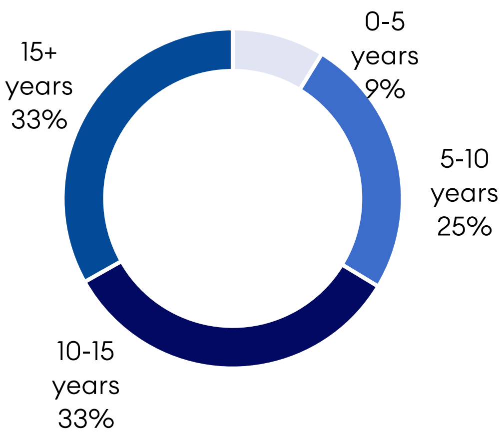
The Fund maintains a well-diversified mix of office, leisure, and retail buildings. At the end of Q3 2023, the portfolio was comprised of 54.8% retail assets, followed by 40.3% office assets and 4.9% leisure assets. Portfolio properties in the office segment contributed 52.5% of net rental income in Q1-Q3 2023 despite accounting for only 40.3% of the Fund's portfolio.

Fund country distribution as of 30 September 2023



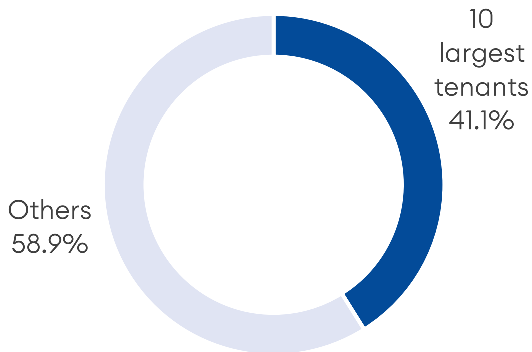
In Q3 2023, the country breakdown of the Fund's portfolio remained similar to the previous quarter. At the end of Q3 2023, the Fund's assets were located as follows: 48.9% in Latvia, 28.3% in Lithuania and 22.8% in Estonia.

Fund portfolio by age as of 30 September 2023



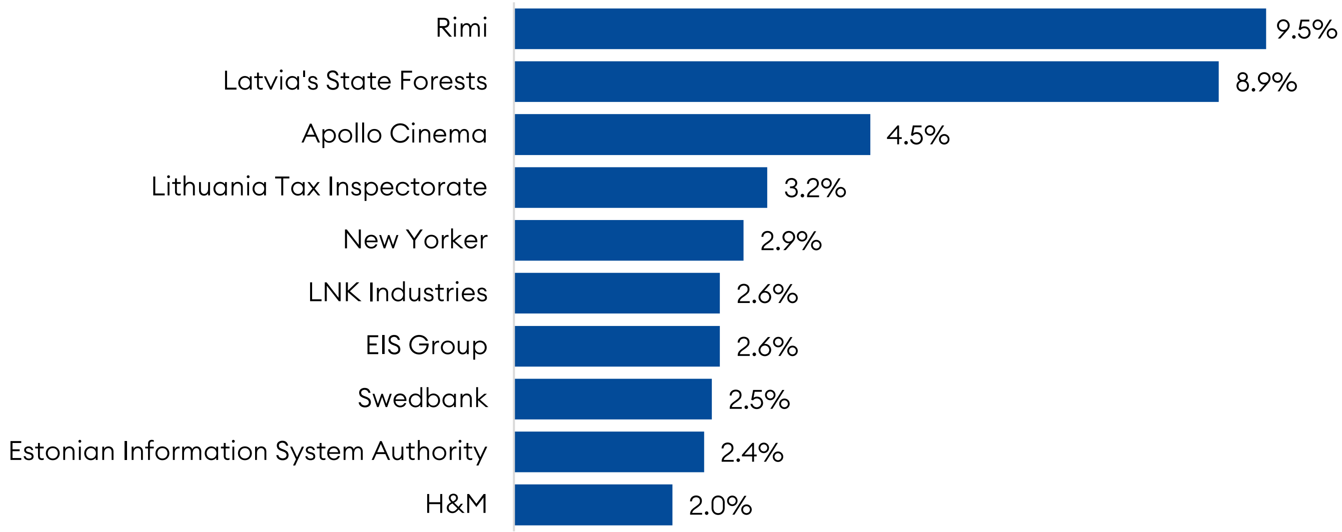
The graph above shows the age of assets in the Fund's portfolio since construction or the last major refurbishment. The management team is focused on improving the Fund's average portfolio age by acquiring newer assets and/or redeveloping assets in the current portfolio.

Rental concentration of the Fund's subsidiaries as of 30 September 2023



Baltic Horizon Fund has around 250 tenants in the portfolio. The rental concentration of the Fund's subsidiaries (rental income from the 10 largest tenants) is shown in the following chart with the largest tenant Rimi accounting for 9.5% of the annualised rental income. As further discussed in the risk management section, credit risk is mitigated by the high quality of the existing tenant base.

Rental concentration of the Fund's subsidiaries: 10 largest tenants as of 30 September 2023



Overview of the Fund's investment properties as of 30 September 2023

Property name	Sector	Fair value[1] (EUR '000)	NLA (sq. m)	Direct property yield Q3 2023[2]	Net initial yield Q3 2023[3]	Occupancy rate
Vilnius, Lithuania						
Europa SC	Retail	35,828	17,051	3.7%	4.1%	84.2%
North Star	Office	20,368	10,579	7.0%	7.3%	99.7%
Meraki	Office	16,330	8,275	0.1%	0.1%	32.2%
Total Vilnius		**72,526**	**35,905**	**3.6%**	**4.1%**	**76.8%**
Riga, Latvia						
Upmalas Biroji BC	Office	20,061	10,594	3.0%	3.6%	22.1%
Vainodes I	Office	17,243	8,128	6.8%	8.6%	100.0%
LNK Centre	Office	15,290	7,450	3.3%	3.7%	42.8%
Sky SC	Retail	5,480	3,259	8.8%	8.2%	100.0%
Galerija Centrs	Retail	67,504	19,294	3.6%	4.1%	80.4%
Total Riga		**125,578**	**48,725**	**4.1%**	**4.8%**	**66.5%**
Tallinn, Estonia						
Postimaja & CC Plaza complex	Retail	23,100	9,232	3.7%	5.7%	95.6%
Postimaja & CC Plaza complex	Leisure	12,432	9,139	6.2%	6.0%	94.3%
Lincona	Office	14,201	10,775	6.9%	7.9%	85.8%
Pirita SC	Retail	8,825	5,425	6.3%	8.9%	97.1%
Total Tallinn		**58,558**	**34,571**	**5.2%**	**6.8%**	**92.4%**
Total portfolio		**256,662**	**119,201**	**4.3%**	**5.0%**	**77.1%**

1. Based on the latest valuation as of 30 September 2023, subsequent capital expenditure and recognised right-of-use assets,
2. Direct property yield (DPY) is calculated by dividing annualized NOI by the acquisition value and subsequent capital expenditure of the property.
3. The net initial yield (NIY) is calculated by dividing annualized NOI by the market value of the property.

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 2023, the average actual occupancy of the portfolio was 79.5% (Q2 2023: 87.2%). The occupancy rate as of 30 September 2023 was 77.1 % (30 June 2023: 84.6%). The overall occupancy rate was strongly influenced by the decreased occupancy in the office segment following the expiry of the lease with the anchor tenant SEB in Upmalas Biroji BC. The property management team is negotiating the final terms with a new anchor tenant in Upmalas Biroji BC to partially fill the space vacated by SEB in August 2023.

Sky SC and Vainodes I are now fully occupied. The Fund's retail and office leasing teams were expanded in 2022 to speed up the leasing process. The agreement with the anchor tenant ARKET in Galerija Centrs was signed in December 2022. Construction works for ARKET fit-out started in Q1 2023, with an opening planned in December 2023.

Expiry of the agreement with the main tenant in Upmalas Biroji BC and EMERGN's decision to reduce their rented area in LNK Centre had a negative impact on the property yields in Q3 2023. The average direct property yield during Q3 2023 was 4.3% (Q2 2023: 5.3%). The net initial yield for the whole portfolio for Q3 2023 was 5.0% (Q2 2023: 5.9%).

Breakdown of NOI development

Property	Date of acquisition	2018	2019	2020	2021	2022	Q1-Q3 2022	Q1-Q3 2023
Galerija Centrs	13 June 2019	-	2,552	3,023	1,448	2,193	1,632	1,750
Postimaja & CC Plaza complex	8 March 2013[1]	2,447	2,495	1,932	1,805	2,044	1,608	1,591
North Star	11 October 2019	-	315	1,419	1,208	1,371	1,006	1,124
Europa SC	2 March 2015	2,332	2,467	1,681	1,006	1,028	655	1,109
Upmalas Biroji BC	30 August 2016	1,710	1,701	1,661	1,740	1,763	1,281	1,102
Vainodes I	12 December 2017	1,463	1,462	1,464	1,449	1,383	1,054	1,078
Lincona	1 July 2011	1,192	1,276	1,212	1,114	1,102	834	828
LNK Centre	15 August 2018	409	1,072	1,090	1,088	1,132	851	712
Duetto II[2]	27 February 2019	-	1,090	1,354	1,353	1,409	1,044	598
Pirita SC	16 December 2016	900	438	677	484	664	488	573
Duetto I[2]	22 March 2017	1,096	1,160	1,166	1,223	1,191	888	550
Sky SC	7 December 2013	407	370	402	395	423	302	316
Domus Pro Retail[3]	1 May 2014	1,160	1,132	1,092	1,145	1,280	958	226
Domus Pro Office[3]	1 October 2017	499	562	538	537	548	408	100
Meraki[4]	10 September 2022	-	-	-	-	(101)	(36)	66
G4S Headquarters[5]	12 July 2016	1,189	1,127	1,223	1,009	-	-	-
Total portfolio		**14,804**	**19,219**	**19,934**	**17,004**	**17,430**	**12,973**	**11,723**

1. The Fund completed the acquisition of the Postimaja SC on 13 February 2018.
2. The Fund completed the disposal of the Duetto I and Duetto II properties on 6 June 2023.
3. The Fund completed the disposal of the Domus Pro Retail and Office complex on 6 March 2023.
4. The Fund completed the development of the first tower of the Meraki building in September 2022. Rental income is received starting from October 2022. Initial rental costs were recognised in September 2022.
5. The Fund completed the disposal of G4S Headquarters on 8 November 2021.

The Fund's portfolio produced EUR 11.7 million of net operating income (NOI) during Q1-Q3 2023 (Q1-Q3 2022: EUR 13.0 million). Please refer to the table above for a breakdown of NOI development by each property, which has been generating stable rental income over the years.

Like-for-like net rental growth provides a more comparable view on the performance of the underlying assets, as these calculations exclude the impact of net rental growth or decline due to acquisitions, developments or disposals in Q1-Q3 2023 and Q1-Q3 2022. The change in the Fund's like-for-like net rental income compares the growth in the net rental income of the portfolio that has been consistently in operation, and not under development, during the two full periods that are presented.

EPRA like-for-like net rental income by segment

EUR '000	Fair value 30.09.2023	Net rental income Q1-Q3 2023	Net rental income Q1-Q3 2022	Change (EUR '000)	Change (%)
Like-for-like assets					
Retail	140,737	4,742	3,956	786	19.9%
Office	87,163	4,844	5,026	(182)	(3.6%)
Leisure	12,432	597	729	(132)	(18.1%)
Total like-for-like assets	**240,332**	**10,183**	**9,711**	**472**	**4.9%**
Developed assets	16,330	66	(36)	102	283.3%
Disposed assets	-	1,474	3,298	(1,824)	(55.3%)
Total portfolio assets	**256,662**	**11,723**	**12,973**	**(1,250)**	**(9.6%)**

Net rental income of the portfolio on a like-for-like basis increased by 4.9% or EUR 472 thousand in Q1-Q3 2023 compared to the same period last year. The increase in net rental income was mainly driven by rent indexation, a decrease in the temporary discounts granted to the tenants in H1 2022 in connection with the COVID-19 crisis and the recovery of Europa's NOI following its reconstruction. Recovery at the beginning of 2023, however, was slowed by higher energy costs, which increased unrecoverable costs.

The retail segment showed a positive change with an increase in like-for-like net rental income of 19.9%. All the retail properties saw an uplift in net rental income during Q1-Q3 2023 compared to last year albeit Q1-Q2 2023 performance was negatively affected by one-off cost related to the opening of BURZMA and higher energy prices. Since the Fund covers part of the energy costs for common areas, increases in such costs create a negative effect on the NOI. However, the negative effect is limited to a certain extent as the Fund has fixed energy prices in Estonia. Europa's NOI increased significantly following the completion of reconstruction. The downward adjustment in the leisure segment was recognised due to the changes in the master lease agreement with the tenant operating the cinema and increased vacancy in the CC Plaza property.

The office segment showed a negative change with a decrease in like-for-like net rental income of 3.6%. Net rental income in most of the office properties contracted during Q1-Q3 2023 compared to last year. The largest decline in Q3 was seen in Upmalas Biroji BC and LNK Centre due to the expiration of the lease agreement with the major tenant SEB and EMERGN decision to reduce their rented area. Exposure to increased costs was limited as most of the Fund's office premises have the widely accepted triple net lease agreement structure.

EPRA like-for-like net rental income by country

EUR '000	Fair value 30.09.2023	Net rental income Q1-Q3 2023	Net rental income Q1-Q3 2022	Change (EUR '000)	Change (%)
Like-for-like assets					
Estonia	58,558	2,992	2,930	62	2.1%
Latvia	125,578	4,958	5,120	(162)	(3.2%)
Lithuania	56,196	2,233	1,661	572	34.4%
Total like-for-like assets	**240,332**	**10,183**	**9,711**	**472**	**4.9%**
Developed assets	16,330	66	(36)	102	283.3%
Disposed assets	-	1,474	3,298	(1,824)	(55.3%)
Total portfolio assets	**256,662**	**11,723**	**12,973**	**(1,250)**	**(9.6%)**

Like-for-like net rental income changes in Lithuania and Estonia were positive throughout Q1-Q3 2023 compared to Q1-Q3 2022. Latvia's performance was affected by the weaker performance of LNK Centre and Upmalas Biroji BC while Galerija Centrs showed a positive change in Q3 2023 and the rental income of the property is now above last year's result. In Q1-Q3 2023, the net rental income of Galerija Centrs, Postimaja, North Star, Meraki, Europa SC, Vainodes I, Sky SC and Pirita exceeded the previous year's result. Despite the solid performance of most assets, the pressure of higher electricity costs and unrecoverable costs from common areas have limited net rental income growth during 2023, while Q3 net rental income was also affected by the tenant changes in LNK Centre and Upmalas Biroji BC.

ESTONIA: Portfolio properties based in Estonia started the year with an upward movement in the net rental income and key portfolio metrics. In the Fund's portfolio, Estonian properties recognised an increase in like-for-like net rental income, delivering growth of 2.1% year over year. The change was mostly influenced by a sizeable NOI increase in Pirita due to higher occupancy.

Net rental income in Postimaja and CC Plaza Complex increased compared to the prior year's results. There was an increase in Postimaja property, although the net rental income of CC Plaza decreased due to the surge in energy prices which led the Fund to grant rent relief to the tenant operating a cinema in CC Plaza. The Fund supported the tenant operating the cinema in CC Plaza and retail tenants in Postimaja during lockdowns, which reduced rental income during 2020-2022. After the tenants' recovery from the effects of COVID-19, the amount of support required from the Fund has been rapidly decreasing, leading to an improvement in the Fund's performance. The opening of Reval Café in January 2023 has additionally boosted the operating performance of Postimaja. The performance of CC Plaza has been negatively impacted by the changes in the master lease agreement with the tenant operating the cinema in the property. The team has been working to find for a new anchor tenant for the ground floor of CC Plaza by the beginning of 2024 in order to boost the performance of the property.

The operational results of Lincona were relatively stable during Q1-Q3 2023 as no major leases were signed and no major concessions were provided during this period. Occupancy in Lincona slightly decreased due to the termination and expiration of the lease agreements with a few tenants. The management team is exploring opportunities to establish an office hotel in Lincona's vacant office space and offer the premises to smaller tenants.

Pirita outperformed its Q1-Q3 2022 results due to indexation applied in 2023, higher occupancy and tenants' better payment discipline.

Most of the key performance metrics in Q3 2023 remained similar to the previous quarter. During Q3 2023, the average direct property yield decreased to 5.2% (Q2 2023: 5.4%), while the average net initial yield grew to 6.8% (Q2 2023: 6.5%). The average occupancy level for Q3 2023 was 92.4% (Q2 2023: 94.0%). The occupancy rate as of 30 September 2023 was 92.4% (30 June 2023: 93.8%).

LATVIA: Latvian properties recognised a 3.2% decrease in like-for-like net rental income compared with the same period last year. This change was mainly influenced by a sizeable NOI decrease in LNK Centre and Upmalas Biroji BC.

Even considering the strong recovery of rents, the sudden increase in energy costs had a direct negative impact on the Latvian portfolio, resulting in a fall in NOI at the beginning of 2023. The Fund is covering the electricity costs of areas under refurbishment, while they are being prepared for newly signed agreements. The Fund has initiated a strategic upgrade of the Galerija Centrs concept to be carried out in 2022/2023 by constructing a food hall and implementing changes in other areas. In January 2023 the agreement with the Nordic fashion and lifestyle brand ARKET was signed for the total lettable area of 782 sq. m. The opening of the store has been planned for December 2023. This will be the first ARKET store in Latvia. The strategic move further strengthens Galerija Centrs' position in the market by offering customers an innovative and experience-based shopping environment. These major changes should boost occupancy levels by 5-15% and gradually take the property back to 95-100% occupancy.

Exposure to cost inflation was limited in SKY and LNK Centre resulting in a stable performance for both properties in the first half of 2023. However, in July 2023 the agreement with the main tenant expired and was not extended. In November the Fund signed the agreement with the Latvian State Police for an area of approximately 4,060 sq. m. The move is expected early next year.

The average direct property yield decreased to 4.1% during Q3 2023 (Q2 2023: 5.6%). The average net initial yield was 4.8% (Q2 2023: 6.3%). The average occupancy level for Q3 2023 decreased to 72.5% (Q2 2023: 88.7%). The occupancy rate as of 30 September 2023 was 66.5% (30 June 2023 84.0%). At the end of Q3 2023, 2 out of the 5 properties in Latvia were fully leased out to local and international tenants. Latvian properties have development potential, which the Fund's management team aims to realize in the coming years in order to maximise the value of the properties.

LITHUANIA: Across all Baltic Horizon Fund markets, the properties in Lithuania showed the best like-for-like results due to solid diversification of assets. After completing reconstruction, the Europa SC has moved towards a refreshed concept and the take-up of vacant premises. Operational results for Q1-Q3 2023 reflect strong growth in NOI. Gross rental income has been on an upward trend for the last several quarters.

Energy prices are the ultimate drivers of changes in operating costs. The Fund has concluded a contract for 50% of its energy needs at good prices starting from Q3 2023.

In Q1-Q3 2023, all properties in the Lithuanian market outperformed prior year results. All properties in Lithuania had lease extensions or new leases signed. The Fund's leasing efforts are now mostly focused on Europa and Meraki following the completion of these (re)development projects.

During Q3 2023, the average direct property yield was 3.6% (Q2 2023: 4.8%). The average net initial yield was 4.1% (Q2 2023: 5.0%). The average occupancy level for Q3 2023 was 76.5% (Q2 2023: 80.6%). The occupancy rate as of 30 September 2023 was 76.8% (30 June 2023: 76.1%).

FINANCIAL REPORT

Financial position and performance of the Fund

Net result and net rental income

The Group recorded a net loss of EUR 15.2 million for Q1-Q3 2023 against a net profit of EUR 6.2 million for the corresponding period in 2022. The net result was strongly impacted by the negative valuation result of EUR 14.6 million. Meanwhile in Q1-Q3 2022, the valuation resulted in a net fair value gain of EUR 0.2 million. The sale of the shares in BH Domus Pro UAB which owns a retail park and an office building and BH Duetto UAB, which owns two office buildings, resulted in the loss on disposal of EUR 3.8 million. The net result was also impacted by the higher financial expenses. Earnings per unit for Q1-Q3 2023 were negative at EUR -0.13 (Q1-Q3 2022: positive at EUR 0.05).

The Group earned net rental income of EUR 11.7 million in Q1-Q3 2023 (Q1-Q3 2022: EUR 13.0 million). The results for 2023 include two months' net rental income of the Domus Pro Retail and Office property (EUR 0.3 million) and five months' net rental income of the Duetto properties (EUR 1.2 million), which were sold in February and May 2023, respectively. Rent indexations and the recovery of income improved the net rental income of the same portfolio mix (like-for-like portfolio).

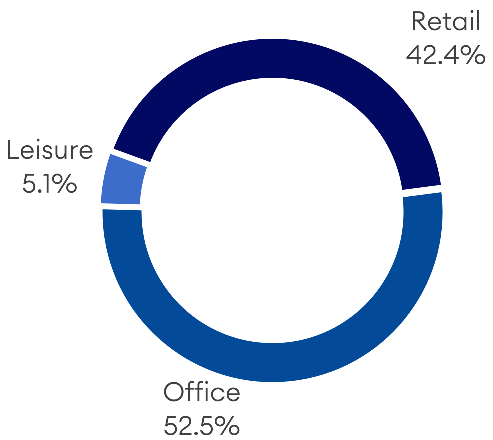
On an EPRA like-for-like basis, portfolio net rental income increased by 4.9% year on year, mainly due to the recovery in the retail segment.

Portfolio properties in the office segment contributed 52.5% (Q1-Q3 2022: 56.5%) of net rental income in Q1-Q3 2023, followed by the retail segment with 42.4% (Q1-Q3 2022: 37.9%) and the leisure segment with 5.1% (Q1-Q3 2022: 5.6%).

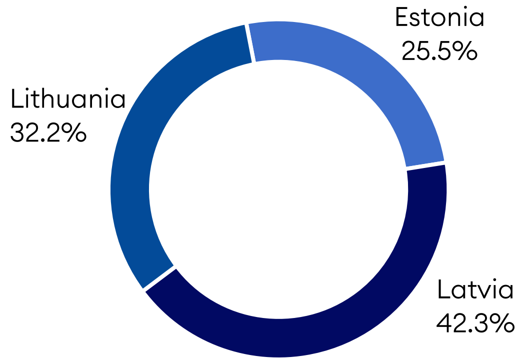
Retail assets located in the central business districts (Postimaja, Europa and Galerija Centrs) accounted for 32.9% of total portfolio net rental income in Q1-Q3 2023. Total net rental income attributable to neighbourhood shopping centres was 9.5% in Q1-Q3 2023.

During Q1-Q3 2023, investment properties in Latvia and Lithuania contributed 42.3% (Q1-Q3 2022: 39.4%) and 32.2% (Q1-Q3 2022: 38.0%) of net rental income, respectively, while investment properties in Estonia contributed 25.5% (Q1-Q3 2022: 22.6%).

Net rental income by segment



Net rental income by country



Gross Asset Value (GAV)

At the end of Q3 2023, the Fund's GAV was EUR 269.5 million (31 December 2022: EUR 344.0 million), 21.7% lower than at the end of the previous period. The decrease is mainly related to the sale of the shares in BH Domus Pro UAB and BH Duetto UAB.

Investment properties

At the end of Q3 2023, the Baltic Horizon Fund portfolio consisted of 12 cash flow generating investment properties in the Baltic capitals. The fair value of the Fund's portfolio was EUR 256.7 million (31 December 2022: EUR 333.1 million) and incorporated a total net leasable area of 119.2

thousand sq. m. During Q1-Q3 2023 the Group sold the Domus PRO buildings for approximately EUR 23.5 million and the Duetto I and Duetto II buildings for approximately EUR 37 million, invested EUR 1.2 million in reconstruction projects and EUR 1.2 million in the existing property portfolio.

Key earnings figures

EUR '000	Q3 2023	Q3 2022	Change (%)
Net rental income	**3,228**	**4,298**	**(24.9%)**
Administrative expenses	(572)	(752)	(23.9%)
Losses on disposal of investment properties	(59)	-	-
Valuation losses on investment properties	(3)	(14)	(78.6%)
Operating profit	**2,594**	**3,532**	**(26.6%)**
Net financial expenses	(2,817)	(1,502)	87.5%
Profit (loss) before tax	**(223)**	**2,030**	**(111.0%)**
Income tax	12	(132)	109.1%
Net profit (loss) for the period	**(211)**	**1,898**	**(111.1%)**
Weighted average number of units outstanding (units)	119,635,429	119,635,429	-
Earnings per unit (EUR)	**(0.00)**	**0.02**	**-**

Key financial position figures

EUR '000	30.09.2023	31.12.2022	Change (%)
Investment properties in use	256,662	333,123	(23.0%)
Gross asset value (GAV)	**269,462**	**343,963**	**(21.7%)**
Interest-bearing loans and bonds	144,006	194,569	(26.0%)
Total liabilities	**151,478**	**210,308**	**(28.0%)**
IFRS Net asset value (IFRS NAV)	**117,984**	**133,655**	**(11.7%)**
EPRA Net Reinstatement Value (EPRA NRV)	**121,966**	**141,943**	**(14.1%)**
Number of units outstanding (units)	119,635,429	119,635,429	-
IFRS Net asset value (IFRS NAV) per unit (EUR)	**0.9862**	**1.1172**	**(11.7%)**
EPRA Net Reinstatement Value (EPRA NRV) per unit (EUR)	**1.0195**	**1.1865**	**(14.1%)**
Loan-to-Value ratio (%)	56.1%	58.4%	-
Average effective interest rate (%)	5.1%	3.0%	-

Interest-bearing loans and bonds

As of 30 September 2023 interest-bearing loans and bonds (excluding lease liabilities) were EUR 144.0 million (31 December 2022: EUR 194.6 million). Outstanding bank loans decreased due to the repayment of the Domus Pro and Duetto loans, part of Europa and Kontor loans and regular bank loan amortisation. Also, the Fund redeemed a part of the bonds in the amount of EUR 7.5 million on 1 August 2023. The redemption was accompanied by the reduction of the nominal value of the bonds to EUR 82,142.85 per bond. The total nominal amount of the bonds before the redemption was EUR 42,000,000 and after the redemption is EUR 34,499,997. Annual loan amortisation accounted for 1.4% of total debt outstanding.

Cash flow

Cash inflow from core operating activities in Q1-Q3 2023 amounted to EUR 8.7 million (Q1-Q3 2022: cash inflow of EUR 10.8 million). Cash inflow from investing activities was EUR 21.4 million (Q1-Q3 2022: cash outflow of EUR 11.1 million) due to the sale of the shares in BH Domus Pro UAB and BH Duetto UAB. Cash outflow from financing activities was EUR 27.5 million (Q1-Q3 2022: cash outflow of EUR 10.9 million). In Q1-Q3 2023, the Fund redeemed and issued bonds, repaid the Domus Pro and part of the Europa loan, and paid regular interest on bank loans and bonds. In March 2023 the Fund repaid the Domus Pro loan (EUR 11.0 million) and EUR 6.0 million of the Europa loan using the proceeds from the sale of the shares in BH Domus Pro UAB. In May the Fund redeemed its EUR 50 million unsecured 5-year bond issue, completed a private placement of 5-year bonds and issued bonds in the total volume of EUR 42 million. In August the Fund early redeemed a part of the bonds in the amount of EUR 7.5 million. During August, the Fund successfully refinanced the Kontor SIA loan until 2028, reducing the original Kontor SIA loan by EUR 1.2 million. At the end of Q3 2023, the Fund's consolidated cash and cash equivalents amounted to EUR 7.9 million (31 December 2022: EUR 5.3 million). Operating costs are fully covered by cash flows generated by rental activities.

Net Asset Value (NAV)

At the end of Q3 2023, the Fund's NAV was EUR 118.0 million (31 December 2022: EUR 133.7 million). Compared to the year-end 2022, the Fund's NAV decreased by 11.7%. The increase in operational performance was offset by a EUR 14.6 million property valuation loss and EUR 3.8 million loss from the disposal of the BH Domus Pro UAB and BH Duetto UAB shares. Excluding the impact of valuations, the NAV at the end of Q3 2023 would have been EUR 132.2 million or EUR 1.1049 per unit. As of 30 September 2023, IFRS NAV per unit decreased to EUR 0.9862 (31 December 2022: EUR 1.1172), while EPRA net tangible assets and EPRA net reinstatement value were EUR 1.0195 per unit (31 December 2022: EUR 1.1865). EPRA net disposal value was EUR 0.9827 per unit (31 December 2022: EUR 1.1143).

FINANCING

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

S&P affirms credit rating

On 6 April 2023, S&P Global Ratings assigned the 'MM5' mid-market evaluation (MME) rating to Baltic Horizon Fund. The indicative corresponding rating for 'MM5' on the global rating scale is 'B / B+'. A full report of the S&P Global Ratings analysis can be found on the S&P Global Ratings website.

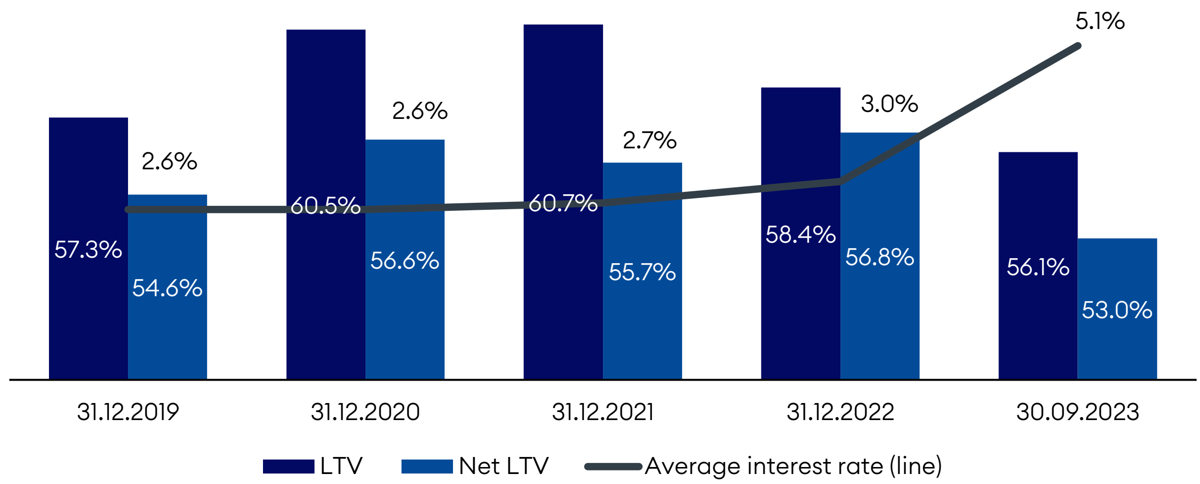
Extension of bank loans

During Q3 2023, the Group successfully refinanced its Kontor SIA bank loan with a different bank and extended the LNK loan with the same bank. The bank's credit committee approved the Kontor SIA bank loan in the amount of EUR 10.5 million and a maturity in August 2028. LNK loan was extended until 2023 November. The Fund has also started the procedures to prolong its Galerija Centrs bank loan which matures in January 2024, and Europa and Northstar bank loans which mature in March 2024. Since part of the bonds matures in May 2024 it is planned that it will be redeemed using proceeds from asset sales and additional bank loans taken by Group companies.

Bank loans and bonds

During Q3 2023, regular bank loan amortisation was 1.4 % p.a. (EUR 2 million p.a.). As of the end of Q3 2023, the LTV ratio decreased and reached 56.1% (31 December 2022: 58.4%). The average interest rate as of 30 September 2023 increased to 5.1% (31 December 2022: 3.0%) following an increase in EURIBOR. The management team is working to reduce LTV below 50% during upcoming periods.

LTV and average interest rate



The table below provides a detailed breakdown of the structure of the Fund's consolidated financial debt as of 30 September 2023. Interest-bearing debt was comprised of bank loans with a total carrying value of EUR 110.1 million and bonds with a carrying value of EUR 34.5 million. 100% of the debt instruments were denominated in euros. Bank loans have been obtained by subsidiaries that hold the Fund's properties and the properties have been pledged as loan collateral. The parent entity holds the 5-year secured bonds.

Loan arrangement costs are capitalised and amortised over the terms of the respective loans. At the end of Q3 2023, the unamortised balance of loan arrangement costs for all loans and bonds was EUR 555 thousand.

Financial debt structure of the Fund as of 30 September 2023

Property	Maturity	Currency	Carrying amount (EUR '000)	% of total	Fixed rate portion (%)
Galerija Centrs	26 January 2024	EUR	30,000	19.5%	100.0%
CC Plaza and Postimaja	12 February 2026	EUR	16,856	11.1%	102.0%
Europa SC	15 March 2024	EUR	8,400	5.5%	219.1%
Upmalas Biroji BC	2 August 2028	EUR	10,500	7.6%	100.7%
Vainodes I	13 November 2024	EUR	10,444	6.9%	47.1%
North Star	15 March 2024	EUR	9,000	5.9%	100.0%
LNK	30 November 2023	EUR	8,088	5.3%	71.1%
Lincona	31 December 2027	EUR	9,277	6.1%	0.0%
Pirita SC	20 February 2026	EUR	4,670	3.1%	0.0%
Sky SC	31 January 2028	EUR	2,826	1.9%	0.0%
Total bank loans		**EUR**	**110,061**	**76.1%**	**73.6%**
Less capitalised loan arrangement fees[1]		EUR	(136)		
Total bank loans recognised in the statement of financial position		**EUR**	**109,925**		
5-year secured bonds[2]	8 May 2028	EUR	34,500	23.9%	0.0%
Total bonds		**EUR**	**34,500**	**23.9%**	**0.0%**
Less capitalised bond arrangement fees[1]		EUR	(419)		
Total bonds recognised in the statement of financial position		**EUR**	**34,081**		
Total debt recognised in the statement of financial position		**EUR**	**144,006**	**100.0%**	**73.6%**

1. Amortised each month over the term of a loan/bond.
2. Bonds in the total nominal amount of EUR 12.5 million have to be redeemed by 8 May 2024.

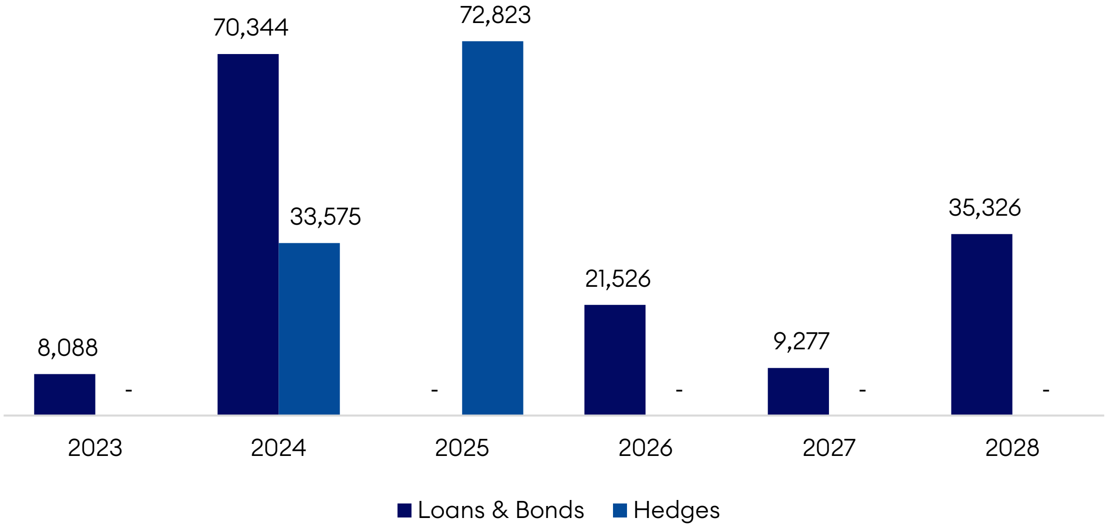
Weighted debt financing average time to maturity was 2.4 years and weighted hedge average time to maturity was 1.4 years at the end of Q3 2023.

Hedging policy and new hedges

As of 30 September 2023, 73.6% of total debt was hedged against interest rate risk while the remaining 26.4% had floating interest rates. The Fund hedges interest rates on a portion of its debt by acquiring IRS-type hedging instruments or limits the impact of rising interest rates with interest rate cap instruments (CAP).

The graph below shows that as of 30 September 2023 around 54.3% of total debt financing matures in 2023-2024.

Maturity terms of loans, bonds and hedges
EUR'000



Covenant reporting

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

As of 30 September 2023, the Fund was in compliance with all special conditions and covenants set under the bank loan agreements except for the Galerija Centrs property. The Interest Service Coverage Ratio (ISCR) of the Galerija Centrs property (carrying loan amount – EUR 30 million) was below the required level of 1.8 at the end of Q2 and Q3 2023, but this did not result in any consequences because the Fund received a formal waiver from the lender for the mentioned covenant breach. Management is monitoring the situation proactively with the banks to ensure timely measures.

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

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

Financial covenants of secured bonds issued at the Fund level

Covenant	Requirement	Ratio 30.09.2023
Equity Ratio	> 35.0%*	44.9%
Debt Service Coverage Ratio	> 1.10*	1.26**

*Equity ratio must be above 35.0% until the collateral has been released and thereafter above 37.5 %. DSCR of the Group must be above 1.10 until the first anniversary of the issue date or until the collateral has been released and thereafter above 1.20.
**As of 30 September 2023, the DSCR excluding paid interest associated with mandatory partial early redemption of the bonds was 1.41.

EPRA PERFORMANCE MEASURES

New EPRA performance metrics

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

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

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

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

Baltic Horizon wins EPRA Gold award

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

EPRA BPR GOLD

Key performance indicators – definition and use

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

EPRA Indicators	EPRA definition	EPRA purpose
EPRA Vacancy rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	A 'pure' (%) measure of investment property space that is vacant, based on ERV.
EPRA Cost ratio	Administrative & operating costs (including & excluding the costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs.

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

EPRA Net asset value

EUR '000	30.09.2023 EPRA NRV	EPRA NTA	EPRA NDV
IFRS NAV	**117,984**	**117,984**	**117,984**
Exclude:			
V. Deferred tax liability on investment properties[1]	5,207	5,207	-
V. Deferred tax on fair value of financial instruments	104	104	-
VI. Fair value of financial instruments	(1,329)	(1,329)	-
Include:			
IX. Revaluation at fair value of fixed-rate loans	-	-	(419)
NAV	**121,966**	**121,966**	**117,565**
Fully diluted number of units	119,635,429	119,635,429	119,635,429
NAV per unit (EUR)	**1.0195**	**1.0195**	**0.9827**

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

EUR '000	31.12.2022 EPRA NRV	EPRA NTA	EPRA NDV
IFRS NAV	**133,655**	**133,655**	**133,655**
Exclude:			
V. Deferred tax liability on investment properties[1]	9,969	9,969	-
V. Deferred tax on fair value of financial instruments	156	156	-
VI. Fair value of financial instruments	(1,837)	(1,837)	-
Include:			
IX. Revaluation at fair value of fixed-rate loans	-	-	(342)
NAV	**141,943**	**141,943**	**133,313**
Fully diluted number of units	119,635,429	119,635,429	119,635,429
NAV per unit (EUR)	**1.1865**	**1.1865**	**1.1143**

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

EPRA Earnings

EUR '000	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022
Net result IFRS	**(211)**	**1,898**	**(15,216)**	**6,137**
Exclude:				
I. Changes in fair value of investment properties	3	14	14,626	(158)
II. Profits or losses on disposal of investment properties	59	-	3,810	-
VIII. Deferred tax in respect of EPRA adjustments	(12)	131	(709)	672
EPRA Earnings	**(161)**	**2,043**	**2,511**	**6,651**
Weighted number of units during the period	119,635,429	119,635,429	119,635,429	119,635,429
EPRA Earnings per unit	**(0.00)**	**0.02**	**0.02**	**0.06**

EPRA LTV

EUR '000	30.09.2023	31.12.2022
Net debt		
Include:		
Borrowings from financial institutions	110,061	144,682
Bond loans	34,500	50,000
Net payables	649	3,502
Exclude:		
Cash and cash equivalents	(7,889)	(5,347)
Net debt (A)	**137,321**	**192,837**
Property value		
Include:		
Investment properties at fair value	256,662	333,123
Total property value (B)	**256,662**	**333,123**
EPRA LTV (A/B)	**53.5%**	**57.9%**

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

INVESTOR RELATIONS

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

Conversion of units to Swedish depository receipts

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

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

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

Trading information

As of 30 September 2023, the market capitalisation for Baltic Horizon Fund was approx. EUR 40.7 million (31 December 2022: EUR 68.8 million) based on the closing unit market prices on the Nasdaq Tallinn Stock Exchange and the Nasdaq Stockholm Alternative Investment Funds market. During Q1-Q3 2023, Baltic Horizon Fund units on the Nasdaq Tallinn Stock Exchange were trading at a discount compared to the net asset value per unit. The market price of the unit entered a downward trend at the end of February 2022 after the start of the war in Ukraine. At the end of Q3 2023, the closing unit price on the Nasdaq Tallinn Stock Exchange was EUR 0.34.

Key information

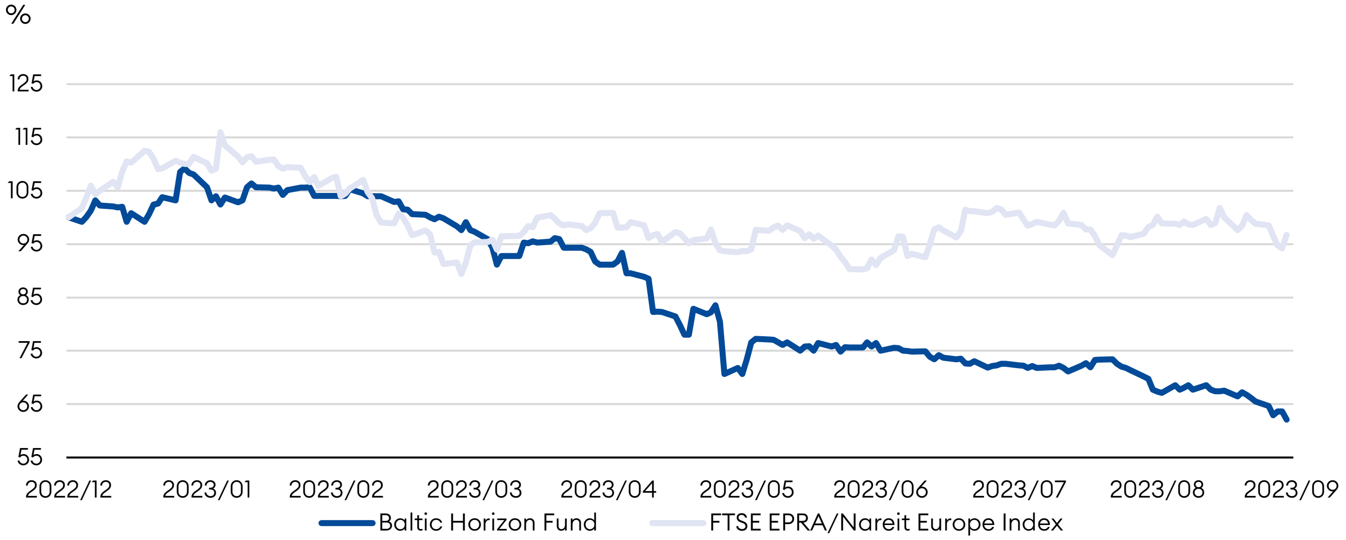
ISIN code	EE3500110244
Markets	Nasdaq Tallinn Nasdaq Stockholm
Ticker symbols:	
Nasdaq Tallinn	NHCBHFFT
Nasdaq Stockholm	NHCBHFFSDB
Bloomberg tickers:	
Nasdaq Tallinn	NHCBHFFT:ET
Nasdaq Stockholm	NHCBHFFS:SS

Key figures	30.09.2023	31.12.2022
Number of units issued (units)	119,635,429	119,635,429
Market capitalisation[1] (EUR)	40,676,046	68,790,372
IFRS NAV per unit (EUR)	0.9862	1.1172
Unit price discount from IFRS NAV per unit[2] (%)	(65.5%)	(48.5%)
EPRA NRV per unit (EUR)	1.0195	1.1865
Unit price discount from EPRA NRV per unit[3] (%)	(66.7%)	(51.5%)

Key figures	Q1-Q3 2023	Q1-Q3 2022
Nasdaq Tallinn:		
Highest unit price during the period (EUR)	0.6547	1.0689
Lowest unit price during the period (EUR)	0.3350	0.6910
Closing unit price (EUR)	0.3400	0.7150
Nasdaq Stockholm:		
Highest unit price during the period (SEK)	6.40	11.42
Lowest unit price during the period (SEK)	4.06	7.00
Closing unit price (SEK)	4.06	7.00
Earnings per units during the period (EUR)	(0.13)	0.05
Distribution per unit for the period[4] (EUR)	-	0.026

1. Based on the closing prices and split between units on the Nasdaq Tallinn and the Nasdaq Stockholm Stock Exchanges.
2. Based on the closing price on the Nasdaq Tallinn Stock Exchange and the IFRS NAV per unit at the end of period.
3. Based on the closing price on the Nasdaq Tallinn Stock Exchange and the EPRA NRV per unit at the end of period.
4. Distributions to unitholders for Q1-Q3 2023 and Q1-Q3 2022 Fund results.

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



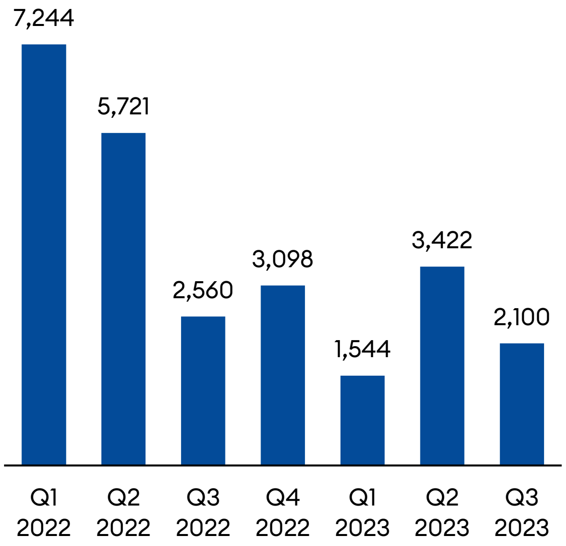
Baltic Horizon Fund's total shareholder return on the unit in during Q1-Q3 2023 amounted to -40.9%. Total shareholder return for a given period is equivalent to the movement in the unit price on the Nasdaq Tallinn Stock Exchange over the period plus dividends paid, divided by the opening unit price.

In Q1-Q3 2023, the Baltic Horizon Fund unit offered good liquidity. In total, 119,635,429 units were traded on the Nasdaq Tallinn and Nasdaq Stockholm stock exchanges, while the total Q1-Q3 2023 trading volume reached 7.1 million units. Market capitalisation of approx. EUR 50.2 million turns around in ca. 11.8 years on the Nasdaq Tallinn and Stockholm Stock Exchanges. Baltic Horizon Fund was the 11th most traded listed security on the Nasdaq Tallinn Stock Exchange during Q1-Q3 2023.

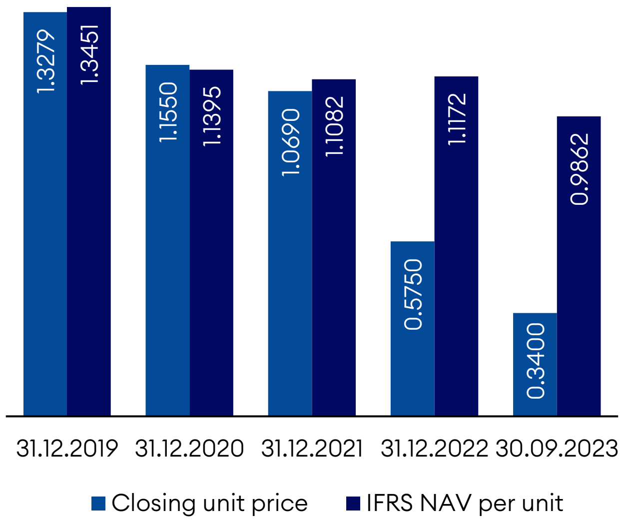
The first graph below shows the Baltic Horizon Fund units' quarterly trading volume on the Nasdaq Tallinn and the Nasdaq Stockholm Stock Exchanges.

During Q1-Q3 2023, Baltic Horizon Fund units on the Nasdaq Tallinn Stock Exchange were trading at a discount compared to the net asset value per unit. At the end of Q3 2023, units were traded at a 65.5% discount compared to the IFRS NAV per unit and 66.7% discount compared to the EPRA NRV per unit. The second graph below shows the Baltic Horizon Fund unit price in relation to its IFRS net asset value since inception.

Quarterly trading volume on Nasdaq Tallinn and Stockholm Stock Exchanges
'000 Units



Nasdaq Tallinn unit price compared with NAV
EUR



Dividend capacity

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

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

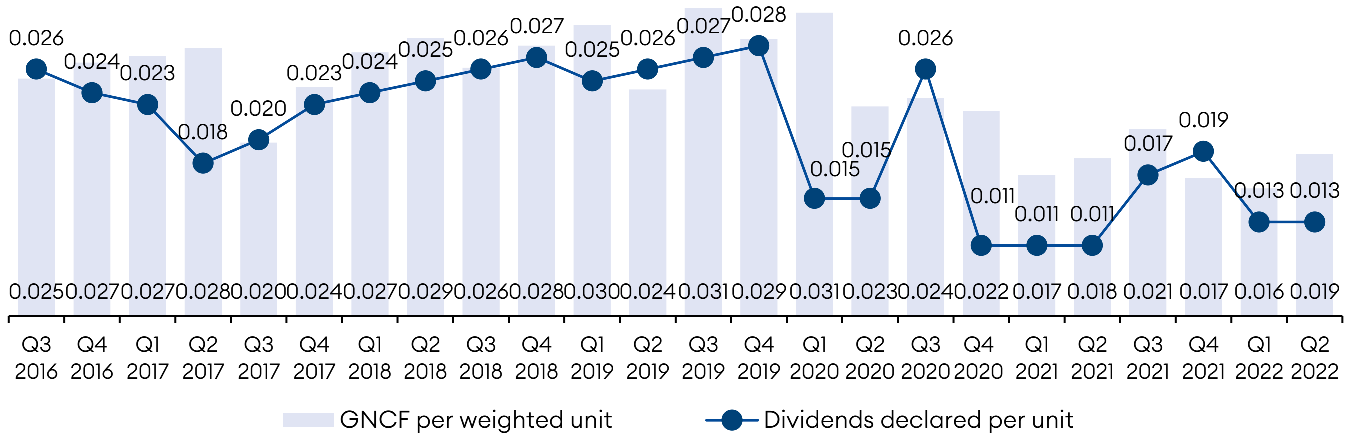
The Fund sets a target of dividend distributions to its unitholders in the range between 80% of generated net cash flow (GNCF) and net profit after unrealized P&L items are adjusted. The distribution is based on the Fund's short-term and long-term performance projections. Management has discretion to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

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

Generated net cash flow (GNCF) calculation formula

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

Dividend per unit (EUR)



Dividend capacity calculation

EUR '000	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
(+) Net rental income	4,298	4,457	4,202	4,293	3,228
(-) Fund administrative expenses	(752)	(996)	(736)	(678)	(572)
(-) External interest expenses	(1,441)	(1,748)	(1,822)	(2,290)	(2,794)
(-) CAPEX expenditure	(247)	(577)	(167)	(116)	(901)
(+) Added back acquisition/disposal related expenses	-	-	-	-	7
Generated net cash flow (GNCF)	**1,858**	**1,136**	**1,477**	**1,209**	**(1,032)**
GNCF per weighted unit (EUR)	**0.016**	**0.009**	**0.012**	**0.010**	**(0.009)**
12-months rolling GNCF yield[1] (%)	**9.4%**	**10.4%**	**10.1%**	**11.3%**	**6.9%**

1. 12-month rolling GNCF and dividend yields are based on the closing market price of the unit as of the end of the quarter (Q3 2023: closing market price of the unit as of 30 September 2023).

STRUCTURE AND GOVERNANCE

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

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

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

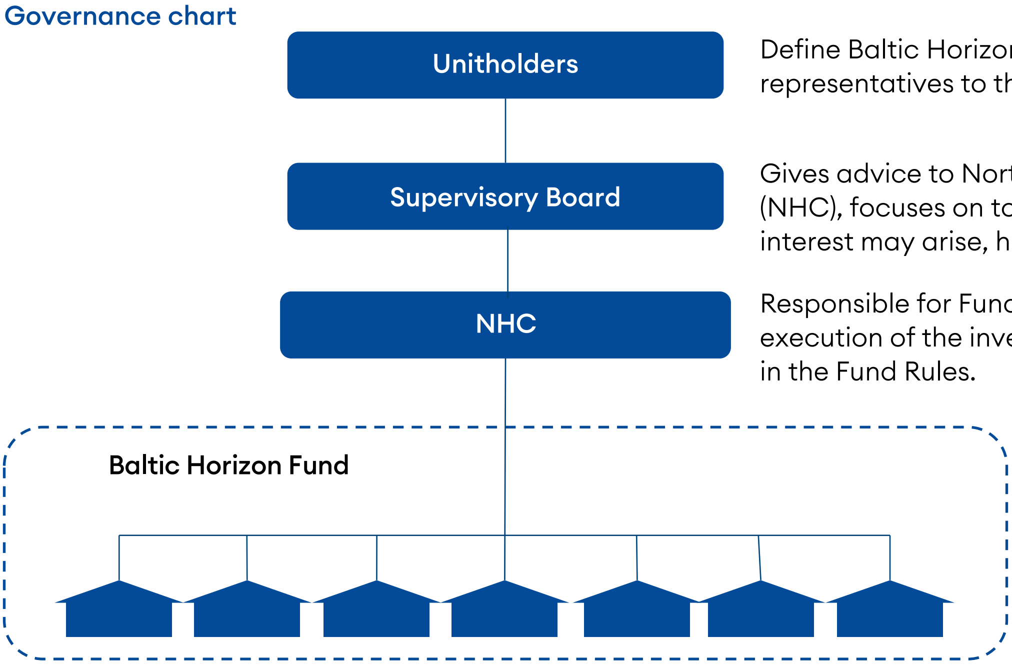
The Fund is managed by the Management Company, which is Northern Horizon Capital AS. The immediate team comprises of the Management Board, which is headed by the Fund Manager, and the Supervisory Board of the Management Company. The Fund also has its own Supervisory Board, which comprises of 4 independent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

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

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

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

Governance chart



Define Baltic Horizon's Fund Rules and appoint representatives to the Supervisory Board.

Gives advice to Northern Horizon Capital (NHC), focuses on topics where conflicts of interest may arise, has mainly veto capacity.

Responsible for Fund management including execution of the investment strategy as stated in the Fund Rules.

Management Board and Supervisory Board of the Management Company

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

Supervisory Board of the Fund

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

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

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

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

Valuations

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

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

Audit

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

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

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)	Lars Ohnemus (Chairman)	Raivo Vare (Chairman)
Aušra Stankevičienė	Nerijus Žebrauskas	Andris Kraujins
Edvinas Karbauskas	Daiva Liubomirskienė	Per Moller
		David Bergendahl

RISK MANAGEMENT

The risk management function of the Fund is responsible for identifying, measuring, managing, and monitoring the risks which the Fund is or might be exposed to. The risk management function is overseen by a dedicated member of the Management Board (who is not performing Portfolio Management or Investor Relations functions) and partly delegated to a sister company of the Management Company: Northern Horizon Capital AIFM Oy, which is a licensed AIFM in Finland. The risk management function maintains a list of all risk management related instructions, monitors these compared to internationally recommended best practice, and initiates changes and improvements when needed. The risk management function reports to the Fund's boards on a regular basis. The risk management function assessed at the end of the reporting period that the Fund is currently in compliance with the intended risk management framework.

Principal risks faced by the Fund

Risk	Risk description
Market risk	The Fund is exposed to the office and retail markets in Riga, Tallinn, and Vilnius through its indirect investments in investment property (through subsidiaries). Although the Fund's portfolio is well diversified across specified geographies and market segments, the whole region is affected by increasing energy costs and high inflation which increases the risk of tenant bankruptcies and their ability to pay rent. This could have a negative impact on the properties' occupancy rates and the Fund's rental income.
Liquidity risk	The Fund is exposed to liquidity risk related to the renewal of its financing as it reaches maturity. Failure to renew the financing at acceptable terms or breaches of debt covenants could cause the need to dispose of the assets owned by the Fund. Please refer to note 10 for more information regarding asset acquisitions. Please refer to note 14 for more information regarding the maturity dates of the loans and borrowings. Most financing agreements require additional loan amortisation when debt covenants deteriorate. Thus a decrease in the performance or value of the Fund's properties due to changes in real estate yields could cause the need for additional liquidity. Real estate investments have low liquidity and there can be no assurance that the Fund will be able to exit the investments in a timely manner. By their nature, real estate investments or interests in other non-public entities are subject to industry cyclicality, downturns in demand, market disruptions and the lack of available capital for potential purchasers and therefore often difficult or time consuming to liquidate.
Interest rate risk	The Fund is exposed to interest rate risk because of leverage (bank loans or bonds) used to finance its real estate investments. The Fund hedges against interest rate risk either by taking fixed rate loans or by using interest rate swaps or interest rate caps for the loans with variable interest rates. As 1) the Fund seeks to obtain financing on the best terms and conditions and 2) in the current market, fixed rate loans are often more expensive, the Fund hedges interest rate exposure by mainly using derivative instruments such as interest rate swaps, forwards and options. The Fund and its subsidiaries acquire swaps only for cash flow hedging purposes and not for trading. Given that a large part of external financing and related interest rate hedging mature in 2023-2024 and given the rising market interest rates and hedging costs, there is a risk that new financing will be arranged at a higher cost.
General property related risks	Real estate as an asset class has some typical risks, for example those caused by construction or property maintenance errors. An unforeseen event such as a technical system failure may arise despite comprehensive control and careful maintenance. A number of assets owned by the Fund are older than 10 years and, therefore, may require unplanned repairs or maintenance CAPEX. Investments may also be needed for buildings to meet changing tenants' needs and regulatory or environmental requirements.

OUTLOOK FOR 2023

The outlook for Q4 2023 reflects Baltic Horizon's commitment to navigating the dynamic real estate market in the Baltic capitals. Our recent strategic moves and dedication towards optimizing the Fund's structure, position us for resilience and potential growth in a challenging environment.

The successful disposal of the Domus PRO complex and Duetto I and II in H1 2023 has been a pivotal step in optimizing our portfolio. This aligns with our strategic vision to reduce leverage and increase exposure to city centre assets, thereby allowing us to concentrate on value creation and unlocking the full potential of our city centre assets.

Baltic Horizon is pleased to boast a diversified property portfolio of 12 cash flow generating properties in the Baltic capitals, comprising retail, leisure and office assets with well-known and long-term tenants. Our properties house local commercial leaders, governmental agencies, nearshoring shared service centres, and the Baltic headquarters of leading international companies. We remain committed to nurturing these valuable tenant relationships.

Recent history with its notable challenges has forced investors to deal with uncertainty in the surrounding environment. It almost seems like uncertainty is a new certainty. For several years from 2020, the COVID virus related restrictions strongly affected travel and centrally located commercial properties – hotels, retail centres and offices – as people were forced out of city centres to commute and socialize less and work, shop and entertain themselves from homes.

Real estate markets in the Nordic and Baltic regions have witnessed several external shocks over the past years, which have changed the investment environment for good and there are a number of outstanding challenges including rising material and renovation costs, higher cost of financing, volatile energy prices, weaker economies and lower consumer confidence.

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

Continuous letting of the Meraki premises and new lease agreements on the reconstructed areas of Europa SC, Galerija Centrs, and Postimaja will unlock untapped potential in our portfolio. The large lease agreement with major retail brand ARKET in Galerija Centrs demonstrates our dedication to enhancing customer experiences and driving operational performance improvements. Additionally, we are actively rejuvenating Europa SC by introducing new tenants, and negotiating high-value leasing deals. Tangible progress has already been made, with the signing of a new 1,900 sq. m lease with an anchor tenant in Q3 2023.

Baltic Horizon's team has taken proactive measures to address the spike in energy prices at the end of 2022. By fixing electricity prices for our Estonian and Lithuanian assets, we aim to maintain stable and resilient cost management for our tenants. Our dedication to sustainability extends beyond cost management, as we actively evaluate and invest in green energy projects.

Achieving four stars from GRESB in 2022 was a significant milestone, and we aim to maintain this rating in future assessments. Pursuing the widely acknowledged BREEAM certification for all assets in our portfolio by the end of 2023 and introducing green lease clauses into our lease agreements further demonstrate our commitment to environmental responsibility.

An important milestone in our financial journey was the refinancing of our EUR 50 million bond issue in Q2 2023. We initiated a new bond issue, raising EUR 42 million to optimize our capital structure. The first tranche, amounting to EUR 20 million, matures in May 2024. Following the disposal of the Duetto properties, the Fund proactively redeemed EUR 7.5 million of the first tranche in August 2023. The Fund's management team remains resolute in reducing financial leverage at the earliest viable opportunity.

Our management team remains committed to exploring additional divestment and refinancing opportunities aimed at repaying the outstanding

EUR 12.5 million of the first tranche before its maturity date. As part of this commitment, we are actively engaged in negotiations with multiple financial institutions to secure additional funds, which would potentially facilitate the redemption of bonds.

Looking ahead, the Fund is determined to execute multiple early redemptions of bonds at the end of 2023/in early 2024. These actions are aligned with our overarching strategy to gradually reduce leverage levels, with the ultimate goal of reaching a leverage ratio of approximately 50% following all planned refinancing activities in the upcoming year.

Baltic Horizon management team recognises the challenges posed by rising interest rates and inflation. However, our strategy is to partially offset growing costs through sizeable rent indexations and the conclusion of new lease agreements. We actively implement multiple cost-saving strategies to maintain operational profitability and limit potential exposure to rising costs.

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

By striking a balance between growth and stability, we strive to maximize value creation and uphold our fiduciary responsibility to all stakeholders. The management team’s focus on maintaining a stable financial position remains a pivotal element of our long-term strategy. Through prudent financial management and a proactive approach, we aspire to deliver sustainable performance and drive success for all those who place their trust in us.

MANAGEMENT BOARD’S CONFIRMATION

Members of the Management Board of the Management Company Tarmo Karotam, Edvinas Karbauskas and Aušra Stankevičienė confirm that according to their best knowledge, the condensed consolidated interim financial statements for the nine months of 2023, 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 nine months of the financial year and their effect on the condensed consolidated interim accounts.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

EUR '000	Notes	01.07.2023-30.09.2023	01.07.2022-30.09.2022	01.01.2023-30.09.2023	01.01.2022-30.09.2022
Rental income		3,893	5,352	13,988	15,422
Service charge income	5	1,334	1,362	4,521	4,007
Cost of rental activities	5	(1,999)	(2,416)	(6,786)	(6,456)
Net rental income	**4**	**3,228**	**4,298**	**11,723**	**12,973**
Administrative expenses	6	(572)	(752)	(1,986)	(2,137)
Other operating income		-	-	15	278
Losses on disposal of investment properties	10	(59)	-	(3,810)	-
Valuation gains (losses) on investment properties	10	(3)	(14)	(14,626)	158
Operating profit (loss)		**2,594**	**3,532**	**(8,684)**	**11,272**
Financial income		74	1	75	1
Financial expenses	7	(2,891)	(1,503)	(7,316)	(4,463)
Net financial expenses		**(2,817)**	**(1,502)**	**(7,241)**	**(4,462)**
Profit (loss) before tax		**(223)**	**2,030**	**(15,925)**	**6,810**
Income tax charge	4, 9	12	(132)	709	(673)
Profit (loss) for the period	**4**	**(211)**	**1,898**	**(15,216)**	**6,137**
Other comprehensive income that is or may be reclassified to profit or loss in subsequent periods					
Net gain (loss) on cash flow hedges	13b	(341)	1,308	(514)	2,604
Income tax relating to net gain (loss) on cash flow hedges	13b, 9	32	(102)	59	(217)
Other comprehensive income (expense), net of tax, that is or may be reclassified to profit or loss in subsequent periods		**(309)**	**1,206**	**(455)**	**2,387**
Total comprehensive income (expense) for the period, net of tax		**(520)**	**3,104**	**(15,671)**	**8,524**
Basic and diluted earnings per unit (EUR)	**8**	**(0.00)**	**0.02**	**(0.13)**	**0.05**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR '000	Notes	30.09.2023	31.12.2022
Non-current assets			
Investment properties	4, 10	256,662	333,123
Intangible assets		6	6
Property, plant and equipment		5	1
Derivative financial instruments	19	747	2,228
Other non-current assets		260	-
Total non-current assets		**257,680**	**335,358**
Current assets			
Trade and other receivables	11	2,558	2,693
Prepayments		307	273
Derivative financial instruments	19	1,028	292
Cash and cash equivalents	12	7,889	5,347
Total current assets		**11,782**	**8,605**
Total assets	**4**	**269,462**	**343,963**
Equity			
Paid in capital	13a	145,200	145,200
Cash flow hedge reserve	13b	1,226	1,681
Retained earnings		(28,442)	(13,226)
Total equity		**117,984**	**133,655**
Non-current liabilities			
Interest-bearing loans and borrowings	14	74,809	124,017
Deferred tax liabilities	9	2,792	7,490
Other non-current liabilities		906	1,240
Total non-current liabilities		**78,507**	**132,747**
Current liabilities			
Interest-bearing loans and borrowings	14	69,457	71,094
Trade and other payables	15	2,855	5,644
Income tax payable		-	10
Other current liabilities		659	813
Total current liabilities		**72,971**	**77,561**
Total liabilities	**4**	**151,478**	**210,308**
Total equity and liabilities		**269,462**	**343,963**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR '000	Notes	Paid in capital	Cash flow hedge reserve	Retained earnings	Total equity
As of 1 January 2022		**145,200**	**(829)**	**(11,787)**	**132,584**
Comprehensive income					
Net profit for the period		-	-	6,137	6,137
Other comprehensive income		-	2,387	-	2,387
Total comprehensive income		**-**	**2,387**	**6,137**	**8,524**
Transactions with unitholders					
Profit distribution to unitholders	13c	-	-	(5,384)	(5,384)
Total transactions with unitholders		**-**	**-**	**(5,384)**	**(5,384)**
As of 30 September 2022		**145,200**	**1,558**	**(11,034)**	**135,724**
As of 1 January 2023		**145,200**	**1,681**	**(13,226)**	**133,655**
Comprehensive income					
Net loss for the period		-	-	(15,216)	(15,216)
Other comprehensive expense	13b	-	(455)	-	(455)
Total comprehensive expense		**-**	**(455)**	**(15,216)**	**(15,671)**
As of 30 September 2023		**145,200**	**1,226**	**(28,442)**	**117,984**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR ‘000	Notes	01.01.2023-30.09.2023	01.01.2022-30.09.2022
Cash flows from core activities			
Profit (loss) before tax		**(15,925)**	**6,810**
Adjustments for non-cash items:			
Value adjustment of investment properties	10	14,626	(158)
Losses on disposal of investment properties	10	3,810	-
Depreciation of property, plant and equipment		-	2
Change in impairment losses for trade receivables	11	38	121
Financial income	7	(75)	(1)
Financial expenses	7	7,316	4,463
Working capital adjustments:			
Change in trade and other accounts receivable		(380)	(159)
Change in other current assets		(47)	(388)
Change in other non-current liabilities		108	232
Change in trade and other accounts payable		(651)	217
Change in other current liabilities		(154)	(365)
Income tax paid		-	(6)
Total cash flows from core activities		**8,666**	**10,768**
Cash flows from investing activities			
Interest received		75	1
Acquisition of property, plant and equipment and intangible assets		(4)	-
Proceeds from disposal of investment property		25,803	-
Investment property development expenditure		(1,588)	(5,971)
Capital expenditure on investment properties		(2,904)	(5,158)
Total cash flows from investing activities		**21,382**	**(11,128)**
Cash flows from financial activities			
Proceeds from the issue of bonds[1]		23,973	-
Proceeds from bank loans		25,063	-
Repayment of bank loans		(29,874)	(401)
Repayment of bonds		(39,473)	-
Profit distribution to unitholders	13c	-	(5,384)
Transaction costs related to loans and borrowings		(946)	(809)
Repayment of lease liabilities		(4)	(31)
Interest paid		(6,245)	(4,261)
Total cash flows from financing activities		**(27,506)**	**(10,886)**
Net change in cash and cash equivalents		**2,542**	**(11,246)**
Cash and cash equivalents at the beginning of the year		**5,347**	**16,100**
Cash and cash equivalents at the end of the period		**7,889**	**4,854**

1. The bonds held by one investor were rolled over into new bonds with no movement in cash flow.

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

Notes to the consolidated financial statements

1. Corporate information

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

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

The Fund's registered office is at Tornimäe 2, Tallinn, Estonia.

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

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

Name	30.09.2023	31.12.2022
BH Lincona OÜ	100%	100%
BOF SKY SIA	100%	100%
BH CC Plaza OÜ	100%	100%
BH Europa UAB	100%	100%
BH P80 OÜ (merged with BH CC Plaza OÜ on 5 July 2023)	-	100%
Kontor SIA	100%	100%
Pirita Center OÜ	100%	100%
Vainodes Krasti SIA	100%	100%
BH S27 SIA	100%	100%
BH Meraki UAB	100%	100%
BH Galerija Centrs SIA	100%	100%
BH Northstar UAB	100%	100%
BH Duetto UAB	-	100%
BH Domus Pro UAB	-	100%

2. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's latest consolidated annual financial statements as of and for the year ended 31 December 2022. These interim condensed consolidated financial statements do not include all of the information required in the complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are relevant to understanding the changes in the Group's financial position and performance since the last annual financial statements.

Going concern assessment

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

New standards, amendments and interpretations

A number of new standards and amendments to standards are not effective for annual periods beginning on 1 January 2023 but their earlier application is permitted. However, the Group has not early adopted any of the new or amended standards in preparing these interim condensed consolidated financial statements.

3. Summary of significant account policies

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the reported item in the future. The assumptions and judgements applied in these interim condensed consolidated financial statements were the same as those applied in the Group's consolidated financial statements for the year ended 31 December 2022.

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 2022.

Fair value measurements

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

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

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

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

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

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

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

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

- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

4. Operating segments

The Group's reportable segments are as follows:

- Retail segment – includes Europa Shopping Centre (Lithuania), Domus Pro Retail Park (Lithuania) (till 7 March 2023), SKY Shopping Centre (Latvia), Pirita Shopping Centre (Estonia), Postimaja Shopping centre (Estonia), and Galerija Centrs Shopping Centre (Latvia) investment properties.
- Office segment – includes Lincona Office Complex (Estonia), Upmalas Biroji (Latvia), Duetto I (Lithuania) (till 7 June 2023), Duetto II (Lithuania) (till 7 June 2023), Domus Pro stage III (Lithuania) (till 7 March 2023), Vainodes I (Latvia), LNK Centre (Latvia), Meraki (Lithuania) and North Star (Lithuania) investment properties.
- Leisure segment – includes Coca-Cola Plaza (Estonia) investment property.

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

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

Operating segments – 30 September 2023

EUR '000	Retail	Office	Leisure	Total segments
01.07.2023-30.09.2023:				
External revenue[1]	3,134	1,868	225	5,227
Segment net rental income	**1,699**	**1,343**	**186**	**3,228**
Net loss from fair value adjustment	-	(3)	-	(3)
Interest expenses[2]	(751)	(521)	(78)	(1,350)
Income tax income (expenses)	(15)	27	-	12
Segment net profit	**835**	**1,013**	**101**	**1,949**
01.01.2023-30.09.2023:				
External revenue[1]	9,714	8,030	765	18,509
Segment net rental income	**4,969**	**6,156**	**598**	**11,723**
Net loss from fair value adjustment	(5,456)	(7,204)	(1,966)	(14,626)
Interest expenses[2]	(2,144)	(1,672)	(204)	(4,020)
Income tax income	147	562	-	709
Segment net (loss)	**(4,272)**	**(4,508)**	**(1,581)**	**(10,361)**

EUR '000	Retail	Office	Leisure	Total segments
As of 30.09.2023:				
Segment assets	**146,279**	**106,489**	**12,729**	**265,497**
Investment properties[3]	140,736	103,494	12,432	256,662
Segment liabilities	**62,304**	**47,716**	**5,986**	**116,006**

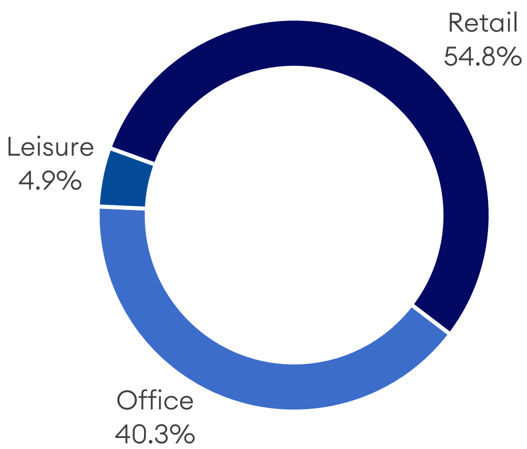
1. External revenue includes rental income and service charge income. The segments do not have inter-segment revenue.
2. Interest expenses include only external bank loan interest expenses and interest expenses on lease liabilities.
3. Additions to non-current assets consist of subsequent expenditure on investment property (EUR 2,370 thousand).

Operating segments – 30 September 2022

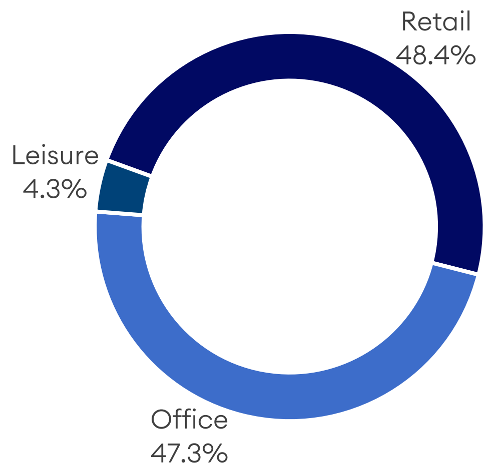
EUR '000	Retail	Office	Leisure	Total segments
01.07.2022-30.09.2022:				
External revenue[1]	3,807	2,667	240	6,714
Segment net rental income	**1,696**	**2,362**	**240**	**4,298**
Net loss from fair value adjustment	(10)	(4)	-	(14)
Interest expenses[2]	(485)	(398)	(27)	(910)
Income tax expenses	(62)	(70)	-	(132)
Segment net profit	**1,090**	**1,761**	**211**	**3,062**
01.01.2022-30.09.2022:				
External revenue[1]	10,180	8,473	776	19,429
Segment net rental income	**4,914**	**7,330**	**729**	**12,973**
Net (loss) profit from fair value adjustment	(4,321)	4,396	83	158
Interest expenses[2]	(1,386)	(1,173)	(69)	(2,628)
Income tax income (expenses)	15	(688)	-	(673)
Segment net profit (loss)	**(516)**	**9,335**	**735**	**9,554**
As of 31.12.2022:				
Segment assets	**167,207**	**161,030**	**14,874**	**343,111**
Investment properties[3]	161,311	157,427	14,385	333,123
Segment liabilities	**78,009**	**75,220**	**6,115**	**159,344**

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

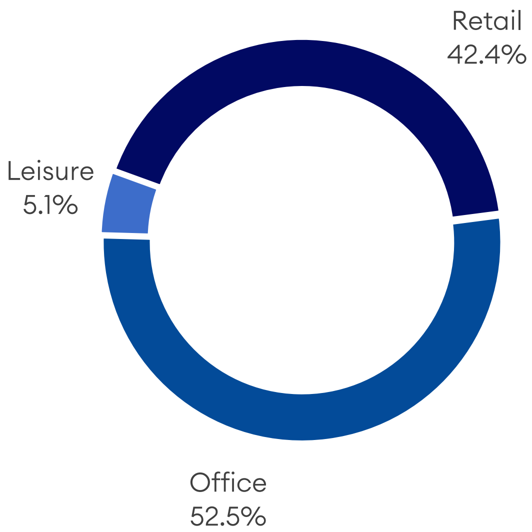
Investment properties as of 30 September 2023*



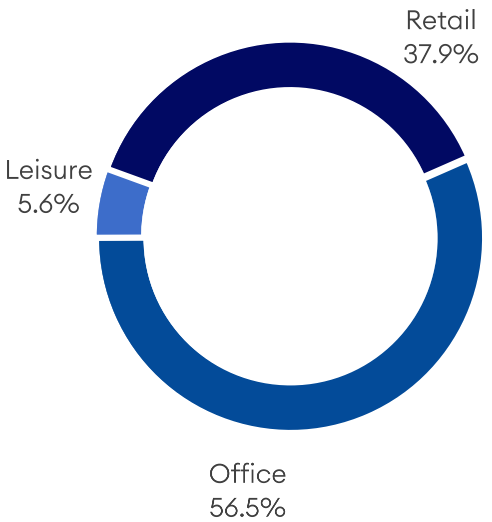
Investment properties as of 31 December 2022*



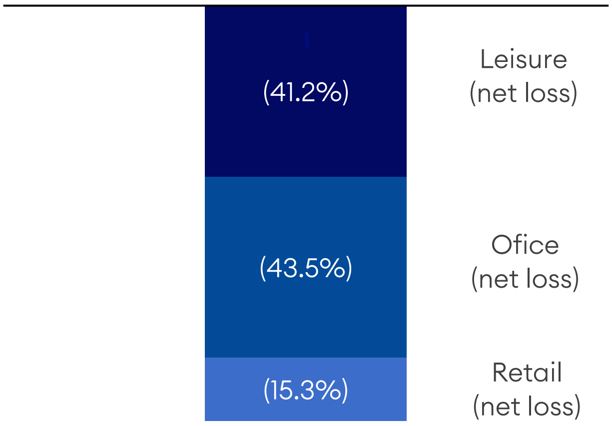
Segment net rental income for Q1–Q3 2023*



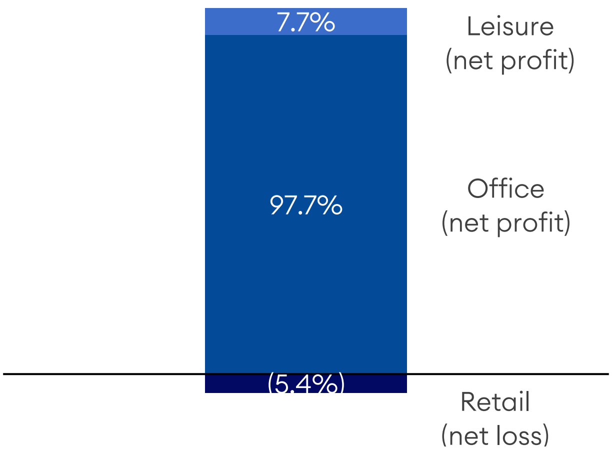
Segment net rental income for Q1–Q3 2022*



Segment net loss for Q1–Q3 2023*



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



*As a percentage of the total for all reportable segments

Reconciliation of information on reportable segments to IFRS measures

Operating segments – 30 September 2023

EUR '000	Total reportable segments	Adjustments	Consolidated
01.07.2023 – 30.09.2023			
Net profit (loss)	**1,949**	(2,160)[1]	**(211)**
01.01.2023 – 30.09.2023			
Net loss	**(10,361)**	(4,855)[2]	**(15,216)**
As of 30.09.2023:			
Segment assets	**265,497**	3,965[3]	**269,462**
Segment liabilities	**116,006**	35,432[4]	**151,478**

1. Segment net profit for Q3 2023 does not include Fund management fee (EUR 352 thousand), bond interest and related expenses (EUR 1,444 thousand), bond arrangement fee amortisation (EUR 23 thousand), Fund custodian fees (EUR 15 thousand), loss on disposal (EUR 252 thousand), interest income (EUR 46 thousand) and other Fund-level administrative expenses (EUR 120 thousand).
2. Segment net loss for Q1-Q3 2023 does not include Fund management fee (EUR 1,130 thousand), bond interest and related expenses (EUR 2,887 thousand), bond arrangement fee amortisation (EUR 60 thousand), Fund custodian fees (EUR 48 thousand), loss on disposal (EUR 252 thousand), interest income (EUR 44 thousand) and other Fund-level administrative expenses (EUR 522 thousand).
3. Segment assets do not include cash, which is held at the Fund level (EUR 3,665 thousand), and other receivables at fund level (EUR 300 thousand).
4. Segment liabilities do not include liabilities related to a bond issue at the Fund level (EUR 34,081 thousand), accrued bond coupon expenses (EUR 577 thousand), management fee payable (EUR 675 thousand), and other short-term payables at the Fund level (EUR 139 thousand).

Operating segments – 30 September 2022

EUR '000	Total reportable segments	Adjustments	Consolidated
01.07.2022 – 30.09.2022:			
Net profit	**3,062**	(1,164)[1]	**1,898**
01.01.2022 – 30.09.2022:			
Net profit	**9,554**	(3,417)[2]	**6,137**
As at 31.12.2022:			
Segment assets	**343,111**	852[3]	**343,963**
Segment liabilities	**159,344**	50,964[4]	**210,308**

1. Segment net profit for Q3 2022 does not include Fund management fee (EUR 427 thousand), bond interest expenses (EUR 531 thousand), bond arrangement fee amortisation (EUR 18 thousand), Fund custodian fees (EUR 23 thousand), and other Fund-level administrative expenses (EUR 165 thousand).
2. Segment net profit for Q1-Q3 2022 does not include Fund management fee (EUR 1,179 thousand), bond interest expenses (EUR 1,588 thousand), bond arrangement fee amortisation (EUR 52 thousand), Fund custodian fees (EUR 51 thousand), and other Fund-level administrative expenses (EUR 547 thousand).
3. Segment assets do not include cash, which is held at the Fund level (EUR 852 thousand).
4. Segment liabilities do not include liabilities related to a bond issue at the Fund level (EUR 49,976 thousand), accrued bond coupon expenses (EUR 307 thousand), management fee payable (EUR 491 thousand), and other short-term payables (EUR 190 thousand) at the Fund level.

Geographic information

	External revenue				Investment property value	
EUR '000	01.07.2023-30.09.2023	01.07.2022-30.09.2022	01.01.2023-30.09.2023	01.01.2022-30.09.2022	30.09.2023	31.12.2022
Lithuania	1,419	2,815	6,168	7,777	72,526	138,961
Latvia	2,402	2,625	8,056	7,860	125,578	128,862
Estonia	1,406	1,274	4,285	3,792	58,558	65,300
Total	**5,227**	**6,714**	**18,509**	**19,429**	**256,662**	**333,123**

Major tenant

No single lease accounted for more than 10% of the Group's total revenue. Rental income from one lease concluded with a tenant in the office segment represented EUR 956 thousand for Q1-Q3 2023 and EUR 319 thousand for Q3 2023 (EUR 900 thousand for Q1-Q3 2022 and EUR 300 thousand for Q3 2022).

5. Cost of rental activities

EUR '000	01.07.2023 - 30.09.2023	01.07.2022-30.09.2022	01.01.2023 - 30.09.2023	01.01.2022-30.09.2022
Repair and maintenance	733	775	2,501	2,285
Utilities	388	582	1,471	1,199
Property management expenses	300	348	954	1,040
Real estate taxes	250	250	818	761
Sales and marketing expenses	102	283	528	584
Property insurance	39	35	115	91
Allowance (reversal of allowance) for bad debts	42	(30)	38	121
Other	145	173	361	375
Total cost of rental activities	**1,999**	**2,416**	**6,786**	**6,456**

Part of the total cost of rental activities (mainly utilities and repair and maintenance expenses) was recharged to tenants: EUR 4,521 thousand during the nine-month period ended 30 September 2023 (EUR 4,007 thousand during the nine-month period ended 30 September 2022) and EUR 1,334 thousand during Q3 2023 (EUR 1,362 thousand during Q3 2022).

6. Administrative expenses

EUR '000	01.07.2023 - 30.09.2023	01.07.2022-30.09.2022	01.01.2023 - 30.09.2023	01.01.2022-30.09.2022
Management fee	352	427	1,130	1,179
Legal fees	22	32	156	100
Consultancy fees	46	130	126	216
Audit fee	37	29	112	105
Fund marketing expenses	14	54	67	126
Custodian fees	15	23	48	51
Supervisory board fees	13	13	39	37
Other administrative expenses	73	44	308	323
Total administrative expenses	**572**	**752**	**1,986**	**2,137**

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

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

7. Financial expenses

EUR '000	01.07.2023 - 30.09.2023	01.07.2022- 30.09.2022	01.01.2023 - 30.09.2023	01.01.2022- 30.09.2022
Interest on external loans and borrowings	2,793	1,436	6,898	4,201
Loan arrangement fee amortisation	41	60	129	197
Interest on lease liabilities	1	5	8	15
Other financial expenses	56	2	281	50
Total financial expenses	**2,891**	**1,503**	**7,316**	**4,463**

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 attributable to the unitholders of the Fund:

EUR '000	01.07.2023 - 30.09.2023	01.07.2022- 30.09.2022	01.01.2023 - 30.09.2023	01.01.2022- 30.09.2022
Profit (loss) for the period, attributed to the unitholders of the Fund	(211)	1,898	(15,216)	6,137
Profit (loss) for the period, attributed to the unitholders of the Fund	**(211)**	**1,898**	**(15,216)**	**6,137**

Weighted-average number of units:

	01.07.2023 - 30.09.2023	01.07.2022- 30.09.2022	01.01.2023 - 30.09.2023	01.01.2022- 30.09.2022
Issued units at 1 January	119,635,429	119,635,429	119,635,429	119,635,429
Weighted-average number of units	**119,635,429**	**119,635,429**	**119,635,429**	**119,635,429**

Basic and diluted earnings per unit:

	01.07.2023 - 30.09.2023	01.07.2022- 30.09.2022	01.01.2023 - 30.09.2023	01.01.2022- 30.09.2022
Basic and diluted earnings per unit*	(0.00)	0.02	(0.13)	0.05

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

9. Income tax

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

The Group's consolidated effective tax rate in respect of continuing operations for the nine-month period ended 30 September 2023 was minus 4.5% (nine-month period ended 30 September 2022: 9.9%).

As of 30 September 2023, the Group had tax losses of EUR 2,519 thousand (31 December 2022: EUR 2,662 thousand) that are available indefinitely for offset against future taxable profits of the Lithuanian companies in which the losses arose. The deferred tax liability arising from the revaluation of derivative instruments to fair value amounted to EUR 104 thousand as of 30 September 2023 (31 December 2022: a liability of EUR 156 thousand). As of 30 September 2023, deferred tax liabilities on the difference between investment property fair and tax value and other deferred tax liabilities amounted to EUR 5,207 thousand (31 December 2022: EUR 9,996 thousand). Deferred tax is only applicable to the Fund's subsidiaries in Lithuania.

The major components of income tax for the periods ended 30 September 2023 and 2022 were as follows:

EUR '000	01.07.2023 30.09.2023	01.07.2022- 30.09.2022	01.01.2023- 30.09.2023	01.01.2022- 30.09.2022
Consolidated statement of profit or loss				
Current income tax for the period	-	(1)	-	(1)
Deferred tax for the period	12	(131)	709	(672)
Income tax income (expense) reported in profit or loss	**12**	**(132)**	**709**	**(673)**
Consolidated statement of other comprehensive income				
Deferred income tax related to items charged or credited to equity:				
Revaluation of derivative instruments to fair value	32	(102)	59	(217)
Income tax reported in other comprehensive income	**32**	**(102)**	**59**	**(217)**

10. Investment property

EUR '000	30.09.2023	31.12.2022
Balance at 1 January	**333,123**	**315,959**
Development and refurbishment expenditure	1,171	5,894
Capital expenditure	1,184	1,459
Reclassification from investment property under construction	-	17,194
Disposals	(63,920)	(4,393)
Net revaluation loss on investment property	(14,614)	(2,956)
Additions to right-of-use assets (new leases)	15	-
Derecognition of right-of-use assets	(285)	-
Net revaluation loss on right-of-use assets	(12)	(34)
Closing balance	**256,662**	**333,123**
Closing balance excluding right-of-use assets	**256,402**	**332,581**

Disposals

On 6 March 2023, the Group disposed of the Domus Pro Complex located in Vilnius, Lithuania, in a share deal. The share price was calculated based on an asset price of EUR 23.5 million. The book value of the asset was EUR 24.9 million. The transaction resulted in a net loss of EUR 1.5 million.

On 6 June 2023, the Group disposed of the Duetto offices located in Vilnius, Lithuania, in a share deal. The share price was calculated based on an asset price of EUR 37.0 million. The book value of the asset was EUR 39.0 million. The transaction resulted in a net loss of EUR 2.3 million.

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

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

Valuation techniques used to derive Level 3 fair values

The Fund did not perform any property valuations as at 30 September 2023. The values of the properties are based on the valuation of investment properties performed by Colliers as at 30 June 2023, 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 2023:

Property	Valuation technique	Key unobservable inputs	Range
Europa Shopping centre, Vilnius (Lithuania)	DCF	- Discount rate	9.0%
Net leasable area (NLA) – 17,051 sq. m		- Rental growth p.a.	2.0% - 7.0%
Segment – Retail		- Long-term vacancy rate	5.0% - 10.0%
Year of construction/renovation – 2004		- Exit yield	7.0%
		- Average rent (EUR/sq. m)	13.6
Lincona Office Complex, Tallinn (Estonia)	DCF	- Discount rate	9.1%
Net leasable area (NLA) – 10,871 sq. m		- Rental growth p.a.	1.0% - 6.6%
Segment – Office		- Long-term vacancy rate	5.0%
Year of construction/renovation – 2002 / 2008		- Exit yield	7.9%
		- Average rent (EUR/sq. m)	10.5
Coca-Cola Plaza, Tallinn (Estonia)	DCF	- Discount rate	8.3%
Net leasable area (NLA) – 9,150 sq. m		- Rental growth p.a.	1.5% - 5.8%
Segment – Leisure		- Long-term vacancy rate	3.0%
Year of construction/renovation – 1999		- Exit yield	6.8%
		- Average rent (EUR/sq. m)	8.8
SKY Shopping Centre, Riga (Latvia)	DCF	- Discount rate	9.2%
Net leasable area (NLA) – 3,241 sq. m		- Rental growth p.a.	2.1% - 5.0%
Segment – Retail		- Long-term vacancy rate	5.0%
Year of construction/renovation – 2000 / 2010		- Exit yield	7.25%
		- Average rent (EUR/sq. m)	11.2
Upmalas Biroji, Riga (Latvia)	DCF	- Discount rate	8.9%
Net leasable area (NLA) – 9,876 sq. m		- Rental growth p.a.	2.1% - 5.0%
Segment – Office		- Long-term vacancy rate	2.0% - 5.0%

Property	Valuation technique		Key unobservable inputs	Range
Year of construction/renovation – 2008		-	Exit yield	6.75%
		-	Average rent (EUR/sq. m)	13.2
Pirita Shopping Centre, Tallinn (Estonia)	DCF	-	Discount rate	9.3%
Net leasable area (NLA) – 5,441 sq. m		-	Rental growth p.a.	1.5% - 5.8%
Segment – Retail		-	Long-term vacancy rate	8.0%
Year of construction/renovation – 2016		-	Exit yield	7.8%
		-	Average rent (EUR/sq. m)	14.0
Vainodes I, Riga (Latvia)*	DCF	-	Discount rate	8.1%
Net leasable area (NLA) – 6,950 sq. m		-	Rental growth p.a.	0.0% - 5.0%
Segment – Office		-	Long-term vacancy rate	5.0%
Year of construction/renovation – 2014		-	Exit yield	6.65%
		-	Average rent (EUR/sq. m)	15.4
Postimaja, Tallinn (Estonia)*	DCF	-	Discount rate	8.3%
Net leasable area (NLA) – 9,234 sq. m		-	Rental growth p.a.	1.5% - 5.8%
Segment – Retail		-	Long-term vacancy rate	3.0%
Year of construction/renovation – 1980		-	Exit yield	6.8%
		-	Average rent (EUR/sq. m)	14.6
LNK Centre, Riga (Latvia)	DCF	-	Discount rate	8.4%
Net leasable area (NLA) – 6,849 sq. m		-	Rental growth p.a.	0.0% - 5.0%
Segment – Office		-	Long-term vacancy rate	2.0% - 5.0%
Year of construction/renovation – 2006 /		-	Exit yield	6.25%
2014		-	Average rent (EUR/sq. m)	14.9
Galerija Centrs, Riga (Latvia)	DCF	-	Discount rate	9.3%
Net leasable area (NLA) – 19,271 sq. m		-	Rental growth p.a.	0.0% - 5.0%
Segment – Retail		-	Long-term vacancy rate	3.5% - 5.0%
Year of construction/renovation – 1939 /		-	Exit yield	7.0%
2006		-	Average rent (EUR/sq. m)	17.9
North Star, Vilnius (Lithuania)	DCF	-	Discount rate	9.4%
Net leasable area (NLA) – 10,438 sq. m		-	Rental growth p.a.	2.5% - 9.3%
Segment – Office		-	Long-term vacancy rate	5.0% - 20.0%
Year of construction/renovation – 2009		-	Exit yield	7.0%
		-	Average rent (EUR/sq. m)	12.5
Meraki, Vilnius (Lithuania)	DCF	-	Discount rate	9.8%
Net leasable area (NLA) – 16,258 sq. m		-	Rental growth p.a.	1.9% - 7.5%
Segment – Office		-	Long-term vacancy rate	5.0%
Year of construction/renovation – 2021		-	Exit yield	7.25%
		-	Average rent (EUR/sq. m)	11.4

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

The table below sets out information about significant unobservable inputs used at 30 June 2023 in measuring investment properties categorised to Level 3 in the fair value hierarchy.

Type of asset class	Valuation technique	Significant unobservable input	Range of estimates	Fair value measurement sensitivity to unobservable inputs
Investment property	Discounted cash flow	Exit yield	2023: 6.25% - 7.9% 2022: 6.0% - 7.8%	An increase in exit yield in isolation would result in a lower value of Investment property.
		Discount rate	2023: 8.1% - 9.8% 2022: 7.7% - 9.3%	An increase in discount rate in isolation would result in a lower value of Investment property.
		Rental growth p.a.	2023: 0.0% - 9.3% 2022: 0.0% - 10.0%	An increase in rental growth in isolation would result in a higher value of Investment property.
		Long-term vacancy rate	2023: 2.0% - 20.0% 2022: 0.0% - 25.0%	An increase in long-term vacancy rate in isolation would result in a lower value of Investment property.

The book values of investment properties as of 30 September 2023 were as follows:

EUR '000	Total fair value Level 3
Latvia - Galerija Centrs (retail)	67,504
Lithuania – Europa (retail)	35,828
Estonia – Postimaja (retail)	23,100
Lithuania – North Star (office)	20,368
Latvia – Upmalas Biroji (office)	20,061
Latvia – Vainodes I (office)	17,243
Lithuania – Meraki (office)	16,330
Latvia – LNK Centre (office)	15,290
Estonia – Lincona (office)	14,201
Estonia – Coca-Cola Plaza (leisure)	12,432
Estonia – Pirita (retail)	8,825
Latvia – SKY (retail)	5,480
Total	**256,662**

11. Trade and other receivables

EUR '000	30.09.2023	31.12.2022
Trade receivables, gross	2,200	2,898
Less impairment allowance for doubtful receivables	(406)	(513)
Accrued income	361	257
Other accounts receivable	403	51
Total	**2,558**	**2,693**

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

As of 30 September 2023, trade receivables at a nominal value of EUR 406 thousand were fully impaired (EUR 513 thousand as of 31 December 2022).

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

EUR '000	30.09.2023	31.12.2022
Balance as of 1 January	(513)	(508)
Charge for the period	(38)	(139)
Amounts written off	137	105
Reversal of allowances recognised in previous periods	-	29
Balance at end of period	**(414)**	**(513)**

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
30.09.2023	**1,794**	669	519	161	45	59	341
31.12.2022	**2,385**	1,505	391	173	98	-	218

12. Cash and cash equivalents

EUR '000	30.09.2023	31.12.2022
Cash at banks and on hand	7,889	5,347
Total cash	**7,889**	**5,347**

As of 30 September 2023, the Group had to keep at least EUR 1,150 thousand (31 December 2022: EUR 350 thousand) of cash in its bank accounts due to certain restrictions in bank loan agreements.

13. Equity
13a. Paid in capital

The units are currently listed on the Fund List of the Nasdaq Tallinn Stock Exchange. The Fund's Swedish depository receipts (the SDRs) are listed on the Nasdaq Stockholm Stock Exchange. As of 30 September 2023, the total number of the Fund's units was 119,635,429 (31 December 2022: 119,635,429). Units issued are presented in the table below:

EUR '000	Number of units	Amount
As of 1 January 2023 and 30 September 2023	**119,635,429**	**145,200**

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

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

Subsidiaries did not hold any units of the Fund as of 30 September 2023 and 31 December 2022.

The Fund did not hold its own units as of 30 September 2023 and 31 December 2022.

13b. Cash flow hedge reserve

This reserve represents the fair value of the effective part of the derivative financial instruments (interest rate swaps), used by the Fund to hedge the cash flows from interest rate risk in the periods ended on 30 September 2023 and 31 December 2022. Please refer to note 18 for more information.

EUR '000	30.09.2023	31.12.2022
Balance at the beginning of the year	**1,681**	**(829)**
Movement in fair value of existing hedges	(514)	2,746
Movement in deferred income tax (note 9)	59	(236)
Net variation during the period	**(455)**	**2,510**
Balance at the end of the period	**1,226**	**1,681**

13c. Dividends (distributions)

EUR '000	01.01.2023-30.09.2023	01.01.2022-30.09.2022
Declared during the period	-	(5,384)
Total distributions made	**-**	**(5,384)**

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

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

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

14. Interest-bearing loans and borrowings

EUR '000	Maturity	Effective interest rate	30.09.2023	31.12.2022
Non-current borrowings				
Secured bonds	May 2028	3M EURIBOR + 8.00%	34,081	-
Bank 1[1]	Jan 2028	3M EURIBOR + 2.25%	2,821	1,962
Bank 1	Mar 2024	3M EURIBOR + 1.90%	-	14,380
Bank 1	Mar 2024	3M EURIBOR + 1.90%	-	10,987
Bank 1	Mar 2024	6M EURIBOR + 2.65%	-	8,991
Bank 1	Nov 2024	3M EURIBOR + 1.60%	10,435	9,826
Bank 1	Feb 2026	6M EURIBOR + 1.90%	4,667	4,789
Bank 2	Jan 2024	6M EURIBOR + 3.10%	-	29,988
Bank 4[2]	Feb 2026	6M EURIBOR + 1.75%	16,848	17,199
Bank 4[3]	Mar 2028	6M EURIBOR + 2.15%	-	19,244
Bank 1	Dec 2027	6M EURIBOR + 2.25%	9,277	7,188
Bank 5[4]	Aug 2028	6M EURIBOR + 2.50%	10,403	-
Lease liabilities			260	542
Less current portion of bank loans and bonds			(13,966)	(1,046)
Less current portion of lease liabilities			(17)	(33)
Total non-current debt			**74,809**	**124,017**

EUR '000	Maturity	Effective interest rate	30.09.2023	31.12.2022
Current borrowings				
Unsecured bonds	May 2023	4.25%	-	49,976
Bank 1	Mar 2024	6M EURIBOR + 2.65%	8,996	-
Bank 1	Mar 2024	3M EURIBOR + 3.90%	8,393	-
Bank 2	Jan 2024	6M EURIBOR + 3.10%	29,997	-
Bank 3[4]	Aug 2023	1M EURIBOR + 1.55%	-	11,747
Bank 1[5]	Nov 2023	3M EURIBOR + 1.75%	8,088	8,292
Current portion of non-current bank loans and bonds			13,966	1,046
Current portion of lease liabilities			17	33
Total current debt			**69,457**	**71,094**
Total			**144,266**	**195,111**

1. The loan was refinanced on 30 January 2023 with the same bank.
2. The loan was refinanced on 9 February 2023 with the same bank.
3. The loan was refinanced on 17 February 2023 with the same bank.
4. The agreement to refinance the loan was signed on 3 August 2023 with another bank.
5. The agreement to prolong the loan was signed on 26 September 2023 with the same bank.

Financial covenants for bank loans

As of 30 September 2023, the Fund was in compliance with all special conditions and covenants set under the bank loan agreements except for the Galerija Centrs property. The Interest Service Coverage Ratio (ISCR) of the Galerija Centrs property (carrying loan amount – EUR 30 million) was below the required level of 1.8 at the end of Q3 2023. This did not result in any consequences because the Fund received a formal waiver from the lender for the mentioned covenant breach.

Loan and bond securities

Borrowings received were secured with the following pledges and securities as of 30 September 2023:

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

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

	Guarantee	Pledges of receivables	Pledge of land lease rights of the land plots	Pledges of bank accounts	Share pledge
Bank 1	North Star and Baltic Horizon Fund for Europa bank loan; Domus Pro and Europa for North Star bank loan; Vainodes I for LNK bank loan, LNK for Vainodes I bank loan	Lincona, SKY and Europa	BH Northstar UAB	Europa, North Star SKY, LNK and Vainodes I	Vainodes Krasti SIA, BH S27 SIA
Bank 2					BH Galerija Centrs SIA
Bank 3	Baltic Horizon Fund for Upmalas Biroji				Upmalas Biroji

15. Trade and other payables

EUR '000	30.09.2023	31.12.2022
Accrued financial expenses	818	472
Trade payables	780	2,326
Management fee payable	675	491
Accrued expenses	231	217
Tax payables	205	363
Other payables	146	187
Payables related to Meraki development	-	1,588
Total trade and other payables	**2,855**	**5,644**

Terms and conditions of trade and other payables:

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

16. Commitments and contingencies

16a. Litigation

As of 30 September 2023, there was no ongoing litigation, which could materially affect the consolidated financial position of the Group.

16b. Contingent assets

The Group did not have any contingent assets as of 30 September 2023.

16c. Contingent liabilities

According to BH Domus Pro UAB Share Sale and Purchase agreement, the Group issued an NOI guarantee to the buyer for 2023 and 2024. The maximum potential liability arising from these guarantees is capped at EUR 500 thousand. At the date of this report, no guarantee amounts were paid under the guarantee regime.

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

The Group did not have any other contingent liabilities as of 30 September 2023.

17. Related parties

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

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

The Group's transactions with related parties during Q1-Q3 2023 and Q1-Q3 2022 were the following:

EUR '000	01.01.2023-30.09.2023	01.01.2022-30.09.2022
Northern Horizon Capital AS group		
Management fees	1,130	1,179

The Group's balances with related parties as of 30 September 2023 and 31 December 2022 were the following:

EUR '000	30.09.2023	31.12.2022
Northern Horizon Capital AS group		
Management fees payable	675	491

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

The fee is based on the following rates and in the following tranches:
- 1.50% of the market capitalisation below EUR 50 million;
- 1.25% of the part of the market capitalisation that is equal to or exceeds EUR 50 million and is below EUR 100 million;
- 1.00% of the part of the market capitalisation that is equal to or exceeds EUR 100 million and is below EUR 200 million;
- 0.75% of the part of the market capitalisation that is equal to or exceeds EUR 200 and is below EUR 300 million;
- 0.50% of the part of the market capitalisation that is equal to or exceeds EUR 300 million.

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

Northern Horizon Capital AS Group did not own any units of the Fund as of 30 September 2023.

Supervisory Board of the Fund

As set out in Baltic Horizon Fund Rules, Supervisory Board members are entitled to remuneration for their service in the amount determined by the General Meeting. The remuneration of the Supervisory Board of the Fund amounted to EUR 36 thousand during Q1-Q3 2023 and EUR 12 thousand during Q3 2023 (EUR 36 thousand during Q1-Q3 2022 and EUR 12 thousand during Q3 2022). 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 2023 and 31 December 2022 are presented in the tables below:

As of 30 September 2023

	Number of units	Percentage
Swedbank AB / Nordic Issuing AB clients	24,077,945	20.13%
Swedbank AB clients	15,355,574	12.84%
SEB Bank AB clients	14,442,061	12.07%
Raiffeisen Bank International AG clients	9,468,676	7.91%

As of 31 December 2022

	Number of units	Percentage
Swedbank AB / Nordic Issuing AB clients	24,262,695	20.28%
SEB Bank AB clients	15,576,748	13.02%
Swedbank AB clients	14,998,232	12.54%
Raiffeisen Bank International AG clients	11,506,610	9.62%

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

18. 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	30.09.2023	31.12.2022	30.09.2023	31.12.2022
Financial assets				
Trade and other receivables	2,558	2,693	2,558	2,693
Cash and cash equivalents	7,889	5,347	7,889	5,347
Derivative financial instruments	1,775	2,520	1,775	2,520
Financial liabilities				
Interest-bearing loans and borrowings				
Bank loans	(109,925)	(144,593)	(109,925)	(144,593)
Bonds	(34,081)	(49,976)	(34,500)	(50,318)
Trade and other payables	(2,855)	(5,644)	(2,855)	(5,644)
Derivative financial instruments	-	-	-	-

Fair value hierarchy
Quantitative disclosures of the Group's financial instruments in the fair value measurement hierarchy as of 30 September 2023 and 31 December 2022:

As of 30 September 2023

EUR '000	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Trade and other receivables	-	-	2,558	2,558
Cash and cash equivalents	-	7,889	-	7,889
Derivative financial instruments	-	1,775	-	1,775
Financial liabilities				
Interest-bearing loans and borrowings				
Bank loans	-	-	(109,925)	(109,925)
Bonds	-	-	(34,500)	(34,500)
Trade and other payables	-	-	(2,855)	(2,855)

As of 31 December 2022

EUR '000	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Trade and other receivables	-	-	2,693	2,693
Cash and cash equivalents	-	5,347	-	5,347
Derivative financial instruments	-	2,520	-	2,520
Financial liabilities				
Interest-bearing loans and borrowings				
Bank loans	-	-	(144,593)	(144,593)
Bonds	-	-	(50,138)	(50,318)
Trade and other payables	-	-	(5,644)	(5,644)

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

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

- Trade and other receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer, and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses on these receivables. As of 30 September 2023, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. The fair value of derivatives has been calculated by discounting the expected future cash flows at prevailing interest rates.
- The fair values of the Group's interest-bearing loans and borrowings are determined by discounting the expected future cash flows at prevailing interest rates. The estimated fair values of the Group's

interest-bearing loans and borrowings were determined using effective agreements' interest rates which represent current market rate.

- Cash and cash equivalents are attributed to Level 2 in the fair value hierarchy.

19. Derivative financial instruments

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

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

IFRS 9 allows hedge accounting provided that the hedge is effective. In such cases, any gain or loss recorded on the fair value changes of the financial instrument is recognised in an equity reserve rather than the income statement. The ineffective part of the change in the fair value of the hedging instrument (if any) is recognised in the income statement. Specific documentation on each financial instrument is required to be maintained to ensure compliance with hedge accounting principles. Please refer to note 13b for more information.

Derivative type EUR '000	Starting date	Maturity date	Notional amount	Variable rate (received)	Fixed rate (paid)	Fair value	
						30.09.2023	31.12.2022
IRS	Nov 2016	Aug 2023	10,575	1M EURIBOR	0.26%	-	180
IRS	Jan 2019	Sep 2023	5,800	3M EURIBOR	0.32%	-	112
IRS	May 2018	Apr 2024	4,920	3M EURIBOR	0.63%	92	166
IRS	Mar 2018	Aug 2024	18,402	3M EURIBOR	0.73%	488	727
CAP	Aug 2024	Aug 2025	17,900	3M EURIBOR	3.0%	117	124
CAP	Aug 2023	Aug 2024	10,575	1M EURIBOR	3.0%	85	76
CAP	Feb 2023	Feb 2024	17,200	6M EURIBOR	3.0%	80	81
CAP	Apr 2024	Apr 2025	4,921	3M EURIBOR	3.0%	37	35
CAP	Sep 2023	Sep 2024	5,800	3M EURIBOR	3.0%	54	44
CAP	Aug 2022	Mar 2024	3,500	3M EURIBOR	2.0%	30	51
CAP	Aug 2022	Mar 2024	7,000	3M EURIBOR	2.0%	61	102
CAP	Mar 2024	Mar 2025	11,000	6M EURIBOR	3.0%	88	77
CAP	Oct 2022	May 2025	30,000	6M EURIBOR	3.0%	433	437
CAP	Sep 2022	Mar 2024	9,000	6M EURIBOR	1.0%	138	244
CAP	Mar 2024	Mar 2025	9,000	6M EURIBOR	3.0%	72	64
Derivative financial instruments, assets						**1,775**	**2,520**
Net value of financial derivatives						**1,775**	**2,520**

Derivative financial instruments were accounted for at fair value as of 30 September 2023 and 31 December 2022. The maturity of the derivative financial instruments of the Group is as follows:

Classification according to maturity EUR '000	Liabilities		Assets	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
Non-current	-	-	747	2,228
Current	-	-	1,028	292
Total	**-**	**-**	**1,775**	**2,520**

20. Subsequent events

The Estonian Financial Supervision and Resolution Authority approved the prospectus for listing and admission to trading of the bonds on 16 October 2023. The first trading day of the bonds on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange was 25 October 2023.

21. List of consolidated companies

Name	Registered office	Registration Number	Date of incorporation / acquisition	Activity	Interest in capital
BH Lincona OÜ	Hobujaama str. 4, Tallinn, Estonia	12127485	20 June 2011	Asset holding company	100%
BH Domus Pro UAB (consolidated till 7 March 2023)	Ukmergės str. 308-1, Vilnius, Lithuania	225439110	1 May 2014	Asset holding company	100%
BOF SKY SIA	Valdemara str. 21-20, Riga, Latvia	40103538571	27 March 2012	Asset holding company	100%
BH CC Plaza OÜ (merged with BH P80 OÜ on 5 July 2023)	Hobujaama str. 4, Tallinn, Estonia	12399823	11 December 2012	Asset holding company	100%
BH Europa UAB	Konstitucijos ave. 7A-1, Vilnius, Lithuania	300059140	2 March 2015	Asset holding company	100%
BH P80 OÜ (merged with BH CC Plaza OÜ on 5 July 2023)	Hobujaama str. 5, Tallinn, Estonia	14065606	6 July 2016	Asset holding company	-
Kontor SIA	Mūkusalas str. 101, Rīga, Latvia	40003771618	30 August 2016	Asset holding company	100%
Pirita Center OÜ	Hobujaama str. 5, Tallinn, Estonia	12992834	16 December 2016	Asset holding company	100%
BH Duetto UAB (consolidated till 7 June 2023)	Spaudos str. 8-1, Vilnius, Lithuania	304443754	13 January 2017	Asset holding company	100%
Vainodes Krasti SIA	Audeju str. 16, Riga, Latvia	50103684291	12 December 2017	Asset holding company	100%
BH S27 SIA	Skanstes iela 27, Riga, Latvia	40103810023	15 August 2018	Asset holding company	100%
BH Meraki UAB	Ukmergės str. 308-1, Vilnius, Lithuania	304875582	18 July 2018	Asset holding company	100%
BH Galerija Centrs SIA	Audeju str. 16, Riga, Latvia	40003311422	13 June 2019	Asset holding company	100%
BH Northstar UAB	Ulonų str. 2, Vilnius, Lithuania	305175896	29 May 2019	Asset holding company	100%

MANAGEMENT APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements of Baltic Horizon Fund were approved for issue by the Management Board of the Management Company on 7 November 2023.

Tarmo Karotam
Chairman of the Management Board

Aušra Stankevičienė
Member of the Management Board

Edvinas Karbauskas
Member of the Management Board

DEFINITIONS OF KEY TERMS AND ABBREVIATIONS

AIFM
Alternative Investment Fund Manager.

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

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

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

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

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

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

Fund
Baltic Horizon Fund.

GAV
Gross Asset Value of the Fund.

IFRS
International Financial Reporting Standards.

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

Management Company
Northern Horizon Capital AS, register code 11025345.

NAV
Net asset value for the Fund.

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

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

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

NOI
Net operating income.

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

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

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

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

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

TTM
Trailing 12 months.