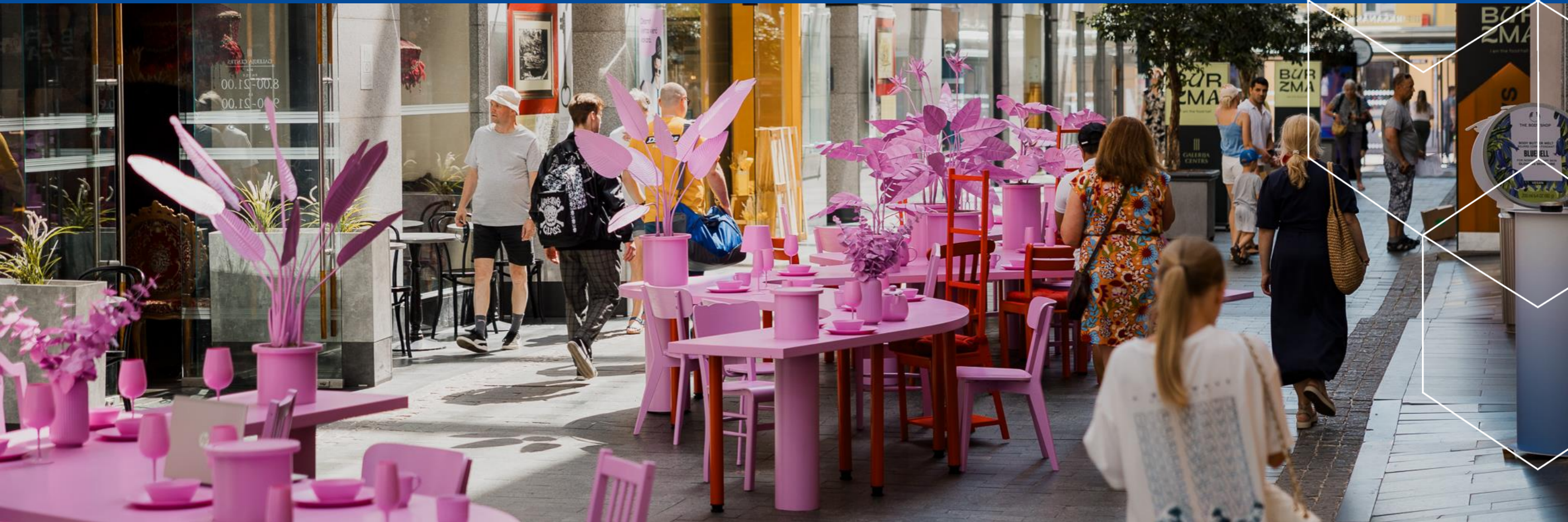


Unaudited condensed consolidated interim financial statements for the 6-month period ended 30 June 2024

# Interim report H1 2024



# Contents

## 1. Management report

---

- 3** About Baltic Horizon
  - 5** Our strategic ambitions
  - 7** Outlook for 2024
  - 9** H1 key figures
  - 11** H1 key events
  - 12** Property report
  - 17** Property valuation
  - 18** Sustainability
  - 19** Financial report
  - 21** Financing
  - 23** EPRA performance measures
  - 25** Investor relations
  - 27** Structure and governance
  - 29** Risk management
  - 30** Financial calendar 2024
  - 31** Management board's confirmation
- 

## 2. Consolidated financial statements

---

- 33** Consolidated statement of profit or loss and other comprehensive income
  - 34** Consolidated statement of financial position
  - 35** Consolidated statement of changes in equity
  - 36** Consolidated statement of cash flows
  - 37** Notes to the consolidated financial statements
  - 55** Management approval of consolidated financial statements
  - 57** Definitions and abbreviations
  - 58** EPRA indicators and definitions
  - 59** 5-year overview of key figures
-

We aim to create value through actively managing **commercial** real estate.

Our strategic focus is on catering to **‘Modern City Life’** concept in Vilnius, Riga, and Tallinn.

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.

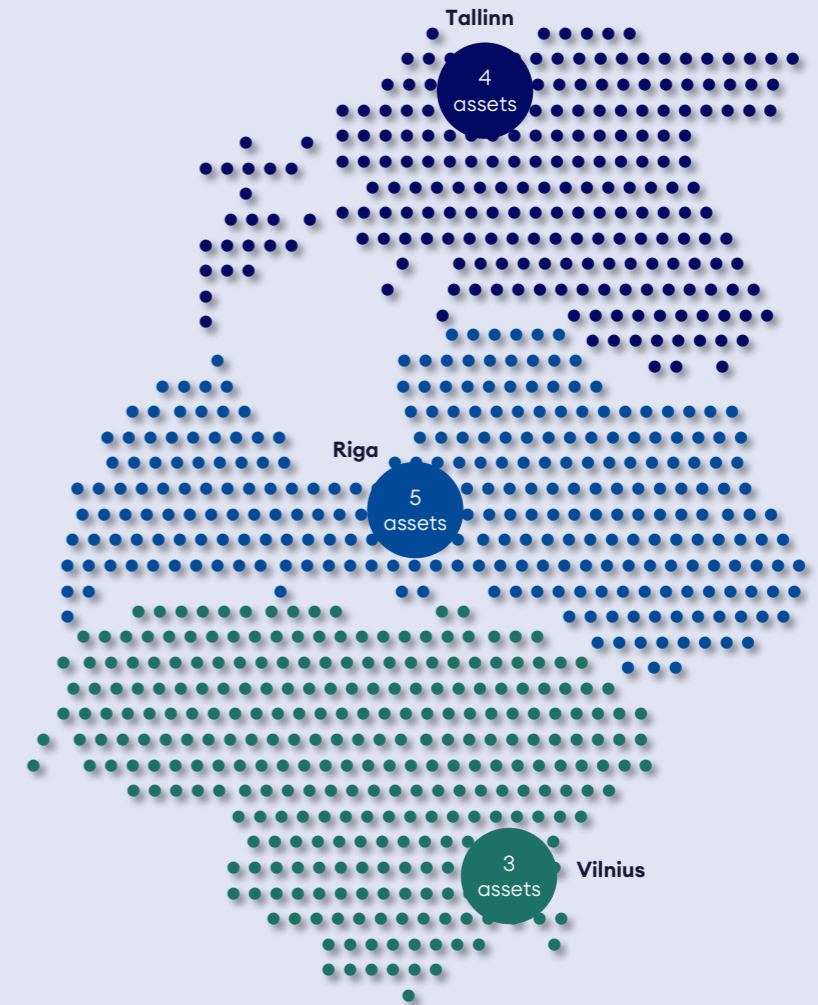
The Fund is a public fund with no particular lifetime (evergreen). Units of the Fund are made available to the public in accordance with the Fund Rules and applicable laws. The Fund is listed on the Fund List of the Nasdaq Tallinn Stock Exchange. The Fund’s Swedish depository receipts (the SDRs) are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

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

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

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

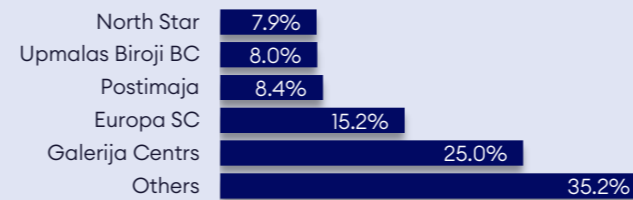
The Fund aims to grow through making attractive investments for its investors while diversifying its risks geographically, across real estate segments, tenants and debt providers.



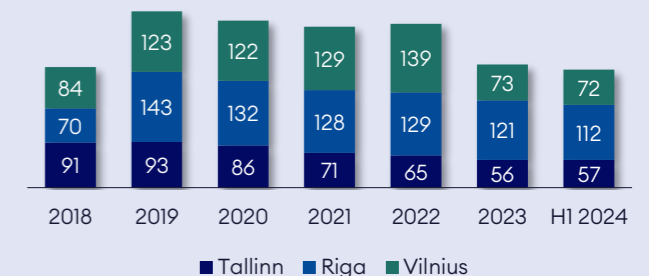
**12** income generating properties

**118,751** sqm leasable area

TOP 5 properties



Portfolio value (EURm)



# Management report



# Our strategic ambitions

Over the past year, our focus has been on reshaping our strategy to foster sustainable value, concentrating efforts on avenues that promise reliable and consistent growth for our investors. In light of prevailing market conditions, we firmly believe that the execution of the 'Modern City Life' strategy, introduced to investors in summer 2023, is paramount to their best interests.

In the coming years, we expect two thirds of the Fund's NOI to come from centrally located multi-functional assets aligned with our 'Modern City Life' strategy. These spaces are meticulously designed to ignite, elevate and enrich the lives of modern citizens and communities. The remaining results are expected to be derived primarily from government-rented premises and select suburban supermarkets and other segments. Our value proposition hinges on quality, flexibility, sustainability, and remarkable service, underpinned by strategic locations tailored to meet the evolving needs of our clientele.

The Fund's management team has made the strategic decision to implement key performance indicators (KPIs) as a means to effectively measure and track performance. This decision stems from the recognition that clear and measurable benchmarks are essential for evaluating progress towards the Fund's objectives. By defining specific KPIs, the team aims to enhance transparency, accountability, and decision-making processes.

As of today, we have successfully repaid the short-term part of the bonds that matured in July 2024, reached 100% of portfolio certification and are moving towards our occupancy goal and NOI potential.

**In a challenging economic landscape and a highly competitive real estate market, 6 strategic targets aim to ensure the future value creation for our investors.**

## Our 6 strategic targets



### Occupancy

**>90%+**

Portfolio occupancy by the end of 2024



### Net operating income (per year)

**EUR 18m**

Clear ESG and refurbishment strategy with an aim to reach portfolio NOI potential by 2027



### Loan-To-Value

**<50%**

LTV target and repayment of the part of the bonds maturing in 2024



### Asset certification

**100%**

BREEAM or LEED certified portfolio



### Portfolio composition

Consider disposing of non-strategic assets over the next 18 months



### GRESB assessment

**=>4 stars**

GRESB real estate assessment rating

“

Our strategic focus is on Modern City Life - centrally located buildings that cater to modern ways of working and socializing.



# Outlook for 2024

The outlook for H2 2024 reflects Baltic Horizon's commitment to navigating the dynamic real estate market in the Baltic capitals. Our recent strategic changes and dedicated efforts toward optimizing the Fund's structure are directed towards fostering long-term growth and bridging the gap between unit price and portfolio value.

Meraki Business Home



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. 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, more expensive financing, volatile energy prices, weaker economies and lower consumer confidence.

Given the influence of recent economic and geopolitical events on the operational performance of certain assets and financing costs, Baltic Horizon units are now traded at a price that is more than 60% below NAV. This deviation is not aligned with our standards and is unacceptable to both our valued investors and to Northern Horizon as the Management Company.

To address this challenge, the Fund is strategically focused on enhancing the strength of our centrally-located retail portfolio throughout 2024. This involves the introduction of new anchor tenants and the implementation of further concept changes aimed at revitalizing and maximizing the potential of our retail assets. Concurrently, the Fund is proactively addressing vacancy concerns within office buildings by pursuing new collaborative agreements with government tenants, implementing flexible workspace solutions and being in close dialogue with conventional office tenants. The Fund is currently in active negotiations with tenants for more than 10,500 sq. m. of office space.

Simultaneously, the Fund remains committed to improving debt service and lowering leverage levels. These efforts are essential to fortifying our financial position and enhancing overall portfolio resilience in the face of ongoing market volatility and uncertainty. By executing these strategic initiatives, Baltic Horizon aims to mitigate the current deviation from the NAV.

Our investment focus in recent years has been on renewing the concepts of our city centre properties, embracing the growing trend for hybrid retail and work environments. 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 and BURZMA food areas in Europa and Galerija Centrs are testimony to our strategic approach, yielding social and financial success.

We are actively negotiating with tenants to bring innovative concepts to the upper floors of Europa SC and Galerija Centrs. The letting of these premises, together with the recent excellent leasing results at Postimaja and CC Plaza, will unlock untapped potential in our portfolio.

Our proactive approach to rejuvenating Europa SC is yielding tangible results, as evidenced by the recent opening of a new 1,900 sq. m grocery store operated by IKI and leased for 10 years. Moreover, a number of prominent names, including Eurokos and Perfectus clinic will open their doors in the coming months and, together with the new dining zone planned on the first floor, which will host 3 different restaurants and will have an open facade facing Konstitucijas avenue, will further enhance the appeal and commercial viability of the shopping centre.

Recent major leases at Galerija Centrs, including Arket, which selected our shopping centre for its first shop in Latvia, and the new anchor tenant MyFitness, which signed a 14-year lease for approx. 2,000 sq. m in April 2024, confirm that central locations are attractive to both tenants and shoppers. Negotiations are underway with another anchor tenant for approx. 1,700 sq. m on the upper floors of Galerija Centrs, which would not only have a positive impact on NOI levels but would also significantly increase visitor numbers.

In April, the Fund finalized a significant new cooperation agreement with Apollo Group, largest entertainment company in the Baltics, for approx. 2,200 sq. m on the 1st floor of Coca-Cola Plaza. With Apollo Group serving as the anchor tenant, this collaboration will create a dynamic urban lifestyle hub in the heart of Tallinn, offering a diverse range of entertainment, dining, and retail experiences. This 10-year lease, complemented by extended cooperation agreements in the adjacent Postimaja SC, strategically positions the property to optimize its NOI potential and foster seamless integration with the Rotermann area. The cinema facilities, located on the upper floors, will continue to operate on a long-term basis.

Baltic Horizon's team has taken proactive measures to address high energy prices. By fixing electricity prices for our assets, we aim to maintain stable and resilient cost management for our tenants. Furthermore, we recognize the importance of environmental responsibility and actively invest in green energy projects. Several remote solar power plants will be fully operational by the end of 2024, supplying electricity to all of our assets in Lithuania and Latvia. This strategic investment not only aligns with our sustainability goals but also contributes to reducing our carbon footprint and promoting renewable energy sources.

Achieving four stars from GRESB in 2022 and 2023 marked a notable achievement, and we intend to uphold this standard in future assessments. Successfully achieving BREEAM certification for all assets in our portfolio by the end of 2023 underlines our dedication to sustainability, and the introduction of green lease clauses in our agreements highlights our ongoing commitment to environmental responsibility.

In line with its strategic goals, the Fund successfully redeemed the short-term part of the bonds on 8 July 2024. The bonds in the amount of EUR 8 million were refinanced with a more cost-effective bank loan, raised by leveraging the Meraki asset.

Although the Fund aims for an LTV of no more than 50%, reducing the debt level will take time, particularly in the current market. The Fund intends to extend existing leases and negotiate new ones on the most favourable terms, but sometimes additional capital expenditure to fit out the premises is unavoidable. The Fund's Management plans to issue new units by way of private placement in H2 2024. The capital raised would be used for tenant fit-outs and would contribute to Baltic Horizon's strategy of increasing occupancy while maintaining current LTV levels.

**Through careful financial management and a proactive approach to leasing, we strive to deliver sustainable performance and achieve success for our investors.**

Baltic Horizon's management team recognises the challenges posed by high interest rates and inflation. However, our strategy is to partially offset growing costs through sizeable rent indexations and the conclusion of new lease agreements. The Fund is currently in line with its projected leasing activities for 2024, demonstrating our vigorous efforts to increase occupancy levels to over 90% as at the year-end. We are actively implementing multiple cost-saving strategies to sustain operational profitability and mitigate potential exposure to rising costs, as illustrated by the reduction in the operational and administrative costs of our properties in H1 2024 compared to H1 2023.

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. At the same time, we remain committed to maintaining stable cash flows from our other assets, ensuring a secure foundation for stable future returns for our valued investors.

Maintaining a stable financial position is a key part of our long-term strategy. Through careful financial management and a proactive approach to leasing, we strive to deliver sustainable performance and achieve success for our investors.

Upmalas Biroji





# H1

## key figures

Key earnings figures	Unit	H1 2024	H1 2023	H1 2022
Rental income	EUR '000	7,667	10,095	10,070
Net rental income	EUR '000	5,983	8,495	8,675
Net rental income margin <sup>1</sup>	%	78.0	84.2	86.1
Valuation gains (losses) on investment properties	EUR '000	(12,524)	(14,623)	172
EBITDA	EUR '000	(8,204)	(11,333)	7,628
EBITDA margin	%	(107.0)	(112.3)	87.9
EBIT	EUR '000	(8,118)	(11,278)	7,740
EBIT margin <sup>2</sup>	%	(105.9)	(111.7)	76.9
Net profit (loss)	EUR '000	(12,849)	(15,005)	4,239
Net profit (loss) margin	%	(167.6)	(148.6)	42.1
Earnings per unit	EUR	(0.11)	(0.13)	0.04
Generated net cash flow <sup>3</sup>	EUR '000	(2,079)	2,686	4,147
Generated net cash flow per unit <sup>4</sup>	EUR/unit	(0.017)	0.022	0.035

Key financial position figures	Unit	30.06.2024	31.12.2023	31.12.2022
Total assets	EUR '000	250,164	261,138	343,963
Return on assets (TTM)	%	(8.1)	(7.6)	1.1
Total equity	EUR '000	96,398	109,532	133,655
Equity ratio	%	39.3	41.9	38.9
Return on equity (TTM)	%	(20.2)	(18.9)	3.0
Interest-bearing loans and borrowings	EUR '000	146,694	143,742	195,111
Total liabilities	EUR '000	153,765	151,606	210,308
LTV	%	61.3	57.3	58.4
Average cost of debt	%	6.4	5.2	3.0
Weighted average duration of debt	years	2.3	2.3	1.8
Current ratio	times	0.1	0.1	0.1
Quick ratio	times	0.1	0.1	0.1
Cash ratio	times	0.1	0.1	0.1
IFRS NAV per unit	EUR	0.8058	0.9156	1.1172

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.

# H1

## key figures

Key property portfolio figures	Unit	30.06.2024	31.12.2023	31.12.2022
Fair value of portfolio	EUR '000	239,927	250,385	333,123
Properties <sup>5</sup>	number	12	12	15
Total Net leasable area	sq. m	118,751	119,714	151,870
Occupancy rate	%	79.1	81.1	90.5

Key property portfolio figures	Unit	H1 2024	H1 2023	H1 2022
Direct property yield	%	3.9	5.0	5.1
Net initial yield	%	4.8	5.5	5.4

Key unit figures	Unit	30.06.2024	31.12.2023	31.12.2022
Number of units outstanding	units	119,635,429	119,635,429	119,635,429
Closing unit price	EUR	0.2798	0.3150	0.5750
Closing unit price	SEK	3.34	3.30	5.60
Market capitalisation <sup>6</sup>	EUR	33,473,993	37,685,160	68,790,372

Key EPRA figures	Unit	H1 2024	H1 2023	H1 2022
EPRA Earnings	EUR '000	(282)	2,762	4,608
EPRA Earnings per unit	EUR	0.00	0.02	0.04

Key EPRA figures	Unit	30.06.2024	31.12.2023	31.12.2022
EPRA NRV (Net Reinstatement Value)	EUR '000	101,975	114,205	141,943
EPRA NRV per unit	EUR	0.8524	0.9546	1.1865
EPRA NTA (Net Tangible Assets)	EUR '000	101,975	114,205	141,943
EPRA NTA per unit	EUR	0.8524	0.9546	1.1865
EPRA NDV (Net Disposal Value)	EUR '000	96,036	109,131	133,313
EPRA NDV per unit	EUR	0.8027	0.9122	1.1143
EPRA LTV	%	58.9	55.5	57.9

5. Properties includes 12 established cash flow properties.

6. Based on the closing prices units on the Nasdaq Tallinn Stock Exchanges.

# H1

## key events

### Partial early redemption of the bonds

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

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

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

### Annual General Meeting

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

### Bondholders' consent for a second ranking mortgage for Meraki

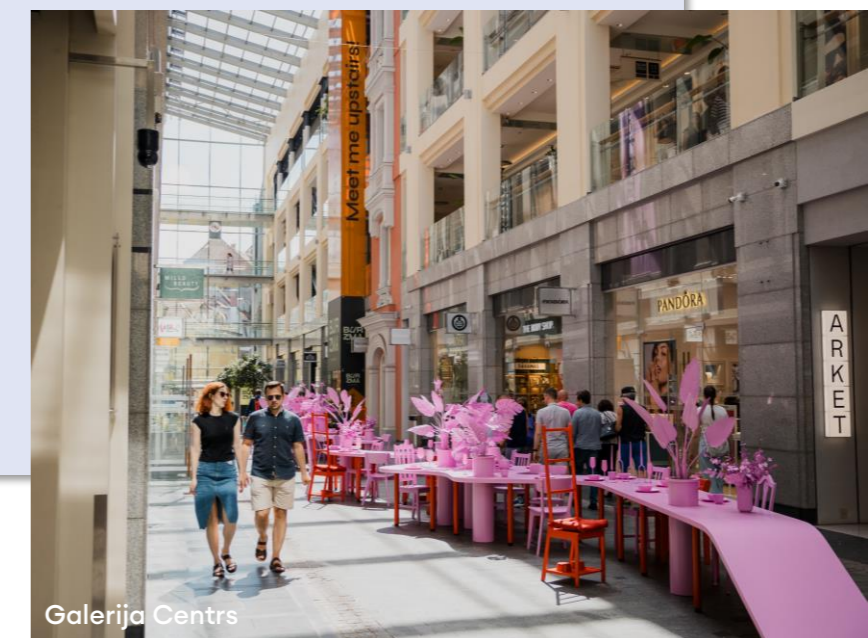
On 21 June 2024 the Fund requested, by written procedure, the consent of the bondholders to waive the obligation set out in the terms and conditions of the bonds and to grant consent for the Fund to create a second ranking mortgage on the assets of BH Meraki UAB to secure external financing. The quorum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

### Changes in the Management Board of Northern Horizon Capital AS

Edvinas Karbauskas has left the Management Board of Northern Horizon Capital AS. His last day in office was 22 June 2024. The Management Board will continue with its two existing members Tarmo Karotam and Aušra Stankevičienė.

### Annual ESG report

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



Galerija Centrs

# Property report

## Leasing and tenant update

In a challenging market environment characterized by increasing real estate market vacancies across all Baltic states in recent periods, the Fund has demonstrated its adaptability by signing a substantial number of leases in H1 2024. This success was primarily attributable to significant deals with prominent tenants including Narbutas in Meraki (3,200 sq. m), My Fitness in Galerija Centrs (1,700 sq. m) and Apollo Group in Coca-Cola Plaza (2,200 sq. m), all signed in March and April.

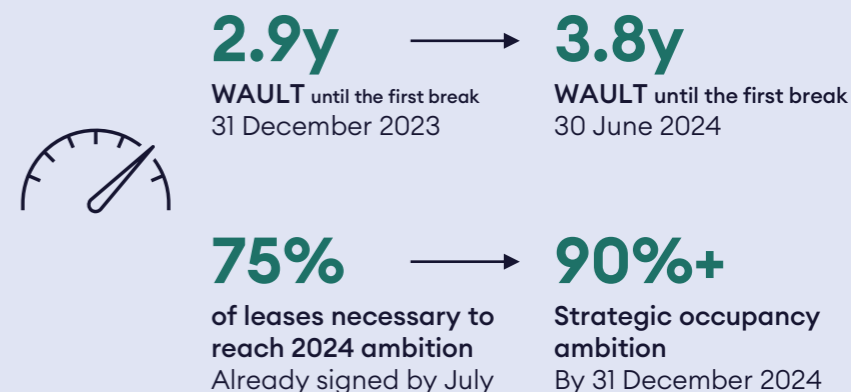
After the surge in the first four months of 2024, the summer months have been slower in terms of leasing activity. However, despite the slowdown, the inflow of new leases in H1 and July by approx. 630 sq. m exceed the outflow (expiries known well in advance). Moreover, taking into account the letters of intent signed to date with tenants willing to move into our properties, the net inflow of leases would be 6,030 sq. m. When the agreements are signed, the occupancy is expected to increase to 84.5%.

During H1 2024, the Fund signed new leases for 11,457 sq. m, securing an annual rental income of EUR 1,811 thousand for future periods. Furthermore, we are pleased to report that 18 new tenants have been attracted to our buildings, while 26 existing tenants have decided to continue their cooperation with us.

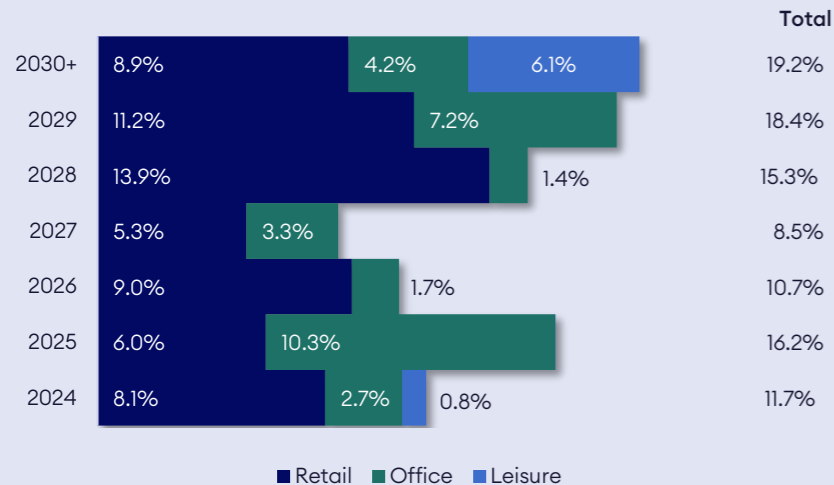
By July 2024, we had already secured 75% of the targeted leases, thus significantly advancing towards achieving the goal of reaching 90% occupancy.

The Fund team has been diligently negotiating with current tenants to extend lease agreements, while also actively engaging with new tenants to fill vacancies. Notably, more than 72% of Baltic Horizon Fund tenant leases are set to expire after 2025, with the remainder expiring in 2024 and 2025. We aim to spread our lease terms evenly so that no more than 20% of our leases expire each year. Recent successful letting activities are evidenced by the increase in the weighted average unexpired lease term until the first break option, which stood at 3.8 years as of 30 June 2024 (compared to 2.9 years as of 31 December 2023).

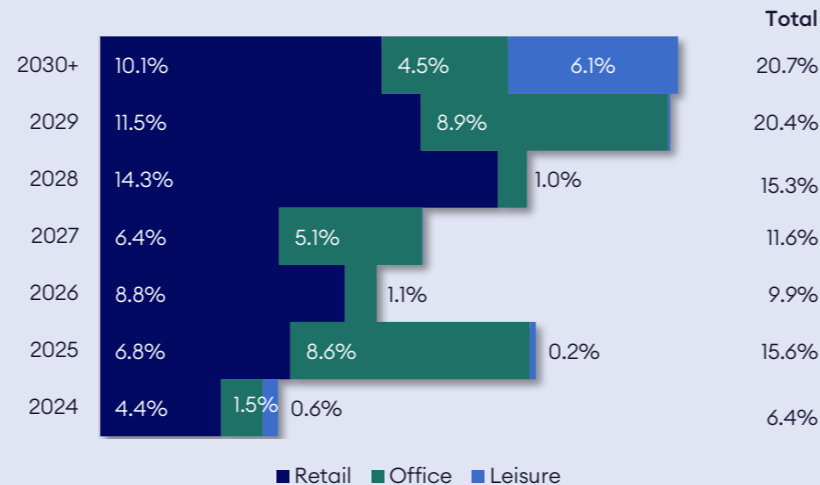
### Confirmation of active leasing efforts and client trust



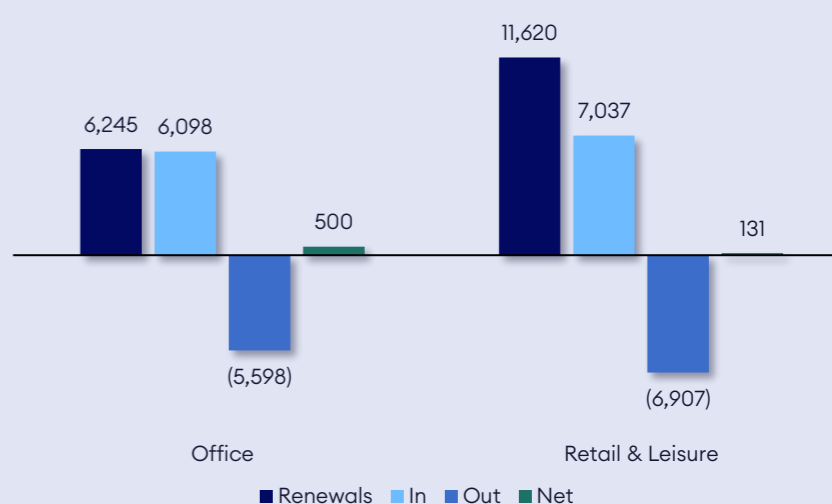
**Lease maturity profile as of 30 June 2024**  
% of contractual rent to first break option



**Lease maturity profile as of 30 June 2024**  
% of contractual rent to end of contract



**Leasing activity in January – July 2024**  
sq. m.



## Portfolio and market overview

At the end of Q2 2024, the 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 centrally-located retail and office assets with well-known and long-term tenants including local commercial leaders, government agencies, nearshoring shared service centres and the Baltic headquarters of leading international companies.

The real estate market across the Nordic and Baltic regions is undergoing a gradual recovery amidst the aftermath of recent economic and geopolitical upheavals. Despite recent turbulence in capital markets, a more stable outlook is forecast for 2024 and 2025, providing a sense of reassurance to the real estate sector. Our Fund has proactively responded to evolving market sentiments by prioritizing investments in ESG strategies. Significantly, we have allocated resources towards enhancing the energy efficiency of our assets and embracing green energy sources, in alignment with the growing tenant demand for sustainable and environmentally friendly spaces.

As we navigate the evolving Baltic real estate landscape, we acknowledge the critical role of ESG considerations in driving tenant satisfaction and fostering long-term value creation. Despite persistent challenges such as rising vacancies and geopolitical uncertainties, our flexible leasing solutions position us well to capitalize on emerging opportunities and meet evolving tenant needs. Additionally, we are committed to adding value to surrounding communities by implementing multi-use principles across our portfolio. This includes incorporating spaces for communal gatherings, green recreational areas, and diverse amenities for entertainment and social interaction, as well as amenities such as restaurants, clinics, gyms, and service centres.

### Retail portfolio development and future focus

Throughout 2023 and in H1 2024, we have observed a growing interest from tenants in our retail segment. We attribute this to the Fund's ownership of retail assets in appealing locations and our ongoing commitment to enhancing these assets to meet contemporary shopping standards.

This is evidenced by our substantial investments in developing multi-use concepts within these properties. Consequently, these centrally located assets are becoming increasingly attractive not only to traditional retail tenants but also to other tenants associated with lifestyle, health, entertainment or working communities.

At the end of 2023 – beginning of 2024 new major tenants, namely ARKET, H&M Home, and IKI were introduced to the visitors of our shopping centres. These well-known names brought renewed vitality to our retail assets and introduced fresh concepts to our clientele.

Introduction of the new stores and dining options at Galerija Centrs has triggered a 4% year-over-year increase in tenant turnovers, significantly bolstering its overall recovery. We expect footfall to increase even further starting from the end of 2024, as the Fund has signed a 2,000 sq. m 12-year lease agreement with My Fitness, which is due to open in December. In addition, we are in active negotiations with another anchor tenant, which already signed a letter of intent for an area of over 1,700 sq. m in the upper floors of Galerija Centrs. This will not only contribute to higher occupancy but will also expand the range of services offered to visitors.

Europa SC recently celebrated the opening of the renewed Suit Supply, Tops and the new entertainment centre Kosmopark. Together with Eurokos and Perfectus Clinic that are anticipated to open in the nearest month and the replanned restaurant zone on the first floor that will offer some new dining options, this not only reflects the outstanding performance of our leasing team, but also affirms the Fund's commitment to accommodate the needs of the surrounding communities.

Postimaja is now fully occupied, with the remaining premises leased out to Kilomax. Additionally, strategic efforts were made to enhance the H&M store at Postimaja, incorporating the H&M Home concept to strengthen the long-term partnership between the Fund and this key tenant.



Europa Shopping Center

**Office portfolio development and future focus**

The office segment witnessed a shift in working practices during the pandemic, with many tenants adopting remote working arrangements where possible. However, employees have returned 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.

For our office assets, we are pleased to confirm that we have successfully extended all major lease agreements in the portfolio that we expected to extend during H1 2024. The long-term focus in the office segment is on modern buildings and long-term cooperation with both public (e.g. government or municipal) and private organizations. While the rental levels may not always be at the top end of the market, there are other benefits that contribute positively, such as stable rental income and lower tenant turnover.

Accomplishments in our leasing strategy include recent agreements with the Latvian State Police in Riga for over 4,000 sq. m for a period of 12 years and the Estonian Information System Authority in Tallinn for over 3,000 sq. m for a period of 5 years, as well as strong leasing of vacant premises in Meraki. During H1 2024 new leases were signed with global names such as Narbutas and Hertz, and existing tenants in Meraki expanded their space to over 4,500 sq. m.

North Star business centre in Vilnius is another example of the Fund's efforts to better meet the needs of the surrounding neighbourhoods and communities, as evidenced by the signing of a new lease with Affidea Clinic and ongoing negotiations with another medical operator. Moreover, in line with our commitment to social responsibility, we are pleased to announce the signing of a lease agreement with a reputable non-profit organization Maisto Bankas. Furthering our dedication to community engagement, the Fund also entered into a support agreement with this NPO, committing to provide financial assistance for a designated period. This partnership reflects our ongoing efforts to contribute positively to the community and support causes that align with our corporate values.

In response to evolving market dynamics, the Fund is actively engaged in reletting current office vacancies.

Several strategies and concepts are being explored for the S27 business centre, which faces a 100% vacancy rate at the end of Q2 following the expiry and termination of leases with former tenants EMERGN and LNK Industries. Negotiations with several potential major tenants have well advanced and are expected to be finalized in the coming weeks.

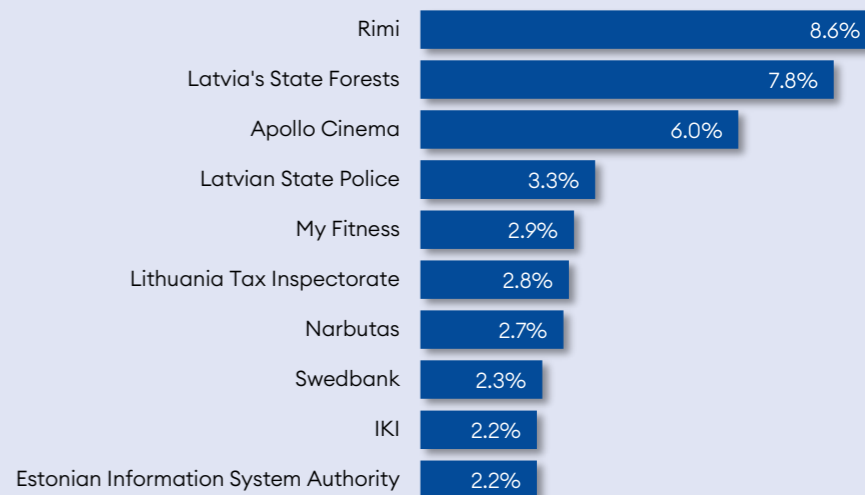
Furthermore, we are currently in intensive negotiations to optimize occupancy in the Lincona building. Recent agreements with Pet24 and the expansion of space by the existing tenant, the Estonian Information System Authority, have increased the occupancy of the building close to 90%.

Upmalas has attracted a lot of interest from the potential tenants in recent months, reflecting the great efforts and market experience of our new partner Colliers and resulting in a new lease agreement signed with a kindergarten operator Bebelv. A kindergarten not only will improve the tenant mix but will also meet the needs of the surrounding communities.

Despite the progress in letting, the vacancies in S27 and Upmalas Biroji are likely to affect the office portfolio results for another half of the year. However, we expect this impact to be partially mitigated by the stability provided by the fixed-price lease agreements in the remaining portfolio, as well as newly signed leases kicking in H2 2024 and the beginning of 2025. It is also worth noting that the Fund is in active negotiations with potential tenants for more than 10,500 sq. m of space, which, if signed, will contribute to the strategic objectives in terms of NOI and occupancy.

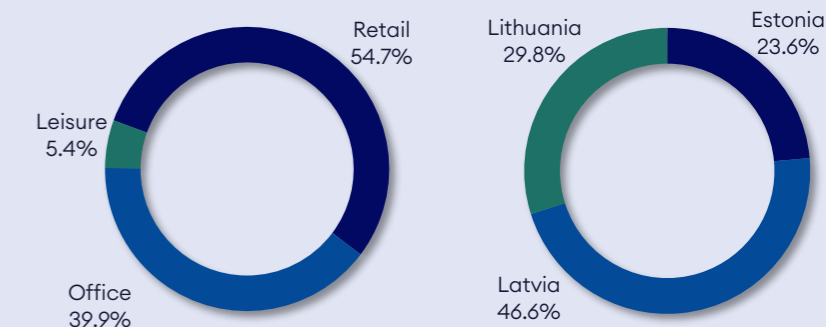
In conclusion, Baltic Horizon's offices are either showing stable performance or being transformed to fit today's market needs, while centrally located retail and leisure assets continue their steady recovery toward peak performance. The Fund remains committed to navigating dynamic market conditions,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

**Rental concentration of the Fund's subsidiaries as of 30 June 2024**



Other tenants represent 59.2%.

**Fund segment and country distribution as of 30 June 2024**



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

During Q2 2024, the average actual occupancy of the portfolio was 82.3% (Q1 2024: 81.6%). The occupancy rate decreased to 79.1% as of 30 June 2024 (31 March 2024: 83.5%). The decrease was expected and was mostly related to the termination of the lease with LNK Industries in the S27 office building.

Starting from February 2024, the Fund has engaged new partners to manage its office and retail properties in Latvia. The management team anticipates that this adjustment will expedite the leasing process in Latvia, as evidenced by recently brought strong leads with which negotiations are being held at the moment.

During H1 the Fund signed new leases for approximately 11,500 sq. m. However, the economic benefits of the new leases are not yet fully reflected in the figures for H1 2024. Most of the new leases will start generating income and positively impact yields in the Q3 and Q4.

### Overview of investment properties as of 30 June 2024

Property	Sector	Acquisition year	Fair value <sup>1</sup> (EUR '000)	NLA (sq. m)	Dyield H1 2024 <sup>2</sup>	Net initial yield H1 2024 <sup>3</sup>	Occupancy rate	NOI development				
								H1 2024	H1 2023	2023	2022	2021
Europa SC	Retail	2015	36,587	17,081	2.6%	3.1%	80%	572	744	1,508	1,028	1,006
North Star	Office	2019	19,148	10,631	7.1%	7.6%	88.9%	750	753	1,495	1,371	1,208
Meraki	Office	2022	15,950	8,114	1.1%	1.3%	83.9%	109	63	63	(101)	-
<b>Total Vilnius</b>			<b>71,685</b>	<b>35,826</b>	<b>3.4%</b>	<b>3.9%</b>	<b>83.5%</b>	<b>1,431</b>	<b>1,560</b>	<b>3,066</b>	<b>2,298</b>	<b>2,214</b>
Upmalas Biroji	Office	2016	19,231	11,213	3.7%	4.2%	58.8%	423	923	1,318	1,763	1,740
Vainodes I	Office	2017	15,860	8,128	8.7%	8.5%	100.0%	706	706	1,431	1,383	1,449
S27	Office	2018	11,570	7,450	0.8%	0.9%	0.0%	65	569	814	1,132	1,088
Sky SC	Retail	2013	4,940	3,259	8.4%	7.9%	100.0%	216	204	420	423	395
Galerija Centrs	Retail	2019	60,091	19,331	3.1%	3.9%	77.7%	1,228	1,057	2,139	2,193	1,448
<b>Total Riga</b>			<b>111,692</b>	<b>49,381</b>	<b>3.7%</b>	<b>4.4%</b>	<b>66.8%</b>	<b>2,638</b>	<b>3,459</b>	<b>6,122</b>	<b>6,894</b>	<b>6,120</b>
Postimaja & CC Plaza complex	Retail	2018	20,363	9,232	3.6%	6.6%	100.0%	980	1,074	2,126	2,044	1,805
Postimaja & CC Plaza complex	Leisure	2015	13,067	8,121	5.3%	4.8%	92.7%	515	548	1,068	1,102	1,114
Lincona	Office	2011	13,850	10,766	6.4%	7.2%	83.7%	419	376	761	664	484
Pirita SC	Retail	2016	9,270	5,425	6.7%	9.5%	96.7%	419	376	761	664	484
<b>Total Tallinn</b>			<b>56,550</b>	<b>33,544</b>	<b>5.0%</b>	<b>6.8%</b>	<b>92.5%</b>	<b>1,914</b>	<b>1,998</b>	<b>3,955</b>	<b>3,810</b>	<b>3,403</b>
<b>Total active portfolio</b>			<b>239,927</b>	<b>118,751</b>	<b>3.9%</b>	<b>4.8%</b>	<b>79.1%</b>	<b>5,983</b>	<b>7,017</b>	<b>13,143</b>	<b>13,002</b>	<b>11,737</b>
<b>Total disposed properties<sup>4-6</sup></b>									<b>1,478</b>	<b>1,478</b>	<b>4,428</b>	<b>5,267</b>
<b>Total portfolio</b>			<b>239,927</b>	<b>118,751</b>	<b>3.9%</b>	<b>4.8%</b>	<b>79.1%</b>	<b>5,983</b>	<b>8,495</b>	<b>14,621</b>	<b>17,430</b>	<b>17,004</b>

1. Based on the latest valuation as of 30 June 2024, and recognized right-of-use assets.
2. Direct property yield (DPY) is calculated by dividing annualized NOI by the acquisition value and subsequent capital expenditure of the property.
3. The net initial yield (NIY) is calculated by dividing annualized NOI by the market value of the property.
4. The Fund completed the disposal of the Duetto I and Duetto II properties on 6 June 2023.
5. The Fund completed the disposal of the Domus Pro Retail and Office complex on 6 March 2023.
6. The Fund completed the disposal of G4S Headquarters on 8 November 2021.

The Fund's portfolio produced EUR 6.0 million of net operating income (NOI) during H1 2024 (H1 2023: EUR 8.5 million). Like-for-like net rental change provides a more comparable view on the performance of the underlying assets, as these calculations exclude the impact of net rental growth or decline due to acquisitions, developments, or disposals.

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

In H1 2024, the net rental income of the portfolio on a like-for-like basis decreased, primarily due to a notable reduction in NOI at S27 and Upmalas Biroji BC. This decrease resulted from the departure of the tenants EMERGN, LNK Industries and SEB. Active negotiations regarding vacant areas in these buildings are currently held with possible tenants. However, a boost in NOI related to these premises is not expected before the end of 2024.

The retail segment demonstrated a slight positive shift, with an increase in like-for-like net rental income of 1.7%. This rise is attributable to Galerija Centrs, SKY SC, and Pirita SC, all of which experienced an uplift in net rental income both from rent indexation and the commencement of rents from newly reconstructed areas in Galerija Centrs. Europa's NOI was lower than last year due to the decision to change the anchor grocery store in December, which resulted in a temporarily shrinkage in NOI as IKI did not open until the beginning of March, as well as planned relocations and changes in the tenant mix. The planned restaurant zone on the first floor and the opening of new high-profile tenants such as Perfectus clinic should meet visitor demand and increase footfall.

The results of Postimaja were in line with last year, while the NOI of Coca-Cola Plaza was lower than in the same period in 2023. However, the decline is only temporary, as the Fund signed a long-term lease agreement with Apollo for 2,200 sq. meters in Q2. The Fund and its investors will benefit from the additional rental income related to these premises starting from the beginning of 2025.

The office segment experienced a negative change, with a 26.6% decrease in like-for-like net rental income. This decline is mainly due to two office assets - Upmalas Biroji BC and S27. The NOI of Meraki is consistently increasing as newly signed leases kick in. The premises of the most recently signed tenants will be handed over in autumn and December, so that higher NOI will be reflected in the Fund's results starting from the year end and in 2025. All other office buildings in the portfolio were operating as expected and in line with 2023 results.

### EPRA like-for-like net rental income by segment

EUR '000	Fair value 30.06. 2024	Net rental income H1 2024	Net rental income H1 2023	Change (EUR '000)	Change
<b>Like-for-like assets</b>					
Retail	131,251	3,096	3,043	53	1.7%
Office	95,609	2,568	3,562	(994)	(27.9%)
Leisure	13,067	319	412	(93)	(22.6%)
<b>Total like-for-like assets</b>	<b>239,927</b>	<b>5,983</b>	<b>7,017</b>	<b>(971)</b>	<b>(14.7%)</b>
Disposed assets	-	-	1,478	(1,478)	(100.0%)
<b>Total portfolio assets</b>	<b>239,927</b>	<b>5,983</b>	<b>8,495</b>	<b>(2,512)</b>	<b>(29.6%)</b>

### EPRA like-for-like net rental income by country

EUR '000	Fair value 30.06. 2024	Net rental income H1 2024	Net rental income H1 2023	Change (EUR '000)	Change
<b>Like-for-like assets</b>					
Estonia	56,550	1,914	1,998	(84)	(4.2%)
Latvia	111,692	2,638	3,459	(821)	(23.7%)
Lithuania	71,685	1,431	1,560	(129)	(8.3%)
<b>Total like-for-like assets</b>	<b>239,927</b>	<b>5,983</b>	<b>7,017</b>	<b>(971)</b>	<b>(14.0%)</b>
Disposed assets	-	-	1,478	(1,478)	(100.0%)
<b>Total portfolio assets</b>	<b>239,927</b>	<b>5,983</b>	<b>8,495</b>	<b>(2,512)</b>	<b>(29.6%)</b>



# Property valuation

All real estate properties belonging to the Fund must be appraised at least once a year at the end of the financial year to determine the market value of the real estate portfolio. The Fund's property portfolio was appraised twice in 2023 and will be appraised twice in 2024 by an independent real estate appraiser. External property appraisals in 2023 were carried out as of 30 June and 31 December and the first external appraisal in 2024 was carried out as of 30 June.

The Management Company ensures that 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 evaluates real estate belonging to the Fund. As of 31 December 2023, external valuations were performed by the independent property valuator Colliers International and Newsec. In 2024 a tender process was organized, and a new external appraiser, Newsec, was approved to value the Fund's properties for the next 3 years with the first valuation after the approval carried out as at the end of June 2024.

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 the European Group of Valuers' Associations (TEGoVA). The appraisal methodology employed by the external appraiser is explained in more detail in note 10 to the financial statements.

The like-for-like fair value of the portfolio as of 30 June 2024 decreased to EUR 239.9 million compared to EUR 250.4 million as of 31 December 2023. During H1 2024, the Fund recognised valuation losses on investment properties of EUR 12.5 million (H1 2023: a loss of EUR 14.6 million).

The switch to a new property appraiser often results in minor fluctuations in property values due to differences in interpretation of data, as seen in the results of the valuation conducted as of 30 June 2024 and 31 December 2023.

The largest decrease in value was recorded for Galerija Centrs (EUR -4.5 million) and S27 (EUR -2.3 million). The downward value adjustment was driven by higher vacancy and lower rental assumptions. The change in portfolio value was also driven by the changes in exit yields and upward adjustments of the weighted average cost of capital (WACC) in H1 2024.

The table on the right shows movements in the fair value of the Baltic Horizon Fund investment portfolio during H1 2024. The values of the properties, which are based on the valuation of investment properties performed by Newsec, have been increased by the value of right-of-use assets (IFRS 16). The table below does not reflect any capital investments during the year.

For a summary of property valuations, please visit the Fund's website.

## Portfolio fair value movements by segment

EUR '000	Fair value 30.06. 2024	Fair value 31.12. 2023	Change (EUR '000)	Change (%)	Proportion of portfolio (%) 30.06.2024
<b>Like-for-like assets</b>					
Retail	131,251	135,259	(4,008)	(2.9%)	54.7%
Office	95,609	101,886	(6,277)	(6.1%)	39.9%
Leisure	13,067	13,240	(173)	(1.3%)	5.4%
<b>Total like-for-like assets</b>	<b>239,927</b>	<b>250,385</b>	<b>(10,458)</b>	<b>(4.2%)</b>	<b>100.0%</b>
<b>Total portfolio assets</b>	<b>239,927</b>	<b>250,385</b>	<b>(10,458)</b>	<b>(4.2%)</b>	<b>100.0%</b>

## Portfolio fair value movements by country

EUR '000	Fair value 30.06. 2024	Fair value 31.12. 2023	Change (EUR '000)	Change (%)	Proportion of portfolio (%) 30.06.2024
<b>Like-for-like assets</b>					
Estonia	56,550	56,180	370	0.6%	23.6%
Latvia	111,692	121,400	(9,708)	(8.0%)	46.6%
Lithuania	71,685	72,805	(1,120)	(1.5%)	29.8%
<b>Total like-for-like assets</b>	<b>239,927</b>	<b>250,385</b>	<b>(10,458)</b>	<b>(4.2%)</b>	<b>100.0%</b>
<b>Total portfolio assets</b>	<b>239,927</b>	<b>250,385</b>	<b>(10,458)</b>	<b>(4.2%)</b>	<b>100.0%</b>

# Sustainability

## Certification

In 2023, the Fund finished the certification of its entire retail portfolio and renewed the certificates of the office portfolio. Meraki received its BREEAM interim design state certificate and is expected to receive its BREEAM new construction certification in 2024. Thus, taken into account the interim certificate of Meraki, the Fund achieved 100% certification coverage in the reporting period.

## GRESB benchmarking

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

In 2023 the Fund received a 4-star GRESB rating. The Fund scored 27 points (out of 30) in the Management module and 55 points (out of 70) in the Performance module.

## Renewable energy

One of the Fund's long-term targets is achieving the operational carbon neutrality target. A key aspect in achieving our target by 2030 is ensuring that our portfolio assets are powered by clean and renewable energy sources. In order to secure renewable electricity for our buildings, the Fund has entered into power purchase agreements (PPA) to acquire wind and solar energy. During Q2 2024 the North Star and Meraki PPAs became effective and the properties receive most of their electricity from solar and wind farms. The Fund is constantly seeking new methods to increase the use of renewable energy.

## Green leases

Achieving our sustainability targets would be impossible without cooperation with our tenants. To ensure that our sustainability efforts will lead to a successful futureproofing of our real estate assets, we have started including green lease clauses in our standard lease agreements. Green lease clauses, which cover topics such as sustainable operations, information sharing, use of renewable energy sources, and other relevant topics, are important tools that enable long-term ESG oriented changes in our portfolio and facilitate collaboration with tenants on ESG matters. In Q2 2024 our retail portfolio reached 81% coverage with green lease agreements. The office portfolio green lease coverage was 79%, making the total green lease coverage 80%.

## Community health and wellbeing

Retail and office assets are integral to everyday life – that is why the Baltic Horizon Fund is actively engaged in promoting healthier lifestyles and empowering communities. In H1 2024, the Fund's team implemented and supported various projects to forge partnerships and build community connections.

One of them, the Stop Before You Stop campaign, was aimed at raising awareness of burnout. A series of wellness and mental health support seminars took place in Europa shopping centre, along with the corresponding social media content.

In cooperation with the nearby offices, Europa celebrated the Employee Appreciation Day. The whole-day programme included a coffee with croissants in the morning and an afternoon discussion with some of the top experts in the field about work-life balance. The Fund was also active in supporting the initiatives of the Lithuanian Red Cross: First Aid Festival, which raised awareness of the importance of first aid skills, and the "LRK kalba" (Lithuanian Red Cross Talks) event, where volunteers shared their relevant experience.



### GRESB rating 2023



### BREEAM certifications



#### BREEAM Very good

S27, North Star, Vainodes, Upmalas Biroji, Galerija Centrs, Europa

#### BREEAM Good

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

# Financial report

## Financial position and performance of the Fund

### Net result and net rental income

In H1 2024, the Group recorded a net loss of EUR 12.9 million compared with a net loss of EUR 15.0 million for H1 2023. The result was mainly driven by the property valuation loss. Earnings per unit for H1 2024 were negative at EUR 0.11 (H1 2023: negative at EUR 0.13).

The Group earned net rental income of EUR 6.0 million in H1 2024 (H1 2023: 8.5 million). The results for H1 2023 include two months' net rental income of the Domus Pro Retail and Office property (EUR 0.3 million) and five months' net rental income of the Duetto properties (EUR 1.2 million), which were sold in February and May 2023, respectively.

On an EPRA like-for-like basis, the portfolio net rental income in H1 2024 was 14% lower than in H1 2023, mainly due to vacancies in office properties in Latvia due to the expiry of the agreement with the main tenant in Upmalas Biroji BC and 100% vacancy of S27, as well as lower rental income in Europa due to the new anchor tenant IKI equipping the premises and opening in March.

Portfolio properties in the office segment contributed 42.9% (like-for-like H1 2023: 56.7%) of net rental income in H1 2024, followed by the retail segment with 51.7% (like-for-like H1 2023: 38.5%) and the leisure segment with 5.3% (H1 2023: 4.8%).

Retail assets located in the central business districts (Postimaja, Europa and Galerija Centrs) accounted for 41.4% of total portfolio net rental income in H1 2024. Total net rental income attributable to neighbourhood shopping centres was 10.6% in H1 2024.

In H1 2024, investment properties in Latvia and Lithuania contributed 44.1% (like-for-like H1 2023: 40.7%) and 23.9% (like-for-like H1 2023: 35.8%) of net rental income, respectively, while investment properties in Estonia contributed 32.0% (like-for-like H1 2023: 23.5%).

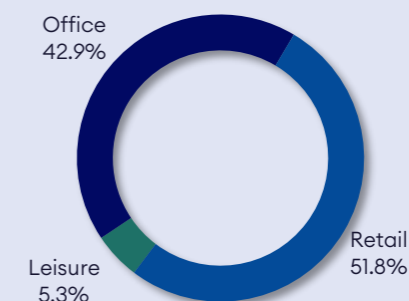
### Gross Asset Value (GAV)

At the end of H1 2024, the Fund's GAV was EUR 250.1 million (31 December 2023: EUR 261.1 million). The decrease of approx. EUR 11 million is mainly related to the revaluation of the Fund's investment properties at the end of H1 2024.

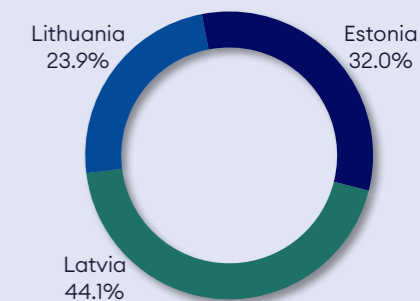
### Investment properties

At the end of H1 2024, the Baltic Horizon Fund portfolio consisted of 12 cash flow generating investment properties in the Baltic capitals. The fair value of the Fund's portfolio was EUR 239.9 million at the end of June 2024 (31 December 2023: EUR 250.4 million) and incorporated a total net leasable area of 118.8 thousand sq. m. The change in portfolio value was mainly driven by the changes in exit yields and upward adjustments of the weighted average cost of capital (WACC). During H1 2024 the Group invested approximately EUR 1.9 million in tenant fit-outs.

Net rental income by segment H1 2024



Net rental income by country H1 2024



Lincona



## Interest-bearing loans and bonds

As of 30 June 2024, interest-bearing loans and bonds (excluding lease liabilities) were EUR 146.4 million (31 December 2023: EUR 143.5 million). Outstanding bank loans increased due to the additional loans taken by Europa and North Star, which were mainly used for partial early redemption of the short-term part of the bonds in the amount of EUR 4.5 million on 8 April 2024. Annual loan amortisation accounted for 2.2% of total debt outstanding. In February 2024, the Fund successfully refinanced Europa and North Star loans with Šiaulių bankas. Additionally, in April 2024, the Fund extended the bank loan of S27. As of 30 June 2024, the Fund's consolidated cash and cash equivalents amounted to EUR 5.4 million (31 December 2023: EUR 6.2 million).

## Cash flow

Cash inflow from core operating activities in H1 2024 amounted to EUR 3.7 million (H1 2023: cash inflow of EUR 6.2 million). Cash inflow from core operating activities decreased by 40% due to sale of Duetto and Domus Pro properties in H1 2023 and higher vacancies, mostly in S27 and Upmalas Biroji assets. Cash outflow from investing activities was EUR 2.5 million (H1 2023: cash inflow of EUR 22.3 million) due to investments in existing properties and transaction costs. Cash outflow from financing activities was EUR 2.0 million (H1 2023: cash outflow of EUR 15.6 million). In H1 2024, the Fund received additional loans in Europa and North Star in the amount of EUR 8.6 million and paid regular amortisation and interest on bank loans and bonds. Also, the Fund redeemed a short-term part of the bonds for a total amount of EUR 4.5 million in H1 2024.

## Net Asset Value (NAV)

As of 30 June 2024, the Fund's NAV was EUR 96.4 million (31 December 2023: EUR 109.5 million). Compared to the year-end 2023, the Fund's NAV decreased by 11.9%. The NAV decrease was mainly affected by the revaluation of investment properties. As of 30 June 2024, IFRS NAV per unit amounted to EUR 0.8058 (31 December 2023: EUR 0.9156), while EPRA net tangible assets and EPRA net reinstatement value were EUR 0.8523 per unit (31 December 2023: EUR 0.9546). EPRA net disposal value was EUR 0.9056 per unit (31 December 2023: EUR 0.8057).

## Key earnings figures

EUR '000	H1 2024	H1 2023	Change (%)
<b>Net rental income</b>	<b>5,983</b>	<b>8,495</b>	<b>(29.6%)</b>
Administrative expenses	(1,114)	(1,414)	(21.2%)
Other operating income (expenses)	(16)	15	(206.7%)
Losses on disposal of investment properties	(447)	(3,751)	(88.1%)
Valuation losses on investment properties	(12,524)	(14,623)	(14.4%)
<b>Operating profit</b>	<b>(8,118)</b>	<b>(11,278)</b>	<b>(28.0%)</b>
Net financial expenses	(5,135)	(4,424)	16.1%
<b>Loss before tax</b>	<b>(13,253)</b>	<b>(15,702)</b>	<b>(15.6%)</b>
Income tax	404	697	(42.0%)
<b>Profit (loss) for the period</b>	<b>(12,849)</b>	<b>(15,005)</b>	<b>(14.4%)</b>
<b>Earnings per unit (EUR)</b>	<b>(0.11)</b>	<b>(0.13)</b>	<b>(14.4%)</b>



## Key financial position figures

EUR '000	30.06. 2024	31.12. 2023	Change (%)
Investment properties	239,927	250,385	(4.2%)
<b>Gross asset value (GAV)</b>	<b>250,164</b>	<b>261,138</b>	<b>(4.2%)</b>
Interest-bearing loans and bonds	146,447	143,487	2.06%
<b>Total liabilities</b>	<b>153,766</b>	<b>151,606</b>	<b>1.4%</b>
<b>IFRS NAV</b>	<b>96,398</b>	<b>109,532</b>	<b>(12.0%)</b>
<b>EPRA NRV</b>	<b>101,975</b>	<b>114,205</b>	<b>(10.7%)</b>
<b>IFRS NAV per unit (EUR)</b>	<b>0.8058</b>	<b>0.9156</b>	<b>(12.0%)</b>
<b>EPRA NRV per unit (EUR)</b>	<b>0.8524</b>	<b>0.9546</b>	<b>(10.7%)</b>
Loan-to-Value ratio (%)	61.3%	57.3%	7.0%
Average effective interest rate (%)	6.4%	5.2%	23.1%

# Financing

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

## Bank loans and bonds

During H1 2024, regular bank loan amortisation was 2.2% p.a. (EUR 2.7 million p.a.). As of the end of Q2 2024, the LTV ratio temporarily increased to 61.3%, compared to 57.3% as of 31 December 2023. A bond repayment was executed after the reporting period, which is described in further paragraphs. The average interest rate as of 30 June 2024 increased to 6.4% (31 December 2023: 5.2%). The management team is actively engaged in initiatives aimed at reducing the LTV ratio to approx. 55% in the short-term and 50% in the long-term.

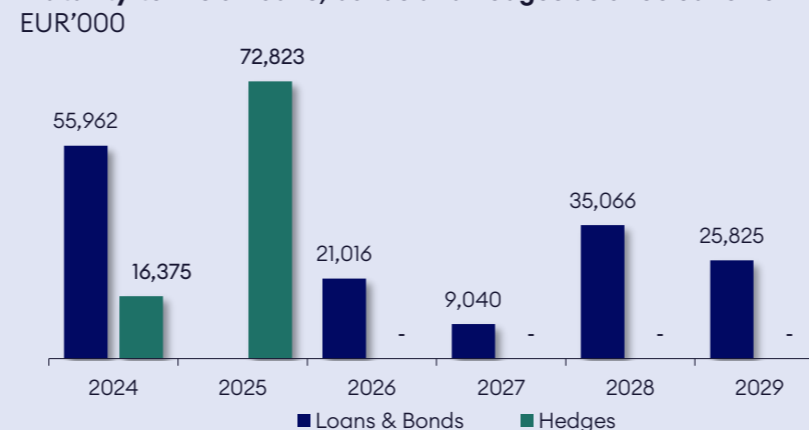
On 8 July 2024 the Fund redeemed the remaining short-term part of the bonds in the amount of EUR 8.0 million. The total nominal amount of the bonds before the redemption was EUR 30.0 million, which was reduced to EUR 22 million following the redemption.

The table on the right provides a detailed breakdown of the structure of the Fund's consolidated financial debt as of 30 June 2024. Interest-bearing debt was comprised of bank loans with a total carrying value of EUR 116.9 million and bonds with a carrying value of EUR 30.0 million. 100% of the debt instruments were denominated in euros. Bank loans have been obtained by subsidiaries that hold the Fund's properties and the properties have been pledged as loan collateral. The parent entity holds the 5-year secured bonds. Loan arrangement costs are capitalised and amortised over the terms of the respective loans. As of 30 June 2024 the unamortised balance of loan arrangement costs for all loans and bonds was EUR 463 thousand.

The weighted average debt term to maturity was 2.3 years and the weighted average hedge term to maturity was 0.8 years as of 30 June 2024.

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

## Maturity terms of loans, bonds and hedges as of 30 June 2024



## Financial debt structure of the Fund as of 30 June 2024

Property	Maturity	Currency	Carrying amount (EUR '000)	% of total	Hedged portion (%)
Galerija Centrs	26 August 2024	EUR	30,000	20.4%	100%
CC Plaza and Postimaja	12 February 2026	EUR	16,469	11.2%	0%
Europa SC	31 January 2029	EUR	16,389	11.2%	112.3%
Upmalas Biroji BC	2 August 2028	EUR	10,327	7.0%	102.4%
Vainodes I	13 November 2024	EUR	10,180	6.9%	48.3%
North Star	5 February 2029	EUR	9,436	6.4%	95.4%
S27	13 November 2024	EUR	7,783	5.3%	74.5%
Lincona	31 December 2027	EUR	9,040	6.2%	0%
Pirita SC	20 February 2026	EUR	4,547	3.1%	0%
Sky SC	31 January 2028	EUR	2,739	1.9%	0%
<b>Total bank loans</b>		<b>EUR</b>	<b>116,910</b>	<b>79.6%</b>	<b>76.0%</b>
Less capitalised loan arrangement fees <sup>1</sup>		EUR	(101)		
<b>Total bank loans recognised in the statement of financial position</b>		<b>EUR</b>	<b>116,809</b>		
5-year secured bonds (short-term) 8 July 2024		EUR	8,000	4.6%	0.0%
5-year secured bonds (long-term) 8 May 2028		EUR	22,000	15.8%	0.0%
<b>Total bonds</b>		<b>EUR</b>	<b>30,000</b>	<b>20.4%</b>	<b>0.0%</b>
Less capitalised bond arrangement fees <sup>1</sup>		EUR	(362)		
<b>Total bonds recognised in the statement of financial position</b>		<b>EUR</b>	<b>29,638</b>		
<b>Total debt recognised in the statement of financial position</b>		<b>EUR</b>	<b>146,447</b>	<b>100.0%</b>	<b>76.0%</b>

### Hedging policy and new hedges

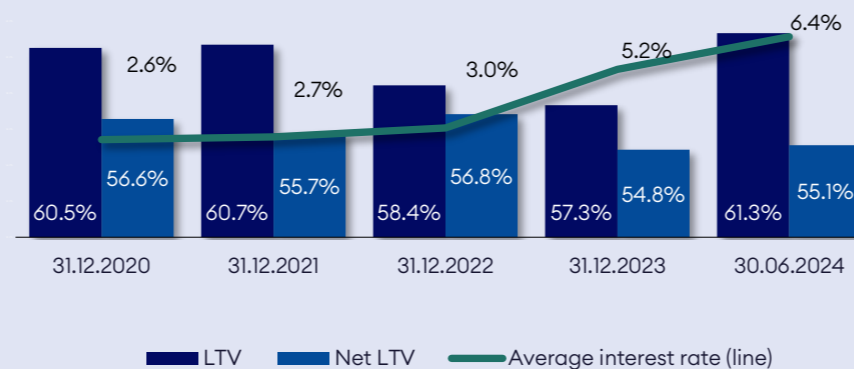
As of 30 June 2024, 76.0% of total debt was hedged against interest rate risk while the remaining 24.0% had floating interest rates. The Fund hedges interest rates on a portion of its debt by acquiring IRS-type hedging instruments or limits the impact of rising interest rates with interest rate cap instruments (CAP).

### Covenant reporting

As of 30 June 2024, the Fund was in compliance with all the covenants set under the bond issue terms and conditions dated 8 May 2023 and amended on 15 March 2024.

As of 30 June 2024, the Fund was in compliance with all special conditions and covenants set under the bank loan agreements except for the Galerija Centrs property, but this did not result in any consequences because the Fund received a formal waiver from the lender for the covenant breach.

#### LTV and average interest rate as of 30 June 2024



#### Financial covenants of secured bonds issued at the Fund level as of 30 June 2024

##### Equity Ratio

Equity divided by total assets.

##### Debt Service Coverage Ratio

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

Covenant	Requirement	Ratio 30.06.2024
Equity Ratio	> 35.0%*	39.3%
Debt Service Coverage Ratio	> 0.8500**	0.8512

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

\*\* As stated in Bond Terms and Conditions amended on 15 March 2024, the DSCR of the Group must be above 0.85 from 1 January 2024 to 31 December 2024, and 1.2 afterwards.

# EPRA performance measures

## EPRA performance metrics

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

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

## EPRA Net asset value 30.06.2024

EUR '000	EPRA NRV	EPRA NTA	EPRA NDV
<b>IFRS NAV</b>	<b>96,398</b>	<b>96,398</b>	<b>96,398</b>
<i>Exclude:</i>			
V. Deferred tax liability on investment properties <sup>1</sup>	5,823	5,823	-
V. Deferred tax on fair value of financial instruments	(1)	(1)	-
VI. Fair value of financial instruments	(245)	(245)	-
<i>Include:</i>			
IX. Revaluation at fair value of fixed-rate loans	-	-	(362)
<b>NAV</b>	<b>101,975</b>	<b>101,975</b>	<b>96,036</b>
Fully diluted number of units	119,635,429	119,635,429	119,635,429
<b>NAV per unit (EUR)</b>	<b>0.8524</b>	<b>0.8524</b>	<b>0.8027</b>

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

## EPRA Net asset value 31.12.2023

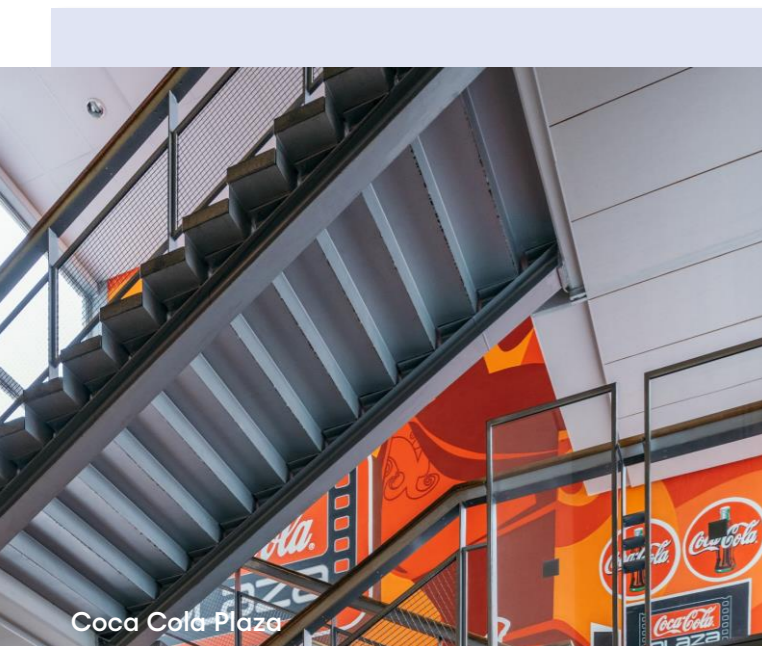
EUR '000	EPRA NRV	EPRA NTA	EPRA NDV
<b>IFRS NAV</b>	<b>109,532</b>	<b>109,532</b>	<b>109,532</b>
<i>Exclude:</i>			
V. Deferred tax liability on investment properties <sup>1</sup>	5,204	5,204	-
V. Deferred tax on fair value of financial instruments	40	40	-
VI. Fair value of financial instruments	(571)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

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

For EPRA indicators and definitions, please refer to the EPRA indicators and definitions overview in the [Definitions and abbreviations](#) section.

### 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 Earnings H1 2024

EUR '000	Q2 2024	Q2 2023	H1 2024	H1 2023
<b>Net result IFRS</b>	<b>(12,225)</b>	<b>(15,027)</b>	<b>(12,849)</b>	<b>(15,005)</b>
<i>Exclude:</i>				
I. Changes in fair value of investment properties	12,520	14,619	12,524	14,623
II. Profits or losses on disposal of investment properties	80	2,218	447	3,751
VIII. Deferred tax in respect of EPRA adjustments	(379)	(577)	(404)	(697)
<b>EPRA Earnings</b>	<b>(4)</b>	<b>1,233</b>	<b>(282)</b>	<b>2,672</b>
Weighted number of units during the period	119,635,429	119,635,429	119,635,429	119,635,429
<b>EPRA Earnings per unit</b>	<b>0.00</b>	<b>0.01</b>	<b>0.00</b>	<b>0.02</b>

### EPRA LTV as of 30 June 2024

EUR '000	30.06.2024	31.12.2023
<b>Net debt</b>		
<i>Include:</i>		
Borrowings from financial institutions	116,910	109,509
Bond loans	30,000	34,500
Net payables	(185)	1,018
<i>Exclude:</i>		
Cash and cash equivalents	(5,371)	(6,182)
<b>Net debt (A)</b>	<b>141,354</b>	<b>138,845</b>
<b>Property value</b>		
<i>Include:</i>		
Investment properties at fair value	239,927	250,385
<b>Total property value (B)</b>	<b>239,927</b>	<b>250,385</b>
<b>EPRA LTV (A/B)</b>	<b>58.9%</b>	<b>55.5%</b>



# 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.

## Trading information

As of 30 June 2024, the market capitalisation for Baltic Horizon Fund was approx. EUR 33.5 million (31 December 2023: EUR 37.7 million) based on the closing unit market prices on the Nasdaq Tallinn Stock Exchange. During H1 2024, Baltic Horizon Fund units on the Nasdaq Tallinn Stock Exchange were trading at a discount compared to the net asset value per unit. At the end of June 2024, the closing unit price on the Nasdaq Tallinn Stock Exchange was EUR 0.2798.

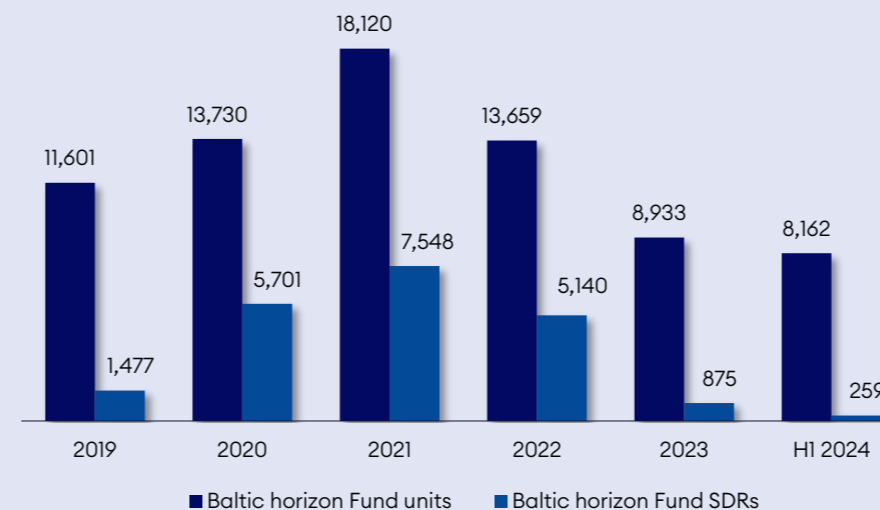
Baltic Horizon Fund’s total shareholder return on the unit during H1 2024 amounted to -11.2%. Total shareholder return for a given period is equivalent to the movement in the unit price on the Nasdaq Tallinn Stock Exchange over the period plus dividends paid, divided by the opening unit price.

In total, 119,635,429 units were traded on the Nasdaq Tallinn and Nasdaq Stockholm stock exchanges, while the total H1 2024 trading volume reached approx. 8.4 million units. The second graph shows the Baltic Horizon Fund units’ annual trading volume on the Nasdaq Tallinn and the Nasdaq Stockholm Stock Exchanges.

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



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



## Key figures

EUR '000	30.06.2024	31.12.2023
Number of units issued (units)	119,635,429	119,635,429
Market capitalisation <sup>1</sup> (EUR)	33,473,993	37,685,160
IFRS NAV per unit (EUR)	0.8058	0.9156
Unit price discount from IFRS NAV per unit <sup>2</sup> (%)	(65.3%)	(65.6%)
EPRA NRV per unit (EUR)	0.8524	0.9546
Unit price discount from EPRA NRV per unit <sup>3</sup> (%)	(67.2%)	(67.0%)
<b>Nasdaq Tallinn:</b>		
Highest unit price during the period (EUR)	0.3730	0.6547
Lowest unit price during the period (EUR)	0.2670	0.3000
Closing unit price (EUR)	0.2798	0.3150
<b>Nasdaq Stockholm:</b>		
Highest unit price during the period (SEK)	3.58	6.40
Lowest unit price during the period (SEK)	3.22	3.26
Closing unit price (SEK)	3.34	3.30

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

During H1 2024, Baltic Horizon Fund units on the Nasdaq Tallinn Stock Exchange were trading at a discount compared to the net asset value per unit. At the end of June 2024, units were traded at a 65.3% discount compared to the IFRS NAV per unit and 67.2% discount compared to the EPRA NRV per unit. This presents a distinctive opportunity for investors, who may anticipate the share price to converge towards NAV levels, a pattern observed in the Fund’s trading history from 2016 to 2021. The first graph shows the Baltic Horizon Fund unit price in relation to its IFRS net asset value since 2020.

**Dividend capacity**

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

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

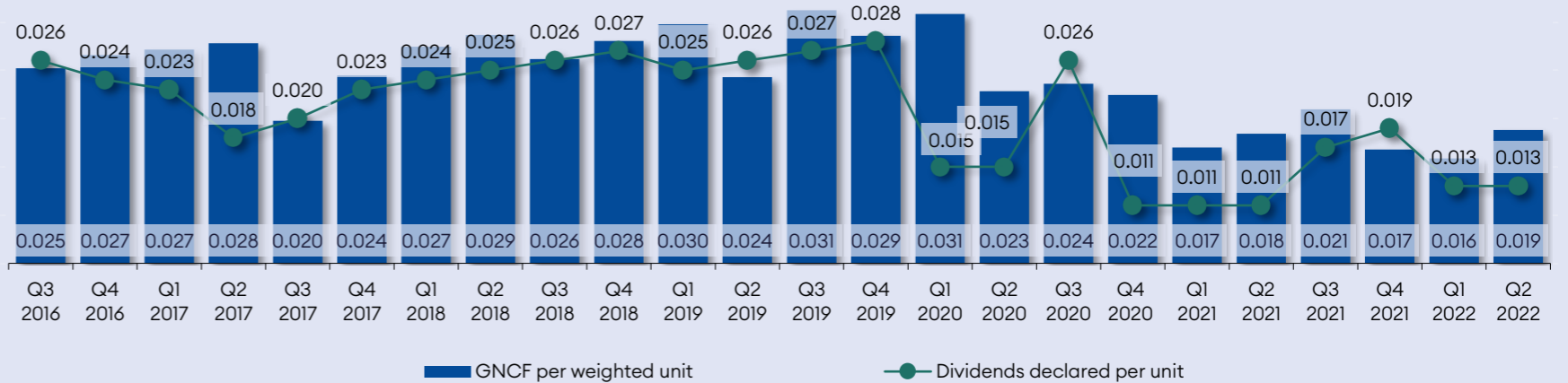
The Fund sets a target of dividend distributions to its unitholders in the range between 80% of generated net cash flow (GNCF) and net profit after unrealized P&L items are adjusted. The distribution is based on the Fund’s short-term and long-term performance projections. Management has discretion to 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 2024 to strengthen the Fund and its asset performance.

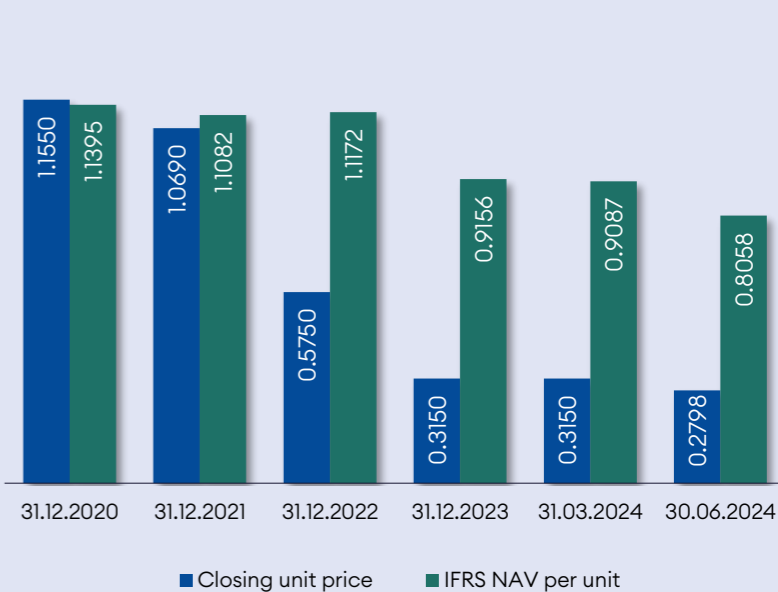
**Generated net cash flow (GNCF) calculation formula**

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

**Dividend per unit (EUR)**



**Nasdaq Tallinn unit price compared with NAV (EUR)**



# 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.

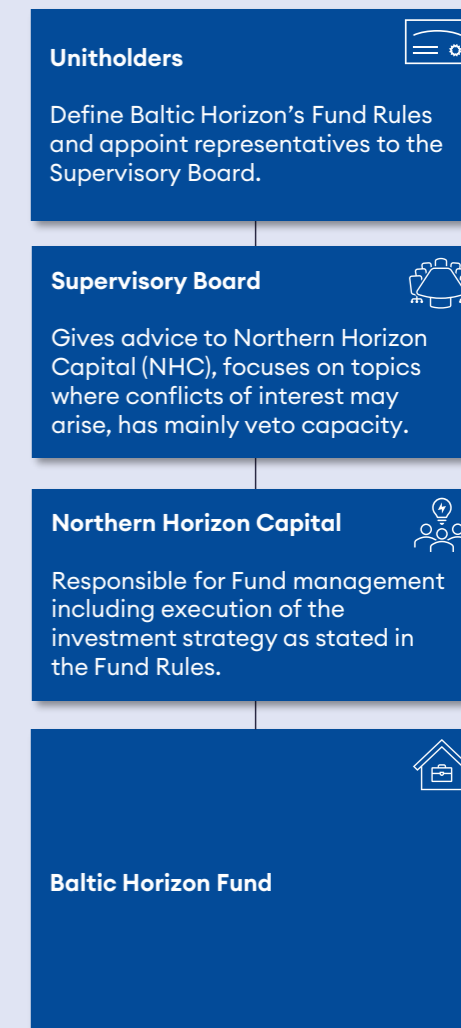
Northern Horizon Capital AS is an experienced real estate asset manager. Northern Horizon Capital Group has proven itself as one of the leading real estate investors in the Baltic countries and elsewhere with an in-depth knowledge of the markets of operation.

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



## 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.

## Board members

### Members of the Management Board of the Management Company

Tarmo Karotam (Chairman)

Aušra Stankevičienė

### Members of the Supervisory Board of the Management Company

Lars Ohnemus (Chairman)

Nerijus Žebrauskas

Daiva Liubomirskienė

### Members of the Supervisory Board of the Fund

Reimo Hammerberg (Chairman)

Monica Hammer

Per V. Jenster

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.

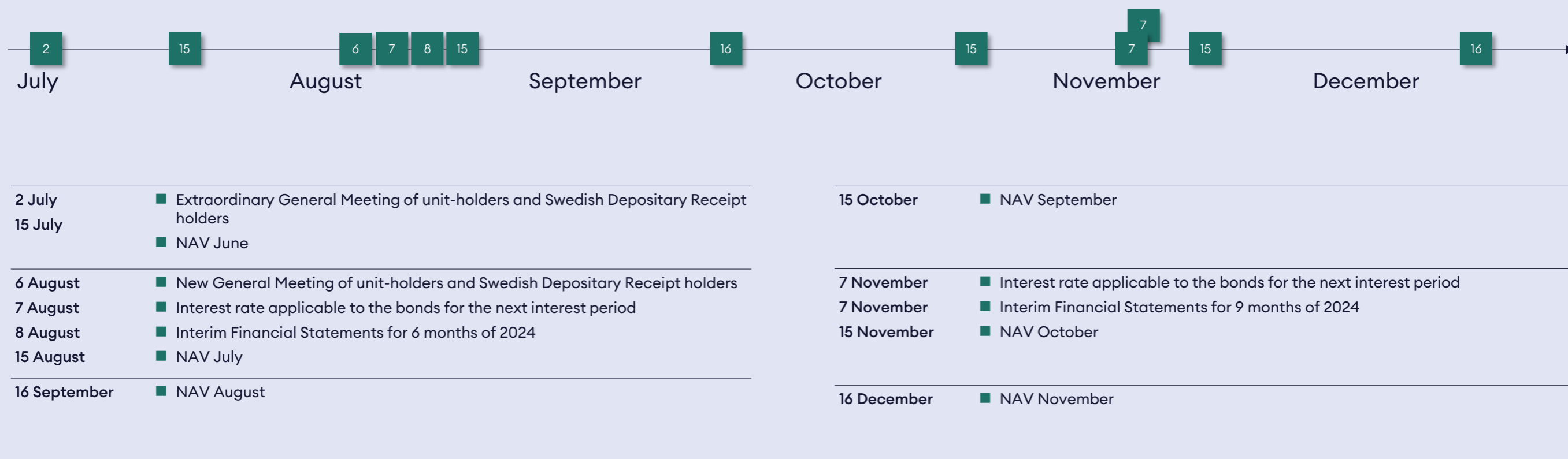
The risk management function assessed at the end of the reporting period that the Fund is currently in compliance with the intended risk management framework.

## Principal risks faced by the Fund

Risk	Risk description
<b>Market risk</b>	The Fund is exposed to the office and retail markets in Riga, Tallinn, and Vilnius through its indirect investments in investment property (through subsidiaries). Although the Fund's portfolio is well-diversified across specified geographies and market segments, there remains a possibility of encountering risks that could impact multiple geographies or markets. This could have a negative impact on the properties' occupancy rates, lease rates and the Fund's rental income.
<b>Liquidity risk</b>	<p>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.</p> <p>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.</p> <p>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.</p>

Risk	Risk description
<b>Interest rate risk</b>	<p>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.</p> <p>Given that a large part of external financing and related interest rate hedging mature in 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.</p>
<b>General property related risks</b>	<p>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.</p> <p>Investments may also be needed for buildings to meet changing tenants' needs and regulatory or environmental requirements.</p>

# Financial calendar 2024



## Stay up to date with Baltic Horizon

Register on [www.baltichorizon.com](http://www.baltichorizon.com) to receive Nasdaq announcements and other news from Baltic Horizon Fund about projects, plans and more. You can also follow us on [www.baltichorizon.com](http://www.baltichorizon.com) and on [LinkedIn](#), [Facebook](#), [X](#), and [YouTube](#).

# Management board's confirmation

Members of the Management Board of the Management Company Tarmo Karotam and Aušra Stankevičienė confirm that according to their best knowledge, the condensed consolidated interim financial statements for six months of 2024, prepared in accordance with IFRS as adopted by the European Union, present a correct and fair view of the assets, liabilities, equity, financial position, financial performance and cash flows of the Fund and its subsidiaries, taken as a whole, and the management report gives a true and fair view of the development, the results of the business activities and the financial position of the Fund and its subsidiaries, taken as a whole, as well as of the significant events which took place during the six months of 2024 and their effect on the condensed consolidated interim accounts.

# Consolidated financial statements





# Consolidated statement of profit or loss and other comprehensive income

EUR '000	Notes	01.04.2024	01.04.2023	01.01.2024	01.01.2023
		30.06.2024	30.06.2023	30.06.2024	30.06.2023
Rental income		3,821	4,821	7,667	10,095
Service charge income	5	1,315	1,745	2,363	3,187
Cost of rental activities	5	(1,947)	(2,273)	(4,047)	(4,787)
<b>Net rental income</b>	<b>4</b>	<b>3,189</b>	<b>4,293</b>	<b>5,983</b>	<b>8,495</b>
Administrative expenses	6	(529)	(678)	(1,114)	(1,414)
Losses on disposal of investment properties		(80)	(2,218)	(447)	(3,751)
Other operating income (expenses)		(26)	5	(16)	15
Valuation losses on investment properties	10	(12,520)	(14,619)	(12,524)	(14,623)
<b>Operating profit</b>		<b>(9,966)</b>	<b>(13,217)</b>	<b>(8,118)</b>	<b>(11,278)</b>
Financial income		15	1	19	1
Financial expenses	7	(2,653)	(2,388)	(5,154)	(4,425)
<b>Net financial expenses</b>		<b>(2,638)</b>	<b>(2,387)</b>	<b>(5,135)</b>	<b>(4,424)</b>
<b>Loss before tax</b>		<b>(12,604)</b>	<b>(15,604)</b>	<b>(13,253)</b>	<b>(15,702)</b>
Income tax charge	4, 9	379	577	404	697
<b>Profit (loss) for the period</b>	<b>4</b>	<b>(12,225)</b>	<b>(15,027)</b>	<b>(12,849)</b>	<b>(15,005)</b>

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

EUR '000	Notes	01.04.2024	01.04.2023	01.01.2024	01.01.2023
		30.06.2024	30.06.2023	30.06.2024	30.06.2023
<b>Other comprehensive income that is or may be reclassified to profit or loss in subsequent periods</b>					
Net gain (loss) on cash flow hedges	13b	(110)	78	(319)	(173)
Income tax relating to net gain (loss) on cash flow hedges	13b, 9	17	(14)	34	27
<b>Other comprehensive loss, net of tax, that is or may be reclassified to profit or loss in subsequent periods</b>		<b>(93)</b>	<b>64</b>	<b>(285)</b>	<b>(146)</b>
<b>Total comprehensive loss for the period, net of tax</b>		<b>(12,318)</b>	<b>(14,963)</b>	<b>(13,134)</b>	<b>(15,151)</b>
<b>Basic and diluted earnings per unit (EUR)</b>	<b>8</b>	<b>(0.10)</b>	<b>(0.13)</b>	<b>(0.11)</b>	<b>(0.13)</b>

# Consolidated statement of financial position

EUR '000	Notes	30.06.2024	31.12.2023
<b>Non-current assets</b>			
Investment properties	4, 10	239,927	250,385
Intangible assets		17	11
Property, plant and equipment		6	4
Derivative financial instruments	19	241	295
Other non-current assets		742	647
<b>Total non-current assets</b>		<b>240,933</b>	<b>251,342</b>
<b>Current assets</b>			
Trade and other receivables	11	2,842	2,591
Prepayments		869	402
Derivative financial instruments	19	149	621
Cash and cash equivalents	12	5,371	6,182
<b>Total current assets</b>		<b>9,231</b>	<b>9,796</b>
<b>Total assets</b>	4	<b>250,164</b>	<b>261,138</b>
<b>Equity</b>			
Paid in capital	13a	145,200	145,200
Cash flow hedge reserve	13b	246	531
Retained earnings		(49,048)	(36,199)
<b>Total equity</b>		<b>96,398</b>	<b>109,532</b>

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

EUR '000	Notes	30.06.2024	31.12.2023
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	14	85,022	64,158
Deferred tax liabilities	9	2,258	2,774
Other non-current liabilities		1,288	1,079
<b>Total non-current liabilities</b>		<b>88,568</b>	<b>68,011</b>
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	14	61,672	79,584
Trade and other payables	15	3,114	3,343
Income tax payable		-	6
Other current liabilities		412	662
<b>Total current liabilities</b>		<b>65,198</b>	<b>83,595</b>
<b>Total liabilities</b>	4	<b>153,766</b>	<b>151,606</b>
<b>Total equity and liabilities</b>		<b>250,164</b>	<b>261,138</b>

# Consolidated statement of changes in equity

EUR '000	Notes	Paid in capital	Cash flow hedge reserve	Retained earnings	Total equity
<b>As of 1 January 2023</b>		<b>145,200</b>	<b>1,681</b>	<b>(13,226)</b>	<b>133,655</b>
<b>Comprehensive income</b>					
Net loss for the period		-	-	(15,005)	(15,005)
Other comprehensive loss		-	(146)	-	(146)
<b>Total comprehensive loss</b>		<b>-</b>	<b>(146)</b>	<b>(15,005)</b>	<b>(15,151)</b>
<b>As of 30 June 2023</b>		<b>145,200</b>	<b>1,535</b>	<b>(28,231)</b>	<b>118,504</b>
<b>As of 1 January 2024</b>		<b>145,200</b>	<b>531</b>	<b>(36,199)</b>	<b>109,532</b>
<b>Comprehensive income</b>					
Net loss for the period		-	-	(12,849)	(12,849)
Other comprehensive loss	13b	-	(285)	-	(285)
<b>Total comprehensive loss</b>		<b>-</b>	<b>(285)</b>	<b>(12,849)</b>	<b>(13,134)</b>
<b>As of 30 June 2024</b>		<b>145,200</b>	<b>246</b>	<b>(49,048)</b>	<b>96,398</b>

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

# Consolidated statement of cash flows

EUR '000	Notes	01.01.2024 -30.06.2024	01.01.2023 -30.06.2023
<b>Cash flows from core activities</b>			
<b>Profit (loss) before tax</b>		<b>(13,253)</b>	<b>(15,702)</b>
<b>Adjustments for non-cash items:</b>			
Value adjustment of investment properties	10	12,524	14,623
Losses on disposal of investment properties		447	3,751
Depreciation of property, plant and equipment		(7)	1
Change in impairment losses for trade receivables	11	(22)	(4)
Financial income		(19)	(1)
Financial expenses	7	5,154	4,425
Unrealized exchange differences		(1)	(1)
<b>Working capital adjustments:</b>			
Change in trade and other accounts receivable		(229)	150
Change in other current assets		(243)	(129)
Change in other non-current liabilities		210	(88)
Change in trade and other accounts payable		(625)	(883)
Change in other current liabilities		(251)	77
Income tax paid		-	-
<b>Total cash flows from core activities</b>		<b>3,685</b>	<b>6,219</b>

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

EUR '000	Notes	01.01.2024 -30.06.2024	01.01.2023 -30.06.2023
<b>Cash flows from investing activities</b>			
Interest received		19	1
Proceeds from disposal of investment property		(447)	25,611
Investment property development expenditure		-	(1,588)
Capital expenditure on investment properties		(2,082)	(1,722)
<b>Total cash flows from investing activities</b>		<b>(2,510)</b>	<b>22,302</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of bonds		-	23,973
Proceeds from bank loans		8,600	14,567
Repayment of bank loans		(1,205)	(17,804)
Repayment of bonds		(4,500)	(31,973)
Transaction costs related to loans and borrowings		(10)	(461)
Repayment of lease liabilities		(9)	(4)
Interest paid		(4,862)	(3,948)
<b>Total cash flows from financing activities</b>		<b>(1,986)</b>	<b>(15,650)</b>
<b>Net change in cash and cash equivalents</b>		<b>(811)</b>	<b>12,871</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>6,182</b>	<b>5,347</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>5,371</b>	<b>18,218</b>

# 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 Depository of the Fund is Swedbank AS. The Fund is the ultimate parent and controlling entity of the group comprising the Fund and its subsidiaries (the “Group” or the “Fund”).

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

The Fund’s registered office is at Hobujaama 5, 10151 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	30.06.2024	31.12.2023
BH Lincona OÜ	100%	100%
BOF SKY SIA	100%	100%
BH CC Plaza OÜ	100%	100%
BH Europa UAB	100%	100%
Kontor SIA	100%	100%
Pirita Center OÜ	100%	100%
Vainodes Krasti SIA	100%	100%
BH S27 SIA	100%	100%
BH Meraki UAB	100%	100%
BH Galerija Centrs SIA	100%	100%
BH Northstar UAB	100%	100%

## 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 2023. 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 2024 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 2023.

#### Material 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 2023.

#### 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), SKY Shopping Centre (Latvia), Pirita Shopping Centre (Estonia), Postimaja Shopping centre (Estonia), and Galerija Centrs Shopping Centre (Latvia) investment properties.

**Office segment** includes Lincona Office Complex (Estonia), Upmalas Biroji (Latvia), Vainodes I (Latvia), S27 (Latvia), Meraki (Lithuania) and North Star (Lithuania) investment properties.

**Leisure segment** includes Coca-Cola Plaza (Estonia) investment property.

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

Information related to each reportable segment is set out on the next page. 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 June 2024**

EUR '000	Retail	Office	Leisure	Total
<b>01.04.2024-30.06.2024:</b>				
External revenue <sup>1</sup>	3,121	1,727	288	5,136
<b>Segment net rental income</b>	<b>1,757</b>	<b>1,261</b>	<b>171</b>	<b>3,189</b>
Net loss from fair value adjustment	(5,592)	(6,741)	(187)	(12,520)
Interest expenses <sup>2</sup>	(822)	(680)	(92)	(1,594)
Income tax income (expenses)	147	232	-	379
<b>Segment net profit (loss)</b>	<b>(4,573)</b>	<b>(6,044)</b>	<b>(113)</b>	<b>(10,730)</b>
<b>01.01.2024-30.06.2024:</b>				
External revenue <sup>1</sup>	5,897	3,594	539	10,030
<b>Segment net rental income</b>	<b>3,096</b>	<b>2,568</b>	<b>319</b>	<b>5,983</b>
Net loss from fair value adjustment	(5,593)	(6,744)	(187)	(12,524)
Interest expenses <sup>2</sup>	(1,572)	(1,226)	(154)	(2,952)
Income tax income (expenses)	149	255	-	404
<b>Segment net profit (loss)</b>	<b>(4,069)</b>	<b>(5,657)</b>	<b>(32)</b>	<b>(9,758)</b>
<b>As of 30.06.2024:</b>				
<b>Segment assets</b>	<b>135,947</b>	<b>99,159</b>	<b>13,449</b>	<b>248,555</b>
Investment properties	131,251	95,609	13,067	239,927
<b>Segment liabilities</b>	<b>69,114</b>	<b>47,121</b>	<b>6,561</b>	<b>122,796</b>

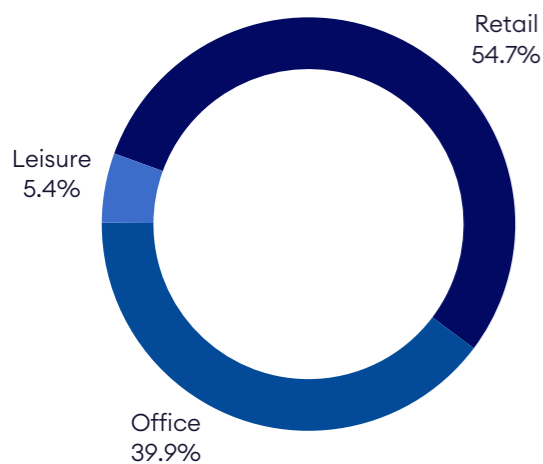
1. External revenue includes rental income and service charge income. The segments do not have inter-segment revenue.
2. Interest expenses include only external bank loan interest expenses and interest expenses on lease liabilities.

**Operating segments – 30 June 2023**

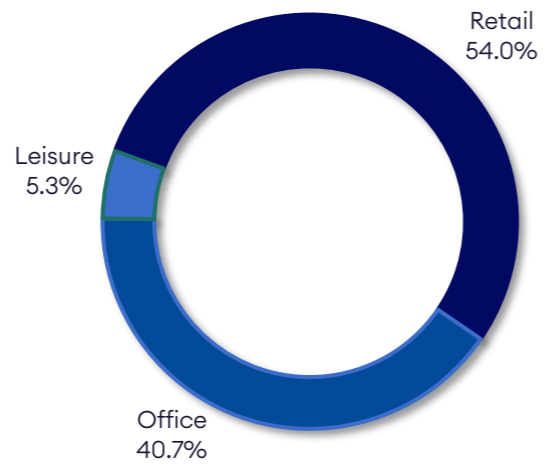
EUR '000	Retail	Office	Leisure	Total
<b>01.04.2023-30.06.2023:</b>				
External revenue <sup>1</sup>	3,306	2,990	270	6,566
<b>Segment net rental income</b>	<b>1,827</b>	<b>2,252</b>	<b>214</b>	<b>4,293</b>
Net loss from fair value adjustment	(5,456)	(7,197)	(1,966)	(14,619)
Interest expenses <sup>2</sup>	(698)	(614)	(73)	(1,385)
Income tax income (expenses)	(47)	624	-	577
<b>Segment net profit (loss)</b>	<b>(4,478)</b>	<b>(7,228)</b>	<b>(1,832)</b>	<b>(13,538)</b>
<b>01.01.2023-30.06.2023:</b>				
External revenue <sup>1</sup>	6,580	6,162	540	13,282
<b>Segment net rental income</b>	<b>3,270</b>	<b>4,813</b>	<b>412</b>	<b>8,495</b>
Net loss from fair value adjustment	(5,456)	(7,201)	(1,966)	(14,623)
Interest expenses <sup>2</sup>	(1,393)	(1,151)	(126)	(2,670)
Income tax income (expenses)	162	535	-	697
<b>Segment net profit (loss)</b>	<b>(5,107)</b>	<b>(5,521)</b>	<b>(1,682)</b>	<b>(12,310)</b>
<b>As of 30.06.2023:</b>				
<b>Segment assets</b>	<b>144,299</b>	<b>106,175</b>	<b>12,675</b>	<b>263,149</b>
Investment properties	139,989	103,313	12,432	255,734
<b>Segment liabilities</b>	<b>62,127</b>	<b>49,270</b>	<b>6,029</b>	<b>117,426</b>

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

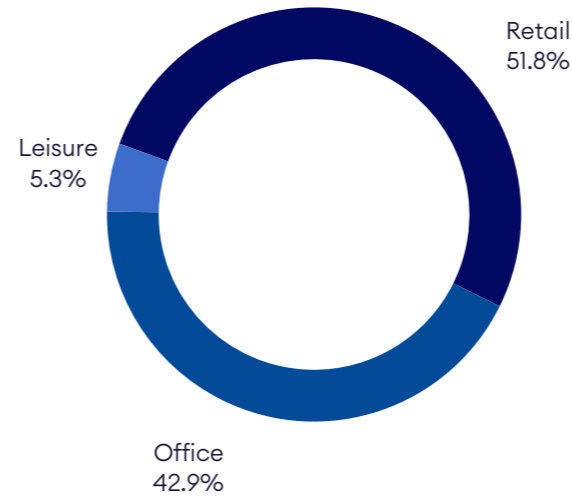
**Investment properties as of 30 June 2024\***



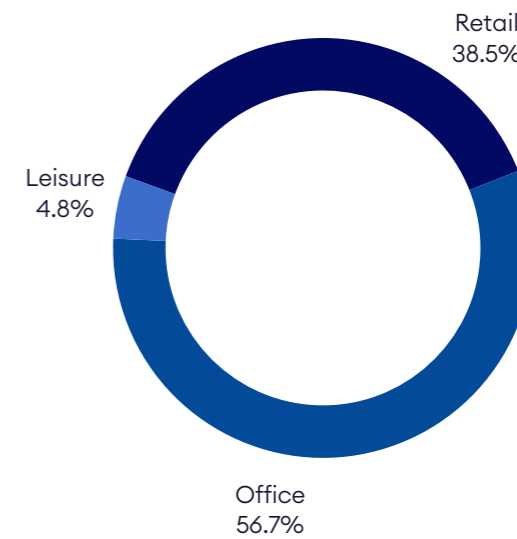
**Investment properties as of 31 December 2023\***



**Segment net rental income for H1 2024\***



**Segment net rental income for H1 2023\***



\*As a percentage of the total for all reportable segments



## Reconciliation of information on reportable segments to IFRS measures

## Operating segments – 30 June 2024

EUR '000	Total reportable segments	Adjustments	Consolidated
<b>01.04.2024-30.06.2024:</b>			
Net profit (loss)	(10,730)	(1,495) <sup>1</sup>	(12,225)
<b>01.01.2024-30.06.2024:</b>			
Net profit (loss)	(9,758)	(3,091) <sup>2</sup>	(12,849)
<b>As of 30.06.2024:</b>			
Segment assets	248,555	1,609 <sup>3</sup>	250,164
Segment liabilities	122,796	30,970 <sup>4</sup>	153,766

1. Segment net loss for Q2 2024 does not include Fund management fee (EUR 310 thousand), bond interest expenses (EUR 914 thousand), bond arrangement fee amortisation (EUR 46 thousand), Fund custodian fees (EUR 13 thousand), losses on disposal (EUR 113 thousand) and other Fund-level administrative expenses (EUR 99 thousand).
2. Segment net loss for H1 2024 does not include Fund management fee (EUR 640 thousand), bond interest expenses (EUR 1,930 thousand), bond arrangement fee amortisation (EUR 69 thousand), Fund custodian fees (EUR 26 thousand), losses on disposal (EUR 180 thousand) and other Fund-level administrative expenses (EUR 246 thousand).
3. Segment assets do not include cash, which is held at the Fund level (EUR 1,294 thousand), advance payment (EUR 16 thousand) and other receivables at fund level (EUR 299 thousand).
4. Segment liabilities do not include liabilities related to a bond issue at the Fund level (EUR 29,638 thousand), accrued bond coupon expenses (EUR 496 thousand), management fee payable (EUR 503 thousand), and other short-term payables at the Fund level (EUR 333 thousand).

## Operating segments – 30 June 2023

EUR '000	Total reportable segments	Adjustments	Consolidated
<b>01.04.2023-30.06.2023:</b>			
Net profit (loss)	(13,538)	(1,489) <sup>1</sup>	(15,027)
<b>01.01.2023-30.06.2023:</b>			
Net profit (loss)	(12,310)	(2,695) <sup>2</sup>	(15,005)
<b>As of 30.06.2023:</b>			
Segment assets	263,149	15,673 <sup>3</sup>	278,822
Segment liabilities	117,426	42,892 <sup>4</sup>	160,318

1. Segment net loss for Q2 2023 does not include Fund management fee (EUR 391 thousand), bond interest expenses (EUR 906 thousand), bond arrangement fee amortisation (EUR 20 thousand), Fund custodian fees (EUR 16 thousand), and other Fund-level administrative expenses (EUR 156 thousand).
2. Segment net loss for H1 2023 does not include Fund management fee (EUR 778 thousand), bond interest expenses (EUR 1,443 thousand), bond arrangement fee amortisation (EUR 37 thousand), Fund custodian fees (EUR 33 thousand), and other Fund-level administrative expenses (EUR 404 thousand).
3. Segment assets do not include cash, which is held at the Fund level (EUR 15,581 thousand), and other receivables at fund level (EUR 92 thousand).
4. Segment liabilities do not include liabilities related to a bond issue at the Fund level (EUR 41,568 thousand), accrued bond coupon expenses (EUR 686 thousand), management fee payable (EUR 531 thousand), and other short-term payables at the Fund level (EUR 107 thousand).

**Geographic information**

EUR '000	External revenue				Investment property value	
	01.04.2024 - 30.06.2024	01.04.2023 - 30.06.2023	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023	30.06.2024	31.12.2023
Lithuania	1,422	2,051	2,812	4,749	71,685	72,805
Latvia	2,382	2,920	4,662	5,654	111,692	121,400
Estonia	1,332	1,595	2,556	2,879	56,550	56,180
<b>Total</b>	<b>5,136</b>	<b>6,566</b>	<b>10,030</b>	<b>13,282</b>	<b>239,927</b>	<b>250,385</b>

**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 637 thousand for H1 2024 (EUR 637 thousand for H1 2023).

**5. Cost of rental activities**

EUR '000	01.04.2024 - 30.06.2024	01.04.2023 - 30.06.2023	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Repair and maintenance	855	875	1,678	1,768
Utilities	243	546	662	1,083
Property management expenses	295	313	638	654
Real estate taxes	240	271	480	568
Sales and marketing expenses	168	152	339	426
Property insurance	39	40	74	76
Allowance (reversal of allowance) for bad debts	(2)	4	(22)	(4)
Other	109	72	198	216
<b>Total cost of rental activities</b>	<b>1,947</b>	<b>2,273</b>	<b>4,047</b>	<b>4,787</b>

Part of the total cost of rental activities (mainly utilities and repair and maintenance expenses) was recharged to tenants: EUR 2,363 thousand during the six-month period ended 30 June 2024 (EUR 3,187 thousand during the six-month period ended 30 June 2023) and EUR 1,315 thousand during Q2 2024 (EUR 1,745 thousand during Q2 2023).

**6. Administrative expenses**

EUR '000	01.04.2024 - 30.06.2024	01.04.2023 - 30.06.2023	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Management fee	310	391	640	778
Legal fees	22	-	61	134
Consultancy fees	22	57	53	80
Audit fees	48	44	79	75
Fund marketing expenses	14	22	33	53
Custodian fees	13	16	26	33
Supervisory board fees	15	14	27	26
Other administrative expenses	85	134	195	235
<b>Total administrative expenses</b>	<b>529</b>	<b>678</b>	<b>1,114</b>	<b>1,414</b>

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	01.04.2024 - 30.06.2024	01.04.2023 - 30.06.2023	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Interest on external loans and borrowings	2,505	2,287	4,877	4,105
Loan arrangement fee amortisation	36	40	76	88
Exchange losses external	1	-	1	-
Interest on lease liabilities	3	3	5	7
Other financial expenses	108	58	195	225
<b>Total financial expenses</b>	<b>2,653</b>	<b>2,388</b>	<b>5,154</b>	<b>4,425</b>

## 8. Earnings per unit

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

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

EUR '000	01.04.2024 - 30.06.2024	01.04.2023 - 30.06.2023	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Profit (loss) for the period, attributed to the unitholders of the Fund	(12,225)	(15,027)	(12,849)	(15,005)
<b>Profit (loss) for the period, attributed to the unitholders of the Fund</b>	<b>(12,225)</b>	<b>(15,027)</b>	<b>(12,849)</b>	<b>(15,005)</b>

Weighted-average number of units:

EUR '000	01.04.2024 - 30.06.2024	01.04.2023 - 30.06.2023	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
Issued units at 1 January	119,635,429	119,635,429	119,635,429	119,635,429
<b>Weighted-average number of units</b>	<b>119,635,429</b>	<b>119,635,429</b>	<b>119,635,429</b>	<b>119,635,429</b>

Basic and diluted earnings per unit:

EUR '000	01.04.2024 - 30.06.2024	01.04.2023 - 30.06.2023	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
<b>Basic and diluted earnings per unit*</b>	<b>(0.10)</b>	<b>(0.13)</b>	<b>(0.11)</b>	<b>(0.13)</b>

\*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 six-month period ended 30 June 2024 was minus 3.5% (Six-month period ended 30 June 2023: minus 4.4%).

As of 30 June 2024, the Group had tax losses of EUR 3,578 thousand (31 December 2023: EUR 2,469 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 1 thousand as of 30 June 2024 (31 December 2023: liability of EUR 39 thousand). As of 30 June 2024, deferred tax liabilities on the difference between investment property fair and tax value and other deferred tax liabilities amounted to EUR 5,835 thousand (31 December 2023: EUR 5,204 thousand). Deferred tax is only applicable to the Fund's subsidiaries in Lithuania.

The major components of income tax for the periods ended 30 June 2024 and 2023 were as follows:

EUR '000	01.04.2024 - 30.06.2024	01.04.2023 - 30.06.2023	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
----------	----------------------------	----------------------------	----------------------------	----------------------------

### Consolidated statement of profit or loss

Current income tax for the period	-	-	-	-
Deferred tax for the period	379	577	404	697
<b>Income tax income reported in profit or loss</b>	<b>379</b>	<b>577</b>	<b>404</b>	<b>697</b>

### Consolidated statement of other comprehensive income

Deferred income tax related to items charged or credited to equity:				
Revaluation of derivative instruments to fair value	17	(14)	34	27
<b>Income tax reported in other comprehensive income</b>	<b>17</b>	<b>(14)</b>	<b>34</b>	<b>27</b>

**10. Investment property**

EUR '000	30.06.2024	31.12.2023
<b>Balance at 1 January</b>	<b>250,385</b>	<b>333,123</b>
Development and refurbishment expenditure	-	1,050
Capital expenditure	2,066	2,278
Disposals	-	(63,920)
Net revaluation loss on investment property	(12,516)	(21,859)
Additions to right-of-use assets (new leases)	-	15
Derecognition of right-of-use assets	-	(285)
Net revaluation loss on right-of-use assets	(8)	(17)
<b>Closing balance</b>	<b>239,927</b>	<b>250,385</b>
<b>Closing balance excluding right-of-use assets</b>	<b>239,680</b>	<b>250,130</b>

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

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 values of the properties are based on the valuation of investment properties performed by Newsec as of 30 June 2024, increased by right-of-use assets and subsequent capital expenditure.

The table on the next pages 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 2024:**

Property		Valuation technique	Key unobservable inputs	Range
<b>Europa Shopping Centre</b>	Vilnius Lithuania	DCF	Discount rate	9.15%
Net leasable area (NLA)	17,081 sq. m.		Rental growth p.a.	1.1% - 2.4%
Segment	Retail		Long-term vacancy rate	5.0% - 9.0%
Year of construction/renovation	2004		Exit yield	7.0%
			Average rent (EUR/sq. m)	14.7
<b>Lincona Office Complex</b>	Tallinn, Estonia	DCF	Discount rate	9.45%
Net leasable area (NLA)	10,760 sq. m.		Rental growth p.a.	2.0% - 3.8%
Segment	Office		Long-term vacancy rate	9.2%
Year of construction/renovation	2002/2008		Exit yield	7.5%
			Average rent (EUR/sq. m)	10.3
<b>Coca-Cola Plaza</b>	Tallinn, Estonia	DCF	Discount rate	9.15%
Net leasable area (NLA)	7,982 sq. m.		Rental growth p.a.	0.0% - 3.8%
Segment	Leisure		Long-term vacancy rate	3.5%
Year of construction/renovation	1999		Exit yield	7.0%
			Average rent (EUR/sq. m)	10.7
<b>SKY Shopping Centre</b>	Riga, Latvia	DCF	Discount rate	9.6%
Net leasable area (NLA)	3,259 sq. m.		Rental growth p.a.	1.5% - 2.2%
Segment	Retail		Long-term vacancy rate	2.6%
Year of construction/renovation	2000/2010		Exit yield	8.25%
			Average rent (EUR/sq. m)	11.8

Property		Valuation technique	Key unobservable inputs	Range
<b>Upmalas Biroji</b>	Riga, Latvia	DCF	Discount rate	9.15%
Net leasable area (NLA)	11,212 sq. m.		Rental growth p.a.	1.5% - 2.4%
Segment	Office		Long-term vacancy rate	3.9%
Year of construction/renovation	2008		Exit yield	7.75%
			Average rent (EUR/sq. m)	11.8
<b>Pirita Shopping Centre</b>	Tallinn, Estonia	DCF	Discount rate	9.7%
Net leasable area (NLA)	5,425 sq. m.		Rental growth p.a.	2.0% - 3.8%
Segment	Retail		Long-term vacancy rate	6.9%
Year of construction/renovation	2016		Exit yield	8.0%
			Average rent (EUR/sq. m)	14.4
<b>Vainodes I</b>	Riga, Latvia	DCF	Discount rate	9.15%
Net leasable area (NLA)	8,128 sq. m.		Rental growth p.a.	0.0% - 2.1%
Segment	Office		Long-term vacancy rate	5.0%
Year of construction/renovation	2014		Exit yield	7.5%
			Average rent (EUR/sq. m)	13.2
<b>Postimaja</b>	Tallinn, Estonia	DCF	Discount rate	9.15%
Net leasable area (NLA)	9,232 sq. m.		Rental growth p.a.	0.0% - 3.4%
Segment	Retail		Long-term vacancy rate	3.5%
Year of construction/renovation	1980		Exit yield	7.0%
			Average rent (EUR/sq. m)	14.3

Property		Valuation technique	Key unobservable inputs	Range
<b>S27</b>	Riga, Latvia	DCF	<b>Discount rate</b>	8.6%
<b>Net leasable area (NLA)</b>	7,788 sq. m.		<b>Rental growth p.a.</b>	1.1% - 2.1%
<b>Segment</b>	Office		<b>Long-term vacancy rate</b>	5.0%
<b>Year of construction/renovation</b>	2006/2014		<b>Exit yield</b>	7.0%
			<b>Average rent (EUR/sq. m)</b>	12.3
<b>Galerija Centrs</b>	Riga, Latvia	DCF	<b>Discount rate</b>	8.6%
<b>Net leasable area (NLA)</b>	19,147 sq. m.		<b>Rental growth p.a.</b>	0.0% - 5.0%
<b>Segment</b>	Retail		<b>Long-term vacancy rate</b>	4.4% - 4.7%
<b>Year of construction/renovation</b>	1939/2006		<b>Exit yield</b>	7.0%
			<b>Average rent (EUR/sq. m)</b>	19.2
<b>North Star</b>	Vilnius, Lithuania	DCF	<b>Discount rate</b>	8.6%
<b>Net leasable area (NLA)</b>	10,631 sq. m.		<b>Rental growth p.a.</b>	1.1% - 2.2%
<b>Segment</b>	Office		<b>Long-term vacancy rate</b>	5.0% - 7.0%
<b>Year of construction/renovation</b>	2009		<b>Exit yield</b>	7.0%
			<b>Average rent (EUR/sq. m)</b>	11.9
<b>Meraki</b>	Vilnius, Lithuania	DCF	<b>Discount rate</b>	9.15%
<b>Net leasable area (NLA)</b>	15,859 sq. m.		<b>Rental growth p.a.</b>	1.1% - 2.9%
<b>Segment</b>	Office		<b>Long-term vacancy rate</b>	4.0%
<b>Year of construction/renovation</b>	2021		<b>Exit yield</b>	7.5%
			<b>Average rent (EUR/sq. m)</b>	11.9

The table in the next column sets out information about significant unobservable inputs used at 30 June 2024 in measuring investment properties categorised to Level 3 in the fair value hierarchy.

Type of asset class	Valuation technique	Significant unobservable input	Range of estimates	Fair value measurement sensitivity to unobservable inputs
Investment property	Discounted cash flow	Exit yield	2024: 7.0% - 8.25%	An increase in exit yield in isolation would result in a lower value of Investment property.
		Discount rate	2024: 8.6% - 9.7%	An increase in discount rate in isolation would result in a lower value of Investment property.
		Rental growth p.a.	2024: 0.0% - 5.0%	An increase in rental growth in isolation would result in a higher value of Investment property.
		Long-term vacancy rate	2024: 2.6% - 9.2%	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 June 2024 were as follows:

EUR '000	Total fair value Level 3
Latvia - Galerija Centrs (retail)	60,091
Lithuania - Europa (retail)	36,587
Latvia - Upmalas Biroji (office)	19,231
Estonia - Postimaja (retail)	20,363
Lithuania - North Star (office)	19,148
Latvia - Vainodes I (office)	15,860
Lithuania - Meraki (office)	15,950
Estonia - Lincona (office)	13,850
Latvia - S27 (office)	11,570
Estonia - Coca-Cola Plaza (leisure)	13,067
Estonia - Piritä (retail)	9,270
Latvia - SKY (retail)	4,940
<b>Total</b>	<b>239,927</b>

## 11. Trade and other receivables

EUR '000	30.06.2024	31.12.2023
Trade receivables, gross	2,601	2,325
Less impairment allowance for doubtful receivables	(595)	(625)
Accrued income	441	433
Other accounts receivable	395	458
<b>Total</b>	<b>2,842</b>	<b>2,591</b>

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

As of 30 June 2024, trade receivables at a nominal value of EUR 595 thousand were fully impaired (EUR 625 thousand as of 31 December 2023).

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

EUR '000	30.06.2024	31.12.2023
Balance as of 1 January	(625)	(513)
Charge for the period	-	(248)
Amounts written off	8	136
Reversal of allowances recognised in previous periods	22	-
<b>Balance at end of period</b>	<b>(595)</b>	<b>(625)</b>

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

EUR '000	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30-60 days	60-90 days	90-120 days	>120 days
<b>30.06.2024</b>	<b>2,006</b>	621	319	195	142	402	327
<b>31.12.2023</b>	<b>1,700</b>	919	283	169	100	93	136

## 12. Cash and cash equivalents

EUR '000	30.06.2024	31.12.2023
Cash at banks and on hand	5,371	6,182
<b>Total cash</b>	<b>5,371</b>	<b>6,182</b>

As of 30 June 2024, the Group had to keep at least EUR 1,150 thousand (31 December 2023: EUR 1,150 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 June 2024, the total number of the Fund's units was 119,635,429 (31 December 2023: 119,635,429). Units issued are presented in the table below:

EUR '000	Number of units	Amount
<b>As of 1 January 2024, and 30 June 2024</b>	<b>119,635,429</b>	<b>145,200</b>

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 June 2024 and 31 December 2023.

The Fund did not hold its own units as of 30 June 2024 and 31 December 2023.

### 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 June 2024 and 31 December 2023. Please refer to note 18 for more information.

EUR '000	30.06.2024	31.12.2023
<b>Balance at the beginning of the year</b>	<b>531</b>	<b>1,681</b>
Movement in fair value of existing hedges	(319)	(1,273)
Movement in deferred income tax (note 9)	34	123
<b>Net variation during the period</b>	<b>(285)</b>	<b>(1,150)</b>
<b>Balance at the end of the period</b>	<b>246</b>	<b>531</b>

### 14. Interest-bearing loans and borrowings

EUR '000	Maturity	Effective interest rate	30.06.2024	31.12.2023
<b>Non-current borrowings</b>				
Secured bonds	May 2028	3M EURIBOR + 8.00%	29,638	34,099
Bank 1	Jan 2028	3M EURIBOR + 2.25%	2,735	2,792
Bank 3 <sup>1</sup>	Jan 2029	6M EURIBOR + 2.80%	16,388	-
Bank 3 <sup>1</sup>	Jan 2029	6M EURIBOR + 3.00%	9,436	-
Bank 1	Feb 2026	6M EURIBOR + 1.90%	4,545	4,626
Bank 4	Feb 2026	6M EURIBOR + 1.75%	16,464	16,720
Bank 1	Dec 2027	6M EURIBOR + 2.25%	9,039	9,198
Bank 5	Aug 2028	6M EURIBOR + 2.50%	10,245	10,363
Lease liabilities			247	255
Less current portion of bank loans and bonds			(13,697)	(13,878)
Less current portion of lease liabilities			(18)	(17)
<b>Total non-current debt</b>			<b>85,022</b>	<b>64,158</b>



EUR '000	Maturity	Effective interest rate	30.06.2024	31.12.2023
<b>Current borrowings</b>				
Bank 1 <sup>1</sup>	Mar 2024	6M EURIBOR + 2.65%	-	8,998
Bank 1 <sup>1</sup>	Mar 2024	3M EURIBOR + 3.90%	-	8,397
Bank 2	Aug 2024	6M EURIBOR + 3.10%	30,000	29,999
Bank 1 <sup>2</sup>	Nov 2024	3M EURIBOR + 1.75%	7,780	7,946
Bank 1	Nov 2024	3M EURIBOR + 1.60%	10,177	10,349
Current portion of non-current bank loans and bonds			13,697	13,878
Current portion of lease liabilities			18	17
<b>Total current debt</b>			<b>61,672</b>	<b>79,584</b>
<b>Total</b>			<b>146,694</b>	<b>143,742</b>

- The loan was refinanced in February 2024 with Siauliu bank.
- The agreement to prolong the loan was signed on 15 April 2024 with the same bank.

## Loan and bond securities

Borrowings received were secured with the following pledges and securities as of 30 June 2024:

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

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

	Guarantee	Pledge of land lease rights of the land plots	Pledges of bank accounts	Share pledge
<b>Bank 1</b>	Vainodes I and SKY for S27 bank loan; S27 and SKY for Vainodes I bank loan; Vainodes SKY I and S27 for SKY bank loan	Lincona,	SKY, S27 and Vainodes I	Vainodes Krasti SIA, BH S27 SIA
<b>Bank 2</b>	Baltic Horizon Fund for Galerija Centrs SIA up to EUR 1,500,000			BH Galerija Centrs SIA
<b>Bank 3</b>			Europa, North Star	
<b>Bank 5</b>	Baltic Horizon Fund for Upmalas Biroji			Upmalas Biroji

**15. Trade and other payables**

EUR '000	30.06.2024	31.12.2023
Trade payables	914	974
Management fee payable	503	859
Accrued financial expenses	796	813
Accrued expenses	374	166
Tax payables	178	162
Other payables	349	369
<b>Total trade and other payables</b>	<b>3,114</b>	<b>3,343</b>

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 June 2024, 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 June 2024.

**16c. Contingent liabilities**

According to BH Duetto UAB Share Sale and Purchase agreement, the Group has issued the NOI and defects guarantee. The NOI guarantee is valid until 31 December 2025 and covers the shortfall between the rent calculated on the basis of the conditions stated in the sale and purchase agreement and the actual NOI. The maximum potential liability under the defects guarantee is limited to EUR 600 thousand.

The Group did not have any other contingent liabilities as of 30 June 2024.

**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 H1 2024 and 2023 were the following:

EUR '000	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
<b>Northern Horizon Capital AS group</b>		
Management fees	640	778

The Group's balances with related parties as of 30 June 2024 and 31 December 2023 were the following:

EUR '000	30.06.2024	31.12.2023
<b>Northern Horizon Capital AS group</b>		
Management fees payable	503	859

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

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

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

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

Northern Horizon Capital AS Group did not own any units of the Fund as of 30 June 2024.

### Supervisory Board of the Fund

As set out in Baltic Horizon Fund Rules, Supervisory Board members are entitled to remuneration for their service in the amount determined by the General Meeting. The remuneration of the Supervisory Board of the Fund amounted to EUR 27 thousand during H1 2024 (EUR 26 thousand during H1 2023). 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 June 2024 and 31 December 2023 are presented in the tables below:

As of 30 June 2024	Number of units	Percentage
Swedbank AB / Nordic Issuing AB clients	24,003,674	20.1%
Skandinaviska Enskilda Banken AB	16,235,346	13.6%
Swedbank AB clients	16,160,821	13.5%
Raiffeisen Bank International AG clients	9,001,924	7.5%
SEB banka AS	6,841,316	5.7%

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

## 18. Financial instruments

### Fair values

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

EUR '000	Carrying amount		Fair value	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
<b>Financial assets</b>				
Trade and other receivables	2,842	2,591	2,842	2,591
Cash and cash equivalents	5,371	6,182	5,371	6,182
Derivative financial instruments	390	916	390	916
<b>Financial liabilities</b>				
Interest-bearing loans and borrowings				
Bank loans	(116,809)	(109,388)	(116,809)	(109,388)
Bonds	(29,638)	(34,099)	(30,000)	(34,500)
Trade and other payables	(3,114)	(3,343)	(3,114)	(3,343)

### Fair value hierarchy

Quantitative disclosures of the Group's financial instruments in the fair value measurement hierarchy as of 30 June 2024 and 31 December 2023:

### As of 30 June 2024

EUR '000	Level 1	Level 2	Level 3	Total fair value
<b>Financial assets</b>				
Trade and other receivables	-	-	2,842	2,842
Cash and cash equivalents	-	5,371	-	5,371
Derivative financial instruments	-	390	-	390
<b>Financial liabilities</b>				
Interest-bearing loans and borrowings				
Bank loans	-	-	(116,809)	(116,809)
Bonds	-	-	(30,000)	(30,000)
Trade and other payables	-	-	(3,114)	(3,114)

### As of 31 December 2023

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

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

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

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

## 19. Derivative financial instruments

The Group has entered into interest rate swaps (IRS) with SEB and 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.

EUR '000						Fair value	
Derivative type	Starting date	Maturity date	Notional amount	Variable rate (received)	Fixed rate (paid)	30.06.2024	31.12.2023
IRS	May 2018	Apr 2024	4,920	3M EURIBOR	0.63%	-	50
IRS	Mar 2018	Aug 2024	18,402	3M EURIBOR	0.73%	50	314
CAP	Aug 2024	Aug 2025	17,900	3M EURIBOR	3.0%	66	28
CAP	Aug 2023	Aug 2024	10,575	1M EURIBOR	3.0%	12	42
CAP	Feb 2023	Feb 2024	17,200	6M EURIBOR	3.0%	-	81
CAP	Apr 2024	Apr 2025	4,921	3M EURIBOR	3.0%	28	13
CAP	Sep 2023	Sep 2024	5,800	3M EURIBOR	3.0%	11	27
CAP	Aug 2022	Mar 2024	3,500	3M EURIBOR	2.0%	-	13
CAP	Aug 2022	Mar 2024	7,000	3M EURIBOR	2.0%	-	27
CAP	Mar 2024	Mar 2025	11,000	6M EURIBOR	3.0%	41	34
CAP	Oct 2022	May 2025	30,000	6M EURIBOR	3.0%	147	194
CAP	Sep 2022	Mar 2024	9,000	6M EURIBOR	1.0%	-	67
CAP	Mar 2024	Mar 2025	9,000	6M EURIBOR	3.0%	35	26
<b>Derivative financial instruments, assets</b>						<b>390</b>	<b>916</b>
<b>Net value of financial derivatives</b>						<b>390</b>	<b>916</b>

Derivative financial instruments were accounted for at fair value as of 30 June 2024 and 31 December 2023. The maturity of the derivative financial instruments of the Group is as follows:

#### Classification according to maturity

EUR '000	Liabilities		Assets	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Non-current	-	-	241	295
Current	-	-	149	621
<b>Total</b>	<b>-</b>	<b>-</b>	<b>390</b>	<b>916</b>

#### 20. Subsequent events

On 8 July 2024, the Fund redeemed bonds in the amount of EUR 8 million. The redemption entailed decreasing the nominal value of the bonds and the new nominal value is EUR 52,380.95 per bond. The total nominal amount of the bonds before the redemption was EUR 29,999,999.40 and after the redemption is EUR 22,000,000.00.

BH Meraki UAB received a bank loan of which EUR 8.3 million was paid out in early July 2024 and the remaining EUR 2 million will be paid out in autumn 2024. The loan was used to repay the short term part of the bonds.

In July 2024, the bank loan of BH Galerija Centrs SIA was prolonged until August 2025.

#### 21. List of consolidated companies

Name	Registered office	Registration Number	Date of incorporation / acquisition	Activity	Interest in capital
BH Lincona OÜ	Hobujaama str. 5, Tallinn, Estonia	12127485	20 June 2011	Asset holding company	100%
BOF SKY SIA	Audēju iela 16 – 1, Riga, Latvia	40103538571	27 March 2012	Asset holding company	100%
BH CC Plaza OÜ (merged with BH P80 OÜ on 5 July 2023)	Hobujaama str. 5, Tallinn, Estonia	12399823	11 December 2012	Asset holding company	100%
BH Europa UAB	Konstitucijos ave. 7A-1, Vilnius, Lithuania	300059140	2 March 2015	Asset holding company	100%
Kontor SIA	Mūkusalas str. 101, Rīga, Latvia	40003771618	30 August 2016	Asset holding company	100%
Pirita Center OÜ	Merivälja str. 24, Tallinn, Estonia	12992834	16 December 2016	Asset holding company	100%
Vainodes Krasti SIA	Audeju str. 16, Riga, Latvia	50103684291	12 December 2017	Asset holding company	100%
BH S27 SIA	Skanstes iela 27, Riga, Latvia	40103810023	15 August 2018	Asset holding company	100%
BH Meraki UAB	Eitminių Str. 3-102, Vilnius, Lithuania	304875582	18 July 2018	Asset holding company	100%
BH Galerija Centrs SIA	Audeju str. 16, Riga, Latvia	40003311422	13 June 2019	Asset holding company	100%
BH Northstar UAB	Ulonų str. 2, Vilnius, Lithuania	305175896	29 May 2019	Asset holding company	100%

# Management approval of consolidated financial statements

The interim condensed consolidated financial statements of Baltic Horizon Fund were approved for issue by the Management Board of the Management Company on 8 August 2024.

**Tarmo Karotam**  
Chairman of the Management Board

**Aušra Stankevičienė**  
Member of the Management Board

# Appendices





# Definitions and abbreviations

## AIFM

Alternative Investment Fund Manager.

## AFFO

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

## Cash ratio

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

## Current ratio

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

## Direct Property Yield

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

## 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.

# EPRA indicators and definitions

EPRA Indicators	EPRA definition	EPRA purpose
<b>EPRA Earnings</b>	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.
<b>EPRA NRV</b>	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.
<b>EPRA NTA</b>	Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	
<b>EPRA NDV</b>	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.	
<b>EPRA LTV</b>	Debt divided by market value of the property	Determines the percentage of debt compared to the appraised value of the properties.
<b>EPRA Net initial yield (NIY)</b>	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.
<b>EPRA Topped-up NIY</b>	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).	
<b>EPRA Vacancy rate</b>	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.
<b>EPRA Cost ratio</b>	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.

# 5-year overview of key figures

Key earnings figures	Unit	H1 2024	H1 2023	H1 2022	H1 2021	H1 2020
Rental income	EUR '000	7,667	10,095	10,070	9,512	11,282
Net rental income	EUR '000	5,983	8,495	8,675	8,530	10,390
Net rental income margin	%	78.0	84.2	86.1	89.7	92.1
Valuation gains (losses) on investment properties	EUR '000	(12,524)	(14,623)	172	(14,259)	(15,753)
EBITDA	EUR '000	(8,204)	(11,333)	7,628	(7,309)	(6,754)
EBITDA margin	%	(107.0)	(112.3)	87.9	(76.8)	(59.9)
EBIT	EUR '000	(8,118)	(11,278)	7,740	(7,230)	(6,700)
EBIT margin	%	(105.9)	(111.7)	76.9	(76.0)	(59.4)
Net profit (loss)	EUR '000	(12,849)	(15,005)	4,239	(9,222)	(9,456)
Net profit (loss) margin	%	(167.6)	(148.6)	42.1	(97.0)	(83.8)
Earnings per unit	EUR	(0.11)	(0.13)	0.04	(0.08)	(0.08)
Generated net cash flow	EUR '000	(2,079)	2,686	4,147	4,237	6,085
Generated net cash flow per unit	EUR/unit	(0.017)	0.022	0.035	0.035	0.054
Key financial position figures	Unit	30.06.2024	31.12.2023	31.12.2022	31.12.2021	31.12.2020
Total assets	EUR '000	250,164	261,138	343,963	346,338	355,602
Return on assets (TTM)	%	(12.5)	(7.6)	1.1	0.4	(3.7)
Total equity	EUR '000	96,398	109,532	133,655	132,584	136,321
Equity ratio	%	39.3	41.9	38.9	38.3	38.3
Return on equity (TTM)	%	(31.2)	(18.9)	3.0	1.1	(9.4)
Interest-bearing loans and borrowings	EUR '000	146,694	143,742	195,111	199,147	205,892
Total liabilities	EUR '000	153,765	151,606	210,308	213,754	219,281
LTV	%	61.3	57.3	58.4	60.7	60.5
Average cost of debt	%	6.4	5.2	3.0	2.7	2.6
Weighted average duration of debt	years	2.3	2.3	1.8	1.5	2.1
Current ratio	times	0.1	0.1	0.1	0.4	1.1
Quick ratio	times	0.1	0.1	0.1	0.4	1.0
Cash ratio	times	0.1	0.1	0.1	0.3	0.9
IFRS NAV per unit	EUR	0.8058	0.9156	1.1172	1.1082	1.1395
Key property portfolio figures	Unit	H1 2024	H1 2023	H1 2022	H1 2021	H1 2020
Fair value of portfolio	EUR '000	239,927	255,734	335,649	328,449	342,267
Properties	number	12	12	15	16	16
Net leasable area	sq. m	118,751	119,065	144,215	153,351	153,351
Occupancy rate	%	79.1	84.6	93.3	93.7	97.0



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

Hobujaama 5  
10151 Tallinn  
Estonia

[estonia@nh-cap.com](mailto:estonia@nh-cap.com)

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



G R E S B  
★★★★☆ 2023