LISTING PROSPECTUS

Listing of 2,951,158 Units

Baltic Horizon Fund

(a closed-ended contractual investment fund registered in the Republic of Estonia)

On 28 June 2019, Baltic Horizon Fund, a closed-ended contractual investment fund registered in Estonia (the "Issuer" or the "Fund), completed a private placement of fund units with no nominal value (the "New Units") to eligible retail clients and professional clients (each as defined in Directive 2014/65/EU, as amended) with an aggregate amount of EUR 4 million. The offer price per New Unit (the "Offer Price") was 1.3554 which is equal to the NAV of the Unit as at 31 May 2019. The ISIN code of the New Units will be EE3500110244 after the New Units have been registered with the Register. This document (this document and the documents incorporated herein by reference jointly referred to as the "Listing Prospectus") has been prepared solely for the purpose of the admission of the New Units to trading on the official list of Nasdaq Tallinn AS ("Nasdaq Tallinn") and Nasdaq Stockholm AB ("Nasdaq Stockholm") and does not constitute any offering of the New Units. The offer of New Units is not deemed to be public offering within he meaning of the Securities Market Act of Estonia due to being addressed to fewer than 150 retail investors in Estonia and/or in another Contracting Party to the EEA Agreement.

The Listing Prospectus will cover both the New Units to be issued during the private placement completed on 28 June 2019 as well as Fund units issued during the following private placements: (i) private placement completed and market announcement made on 12 April 2019 by which 15,699,366 new Fund units were issued; (ii) private placement completed and market announcement made on 30 April 2019 by which 3,139,873 new Fund units were issued; (iii) private placement completed and market announcement made on 14 May 2019 by which 627,974 new Fund units were issued.

This Listing Prospectus has been drawn up by the management company of the Issuer, Northern Horizon Capital AS (registry code: 11025345; address: Tornimäe 2, 10145 Tallinn, Estonia) (the "Management Company") in accordance with the Securities Market Act of Estonia and the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing the Prospectus Directive, as amended (the "Prospectus Regulation"), in application of the Annexes I, II, XII, XV and XXII thereof. This Listing Prospectus has been approved as such under the registration number 4.3-4.9/3102 by the Estonian Financial Supervisory Authority (Finantsinspektsioon) (the "EFSA"), in its capacity as the competent authority in the Republic of Estonia. Registration of the Listing Prospectus in the EFSA does not mean that the EFSA has controlled the correctness of the information presented in this Listing Prospectus.

Application will be made for the New Units to be registered in the Register and subsequently admitted to trading on a regulated market on Nasdaq Tallinn (the "Listing") and the Listing is expected to take place on or about 19 July 2019. The New Units will be secondary listed on the Alternative Investment Funds market on Nasdaq Stockholm and the listing is expected to take place on or about 22 July 2019.

The New Units have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state of the United States. The New Units may not be offered, sold, pledged or otherwise transferred directly or indirectly within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act ("Regulation S")), except to a person which is not a U.S. Person (as defined in Regulation S) in an offshore transaction pursuant to Regulation S.

The New Units will rank pari passu with all the remaining units of the Issuer and will be eligible for any distributions paid on the units under the rules of the Issuer. Possible distributions paid out of the Issuer to unit-holders who are not generally subject to taxation in Estonia may be subject to deduction of Estonian taxes as described in section 8 "Taxation."

As at the date of this Listing Prospectus, the Issuer is rated MM3 by S&P Global Ratings which is established in the European Union and registered under Regulation (EC) No 1060/2009, as amended (the "CRA Regulation"). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency

An investment in the Fund units involves certain risks. Prospective investors should read this entire Listing Prospectus and, in particular "Risk Factors" when considering an investment in the Fund units.

The date of this Listing Prospectus is 15 July 2019

TABLE OF CONTENTS

APPENDICES

1. SUMMARY

This Summary is made up of disclosure requirements known as "Elements" in accordance with the Annex XXII (Disclosure Requirements in Summaries) of the Prospectus Regulation. These elements are numbered in Sections A – E (A.1 – E.7) below. This Summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the Summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the Summary with the mention 'not applicable'.

Section A - Introduction and Warnings

A.1	**Warning**	This summary should be read as an introduction to the Listing Prospectus. The summary information set out below is based on, should be read in conjunction with, and is qualified in its entirety by, the full text of this Listing Prospectus, including the financial information presented herein. Any consideration to invest in the New Units should be based on consideration of the Listing Prospectus as a whole by the investor. Where a claim relating to the information contained in the Listing Prospectus is brought before a court, the plaintiff investor might, under the applicable law, have to bear the costs of translating the Listing Prospectus in the course of the legal proceedings or before such proceedings are initiated. No person assumes civil liability for this summary or the information herein, unless it is misleading, inaccurate or inconsistent when read together with the other parts of the Listing Prospectus, or does not provide key information to allow investment decision making.
A.2	**Consent by the issuer**	Not applicable

Section B - Issuer

B.1	**Legal and commercial name**	Baltic Horizon Fund
B.2	**Domicile, legal form and legislation**	The Issuer is a public closed-ended contractual investment fund. The Issuer is a real estate fund. The Issuer is registered in the Republic of Estonia.
B.3	**Key factors relating to the Issuer and its activities**	The Issuer is a real estate fund and invests directly or indirectly in real estate located in Estonia, Latvia, and Lithuania, with a particular focus on the capitals - Tallinn, Riga, and Vilnius. See more information on the Fund's investment policy in Element B.34 below. The Fund Rules were registered with Estonian Financial Supervision Authority on 23 May 2016. The Issuer completed an initial public offering on 29 June 2016 raising EUR 21.0m of proceeds for acquisitions of new properties. On 30 June 2016 the Issuer merged with BOF and took over all assets and liabilities of BOF including its property portfolio of 5 commercial properties. Unit-holders of BOF became Unit-holders of the Issuer as units of BOF were converted into Units of the Fund at a ratio of 1:100. BOF was a closed-ended contractual real estate investment fund registered in Estonia with the Estonian Financial Supervision Authority on 1 September 2010. On 6 July 2016 Units of the Issuer were listed on Nasdaq Tallinn. In November 2016, the Issuer completed a secondary public offering raising EUR 19.6m of new equity for investing into new properties. On 23 December 2016, the Fund Units were secondary listed on Nasdaq Stockholm. In June 2017, the Issuer carried out a new secondary public offering raising EUR 9.4m of additional equity for acquisitions of attractive properties. In April 2019, the Issuer carried out two private placements of Fund units aimed at institutional investors and as a result of which additional equity in total amount of EUR 24.6m was raised. In May 2019, the Issuer carried out private placement of Fund units aimed at institutional investors in the Baltics and as a result of which raised EUR 0.8m of additional equity. The Issuer generates returns to the Unit-holders by investing in commercial real estate assets primarily at central and strategic locations in the Baltic capital cities. The Issuer focuses on fully-developed premium office and retail properties with high-quality tenants mix, low vacancy and stable and strong cash flows. The Issuer generates revenue by leasing out space at its properties to tenants. Constant flow of rental income is the basis for the Issuer to distribute dividends to its Unit-holders. The Fund seeks to become the largest commercial property owner in the Baltics. In the longer term it targets to reach a property portfolio size of EUR 1,000m and NAV of EUR 500m in order to maximize Unit-holder returns through cost efficiencies, ensure high liquidity of its Units and increase diversification across properties, tenants, property classes and cities.

		The Issuer's investment strategy aims to take advantage of higher property yields in the Baltics. According to Colliers, prime yields for office and retail properties in the Baltic capitals stood at 6.0-7.7% at the end of first quarter of 2019. They exceeded yields in Nordic capitals by approximately 2.5% and Warsaw and Prague by approximately 1.5%. Higher property yields enable the Fund to generate greater cash returns, which are paid out to Unit-holders as dividends, and also offer a potential for capital appreciation due to possible compression in the Baltic yields. The Issuer targets a debt level of 50% of the value of its properties enabling to leverage returns to Unit-holders and utilize currently low market interest rates. Dividends are targeted to yield 7-9% of invested equity per annum, payable on a quarterly basis. The focus on the Baltic commercial real estate is also based on positive leasing trends: low vacancy, gradually growing rent rates and a significant and still increasing presence of large international tenants. In addition, rising activity in the Baltic property transaction market leads to greater availability of potential acquisition targets which is important for the implementation of the Fund's investment strategy. The Issuer's geographical focus on the Baltics is supported by the stable macroeconomic situation in the region. All three Baltic countries are members of the EU and have euro as a national currency. Their economies have been growing at a considerably higher pace than the EU average. Ranked by real GDP growth over 2000-2016 (Eurostat), they are in the top 8 of the fastest expanding members of the EU. The EC forecasts economic growth in the Baltics to continue outperforming the EU average. Furthermore, government debt and private debt levels of the Baltic countries are among the lowest in the EU. Government debt to GDP ratio of Latvia, the highest of the three, stood at 35,2% at the end of 2018 – substantially below the EU average of 80% (according to the EC).
B.4a	**Significant trends**	The growth of the GDP of Baltic countries has significantly outperformed EU average. Over the period from 2011 to 2018, annual real GDP growth averaged 3.9% in Estonia (the 3rd fastest), 3.7% in Latvia (the 6th fastest) and 3.6% in Lithuania (the 7th fastest in the EU). In contrast, the overall EU's GDP expanded by only 1.5% real per annum over the same period. The EC forecasts that buoyed by growing private consumption and a rebound in investments the Baltic economies will continue expanding at a considerably faster pace than EU as a whole. The EU is expected to achieve real GDP growth of 1.4% in 2019 and 1.6% in 2020 whereas Lithuania is forecast to deliver growth of 2.7% in 2019 and 2.4% in 2020, Latvia to increase by 3.1% in 2019 and 2.8% in 2020 and Estonia to grow by 2.8% in 2019 and 2.4% in 2020. Government finances of the Baltic States stand out in the European context as prudent, fiscally responsible and not overburden by debt. The Baltic countries have one of the lowest government debt levels in the EU. Whereas the overall EU had a gross debt to GDP ratio of 80% at the end of 2018, Estonia's government debt amounted to only 8,4% of GDP (the lowest in the EU) and Latvia's and Lithuania's respectively at 35,2 and 34,8% (the 7th and the 6th lowest respectively). The activity in the Baltic property transaction market grew rapidly in recent years. According to Colliers, the turnover of property transactions, aggregated for all three Baltic countries, amounted 1.12bn in 2018, being 19% higner than in 2017. Office segment remained the most favourable choice by investors, attracting 44% of total volume in 2018, followed by retail sector (33%). Prime yields in the Baltic capital cities have been gradually declining since 2010 on the back of stable and growing economy, improving real estate market fundamentals (declining vacancy and increasing rent rates), falling borrowing costs and high demand for cash flow-generating assets in a low interest rate environment. At the end of first quarter of 2019 prime yields for office and retail properties stood at 6.5% in Riga, 6.25% in Vilnius and 6.4% in Tallinn. Despite a downward trend, yields in the Baltic capitals are still considerably higher than in Poland and even more so than in Nordics. Stock of modern office space in the Baltic capital cities rose to 1,838 thousand sqm of GLA in 2018 and additional 211 thousand sqm is to be commissioned in 2019. Office vacancy stood at 6.3% in Riga, 6.4% in Vilnius and 7.0% in Tallinn. Development activity has picked up recently in Vilnius and Tallinn office markets as growth in demand for office premises has outpaced additions to supply. The demand has been supported by launches of new shared service centers of international companies, especially in Vilnius. A significant part of office buildings under construction are pre-let. Retail space (in shopping centers) in the Baltic capitals rose by 5% to 1,870 thousand sqm of GLA in 2016. Vacancy rates in SCs were low – 2.1% in Riga, 1.4% in Vilnius and 1.9% in Tallinn. The most successful SCs in the Baltic capital cities effectively had no vacant space. Demand for retail space has been supported by increasing household consumption which has been the main driver of economic

		growth in the Baltics in recent years. Development activity in retail property sector has been modest in Baltic countries.
B.5	**Group**	Not applicable. The Issuer is a contractual fund and not a legal person.
B.6	**Unitholders**	Holdings in the Issuer are not notifiable under Estonian law. All Units rank *pari passu* without preference or priority among themselves. To the extent known to the Management Company, no Unit-holder holds majority of the Units and controls the Issuer.
B.7	**Selected historical financial information**	On 30 June 2016 the Issuer merged with BOF and took over all assets and liabilities of BOF. Units of BOF were converted into units of the Issuer at a ratio of 1:100 (1 unit of BOF was exchanged into 100 units of the Issuer). At the time of the Merger, the Issuer had no assets and liabilities of its own. Thus, historical financial and operational performance of BOF prior to the Merger is directly comparable the Issuer's performance after the Merger. In the Issuer's audited consolidated financial statements for the year ended 31 December 2016, BOF's financial results prior to the Merger are presented as those of the Issuer. For these reasons, in this Listing Prospectus past results of BOF are presented as results of the Issuer.

The consolidated financial information, provided in the following tables, has been derived as follows:

- For the year 2019: the Issuer's non-audited consolidated quarterly financial statements for first quarter of 2019 ended 31 March 2019 prepared according to the IFRS;
- For the year 2018: the Issuer's audited consolidated financial statements for the year ended 31 December 2018 prepared according to the IFRS;
- For the year 2017: the Issuer's audited consolidated financial statements for the year ended 31 December 2017 prepared according to the IFRS;
- For the year 2016: the Issuer's audited consolidated financial statements for the year ended 31 December 2016 prepared according to the IFRS.

Table 1: Consolidated income statement of the Issuer, EUR thousand

	2016	2017 (restated)	2018	Jan-Mar 2018	Jan-Mar 2019
Rental income	7,874	11,839	15,860	3,606	4,151
Service charge income	2,594	1,921	2,760	585	763
Cost of rental activities	-3,315	-2,992	-3,816	-782	-998
Net rental income	**7,153**	**10,768**	**14,804**	**3,409**	**3,916**
Administrative expenses	-2,190	-2,774	-2,813	-640	-709
Other operating income	97	14	74	6	6
Valuation gains/losses on investment properties	2,737	3,676	2,014	-	-
Operating profit	**7,797**	**11,684**	**14,079**	**2,775**	**3,213**
Financial income	14	47	8	2	2
Financial expenses	-1,253	-1,528	-2,789	-489	-899
Profit before tax	**6,558**	**10,203**	**11,298**	**2,288**	**2,316**
Income tax charge	-798	-759	-1,308	-604	-143
Profit for the period	**5,760**	**9,444**	**9,990**	**1,684**	**2,173**
Other comprehensive income that is or may be reclassified to profit or loss in subsequent periods					
Net gains (losses) on cash flow hedges	-113	273	-1,013	-315	-556

Termination of interest rate swap agreement reclassified to profit or loss	-	57	-	-	-
Recognition of initial interest rate cap costs	-	-43	-33	-	-
Income tax relating to net gains (losses) on cash flow hedges	18	-49	97	45	36
Other comprehensive income/(expense), net of tax, that is or may be reclassified to profit or loss in subsequent periods	**-95**	**238**	**-949**	**-270**	**-520**
Total comprehensive income/(expense) for the period, net of tax	**5,665**	**9,682**	**9,041**	**1,414**	**1,653**
Earnings per unit (basic and diluted)[1], EUR	**0.12**	**0.15**	**0.13**	**0.02**	**0.03**

Source: Q1 2019 is based on non-audited interim consolidated financial statements of the Issuer for the 3-month period ended 31 March 2019, audited consolidated financial statements of the Issuer for the year 2018, audited consolidated financial statements of the Issuer for years 2016-2017

[1] On 30 June 2016 the Fund merged with BOF and took over all assets and liabilities of BOF. Units of BOF were converted into the Units of the Fund at a ratio of 1:100 (1 unit of BOF was exchanged into 100 Units of the Fund). To ensure the comparability of historical per unit figures, numbers of units prior to the Merger were recalculated by multiplying them by 100 to reflect the effect of the conversion. The recalculated numbers or units were used to compute comparable per unit figures.

Table 2: Consolidated financial position of the Issuer, EUR thousand

	31.12.2016	31.12.2017	31.12. 2018	31.03. 2019
Investment properties	141,740	189,317	245,160	236,566
Investment property under construction	1,580	-	-	-
Derivative financial instruments	-	89	9	7
Other non-current assets	288	146	596	96
Total non-current assets	**143,608**	**189,552**	**245,765**	**263,669**
Trade and other receivables	1,269	1,568	2,734	2,556
Prepayments	178	108	154	316
Cash and cash equivalents	9,883	24,557	12,225	2947
Total current assets	**11,330**	**26,233**	**15,113**	**5,819**
TOTAL ASSETS	**154,938**	**215,785**	**260,878**	**269,488**
Paid in capital	66,224	91,848	93,673	93,338
Own units	-8	-	-335	-
Cash flow hedge reserve	-294	-56	-1,005	-1,525
Retained earnings	10,887	15,184	17,472	17,526
Total equity	**76,809**	**106,976**	**109,805**	**109,339**

Interest bearing loans and borrowings	58,981	96,497	140,401	148,771
Deferred tax liabilities	4,383	5,206	5,844	5,934
Derivative financial instruments	345	88	1,069	1,623
Other non-current liabilities	935	859	905	921
Total non-current liabilities	**64,644**	**102,650**	**148,219**	**157,249**
Interest bearing loans and borrowings	10,191	1,590	106	388
Trade and other payables	2,876	4,202	2,397	2,186
Income tax payable	46	14	-	3
Derivative financial instruments	-	15	-	-
Other current liabilities	372	338	351	323
Total current liabilities	**13,485**	**6,159**	**2,854**	**2,900**
Total liabilities	**78,129**	**108,809**	**151,073**	**160,149**
TOTAL EQUITY AND LIABILITIES	**154,938**	**215,785**	**260,878**	**269,488**

Source: Q1 2019 is based on non-audited interim consolidated financial statements of the Fund for the 3-month period ended 31 March 2019, audited consolidated financial statements of the Issuer for the year 2018, audited consolidated financial statements of the Issuer for years 2016-2017

Table 3: Consolidated statement of cash flows of the Issuer, EUR thousand

	2016	2017	2018	Jan-Mar 2018	Jan-Mar 2019
Operating activities					
Profit before tax	6,558	10,203	11,298	2,288	2,316
Adjustments for non-cash items:					
Value adjustment of investment properties	-2,562	-3,676	-2,014	-	-
Value adjustment of investment properties under construction	-175	-	-	-	-
Change in allowance for bad debts	17	45	143	-	-7
Financial income	-14	-47	-8	-2	-2
Financial expenses	1,253	1,528	2,789	489	899
Working capital adjustments:					
Decrease/-increase in trade and other accounts receivables	-204	-241	-822	-155	251
-Increase/decrease in other current assets	-106	-39	-540	-47	-247
-Decrease/increase in other non-current liabilities	69	-150	-76	15	16
Increase/-decrease in trade and other accounts payable	-398	-100	-522	-623	-105
-Decrease/increase in other current liabilities	-50	-6	702	159	-126

Refunded/-paid income tax	-103	-42	-586	-29	-2
Net cash flow from operating activities	**4,285**	**7,475**	**10,364**	**2,095**	**2,993**
Investing activities					
Interest received	14	8	8	2	1
Acquisition of subsidiaries, net of cash acquired	-20,098	-8,614	-16,935	-181	-
Acquisition of investment properties	-15,454	-14,362	-34,477	-34,477	-17,838
Acquisition of land plot	-	-	-1,661	-	-
Advance payment on investment property	-200	-	-500	-	-
Investment property development expenditure	-1,660	-3,996	-2,237	-1,766	-
Capital expenditure on investment properties	-380	-1,163	-623	-155	-68
Net cash flow from investing activities	**-37,778**	**-28,127**	**-56,425**	**-36,577**	**-17,905**
Financing activities					
Proceeds from issue of bonds	-	-	40,000	-	-
Proceeds from bank loans	8,211	40,566	26,000	25,300	8,705
Repayment of bank loans	-4,722	-24,112	-23,299	-7,157	-74
Proceeds from issue of units	40,550	25,632	2,350	2,350	-
Repurchase of units	-8	-	-860	-	-
Profit distribution to unitholders	-1,091	-5,147	-7,702	-1,781	-2,119
Transaction costs related to loans and borrowings	-127	-223	-380	-51	-7
Interest paid	-1,114	-1,390	-2,380	-446	-871
Net cash flow from financing activities	**41,699**	**35,326**	**33,729**	**18,215**	**5,634**
Net change in cash and cash equivalents	**8,206**	**14,674**	**-12,332**	**-16,267**	**-9,278**
Cash and cash equivalents at the beginning of the year	1,677	9,883	24,557	24,557	12,225
Cash and cash equivalents at the end of the year[2]	**9,883**	**24,557**	**12,225**	**8,290**	**2,947**

Source: Q1 2019 is based on non-audited interim consolidated financial statements of the Fund for the 3-month period ended 31 March 2019, audited consolidated financial statements of the Issuer for the year 2018, audited consolidated financial statements of the Issuer for years 2016-2017

Table 4: Key indicators of the Issuer

	2016	2017	2018	Jan-Mar 2018	Jan-Mar 2019
Property-related					
Value of investment properties, EUR'000	141,740	189,317	245,160	223,961	263,566
Number of properties, period end	8	10	12	11	13
Rentable area, sqm					
Period end	75,107	96,512	113,934	105,386	122,652

Period average[1]	58,936	83,736	106,620	103,430	116,895
Vacancy rate					
Period end	2.60%	2.20%	1.2%	2.3%	2.5%
Period average[2]	3.20%	2.20%	2.00%	2.20%	2.70%
Net initial yield[3]	6.80%	6.80%	6.50%	6.40%	6.30%
Financial					
EPRA NAV per unit[4,5], EUR	1.48	1.47	1.51	1.47	1.51
NAV per unit[4], EUR	1.34	1.38	1.40	1.38	1.39
Adjusted earnings per unit[4,6], EUR	0.14	0.16	0.13	0.02	0.03
Adjusted ROE[7]	10.80%	11.90%	9.35%	1.45%	2.15%
Adjusted cash earnings[8], EUR'000	4,656	7,122	8,698	1,684	2,173
Adjusted cash earnings per unit[4], EUR	0.1	0.11	0.11	0.02	0.03
Adjusted cash ROE[9]	7.50%	8.40%	7.91%	1.45%	2.15%
Dividends per unit[4,10], EUR	0.05	0.084	0.102	0.090	0.025
Interest coverage ratio[11]	4.4	5.6	4.5	5.9	3.7
LTV[12]	48.80%	51.80%	57.3%	51.9%	56.6%
Weighted average number of units issued[4], '000	47,351	62,271	78,765	78,154	78,497
Number of units issued at period end[4], '000	57,265	77,441	78,753	79,157	78,497

Source: ratios and indicators in the table have been computed using information provided in the Issuer's and BHF's audited consolidated financial statements, unaudited consolidated financial statements and internal management reports. The ratios and indicators themselves have neither been audited nor reviewed by independent auditors.

[1] Computed as average of monthly estimates.

[2] Computed as average of monthly estimates.

[3] Net initial yield = net rental income / value of investment properties. Calculated as average of monthly estimates.

[4] On 30 June 2016 the Issuer merged with BOF and took over all assets and liabilities of BOF. Units of BOF were converted into units of the Issuer at a ratio of 1:100 (1 unit of BOF was exchanged into 100 units of the Issuer). To ensure the comparability of historical *per unit* figures, numbers of units prior to the Merger were recalculated by multiplying them by 100 to reflect the effect of the conversion. The recalculated numbers or units were used to compute comparable *per unit* figures.

[5] EPRA NAV is a measure of long term NAV, proposed by European Public Real Estate Association (EPRA) and widely used by listed European property companies. It is designed to exclude assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value of financial derivatives and deferred taxes on property valuation gains. EPRA NAV = NAV per financial statements + derivative financial instruments liability net of related deferred tax asset + deferred tax liability related to investment property fair and tax value differences. Calculation of EPRA NAV is explained in greater detail in section 5.15 "NAV".

[6] Earnings per unit for 2017 were adjusted to exclude EUR 637 thousand one-off expenses related to public offerings. Earnings per unit for 2016 were adjusted to exclude EUR 938 thousand one-off expenses related to public offerings.

[7] Adjusted return on average equity (ROE) = adjusted earnings per unit / average NAV per unit; where average NAV per unit = (NAV per unit at the beginning of the period + NAV per unit at the end of the period) / 2. Estimates for interim periods were annualized.

[8] Adjusted cash earnings = profit before tax - valuation gains or losses on investment properties - net gains or losses on disposals of investment properties - paid income taxes. A figure for 2017 was adjusted to exclude EUR 637 thousand one-off expenses related to public offerings. A figure for 2016 was adjusted to exclude EUR 938 thousand one-off expenses related to public offerings.

[9] Adjusted cash ROE = adjusted cash earnings per unit / average NAV per unit; where average NAV per unit = (NAV per unit at the beginning of the period + NAV per unit at the end of the period) / 2. Estimates for interim periods were annualized.

[10] With the initial public offering in June 2016 the Issuer started distributing dividends quarterly. A dividend figure for 2016 represents only two quarterly dividends (for Q3 2016 and Q4 2016) while a dividend figure for 2017 already reflects all four quarterly dividends.

[11] Interest coverage ratio = (operating profit - valuation gains or losses on investment properties - net gains or losses on disposals of investment properties) / interest on bank loans.

[12] Loan-to-value (LTV) = total interest bearing loans and borrowings / value of investment properties. Increase in LTV is related to additional EUR 10 million bond issue usedfor Duetto II acquisition in 2019. LTV excluding unused EUR 10 million bond issue would reach 53.2%.

Results in Q1 2019

In the first quarter of 2019 the Issuer's rental income reached EUR 3.9m – an increase of 15% compared to the previous year first quarter attributable primarily to new property acquisitions – LNK Centre in the end of 2018 and Duetto II in the beginning of 2019. Vacancy of the Issuer's property portfolio averaged at 2.7% in 2019 (see Table 24), which has slightly increased due to ending of rental guarantee agreements in Pirita and Duetto I.

In Q1 2019, the Issuer incurred EUR 709 thousand of administrative expenses – 11% more than in the previous year first quarter. The management fee increased 2% to EUR 348 thousand.

Net financial expenses grew to EUR 899 thousand in Q1 from EUR 489 thousand in Q1 2018. Financial debt grew to EUR 149m at the end of first quarter from EUR 140m at the end on 2018. The Issuer maintained a healthy leverage level with LTV at 56.6% at the end of first quarter of 2019 compared to 57.3% at the end of 2018.

The Issuer's income tax declined substantially from 604 thousand EUR to 143 thousand EUR consisting of 16 thousand current income tax and EUR 127 thousand deferred income tax. Deferred income tax was attributable to fair value gains from external property valuations as well as depreciation of properties' historical cost which is deducted from taxable profits in determining current taxable income. According to corporate tax regulations, taxable profits of properties are reduced by depreciation of their historical cost. This depreciation, on the other hand, is not recognized in the income statement of the Issuer as properties are reported at fair value. The Group's consolidated effective tax rate in respect of continuing operations for the three-month period ended 31 March 2019 was 6,2% (three months ended 31 December 2018: 26.4%).

Results in years 2016 - 2018

In 2018 the Issuer's rental income reached EUR 15.9m – an increase of 34% compared to the previous year attributable primarily to new property acquisitions. The increase is related to new acquisitions (Vainodes I office building, Postimaja shopping centre and LNK Centre). In 2016 the rental income was EUR 7.8m. Vacancy of the Issuer's property portfolio averaged at 2.0% in 2018 improving from already low 2.2% in the year before and 2.6% in 2016.

In 2018, the Issuer incurred EUR 2.8m of administrative expenses – EUR 0.1m more than in the previous year. In 2016 the Issuer incurred EUR 2.1m of administrative expenses. The management fee grew by EUR 0.2m to EUR 1.4m as the base for its calculation – NAV before the Merger and market capitalization after the Merger – expanded. In 2016 the management fee was EUR 0.7m.

Valuation gains on investment properties amounted to EUR 2m in 2018, compared to EUR 3.6m in 2017 and EUR 2.7m in 2016. Properties have been recognised at fair value based on independent appraisals.

Net financial expenses grew to EUR 2.8m in 2018 from EUR 1.5m in 2017 and EUR 1.2m in 2016. Increases were attributable predominantly to rising interest expenses as an amount of financial debt expanded with an increasing size of the Issuer's property portfolio. The Issuer uses debt to partly finance acquisitions of new properties. As a result, financial debt grew to EUR 140m at the end of 2018 from EUR 98.1m at the end of 2017 and from EUR 69.2m at the end of 2016. Average cost of debt increased to 2.4% in 2018 compared to 1.7% in 2017 and 1.9% in 2016. The Issuer maintained a healthy leverage level with LTV at 57.3% at the end of 2018 compared to 51.8% at the end of 2017 and 48.8% at the end of 2016.

In 2018, the Issuer's income tax increased by 72% to EUR 1.3m consisting of EUR 573 thousand current income tax and EUR 0.7m deferred income tax. Deferred income tax was attributable to fair value gains from external property valuations as well as depreciation of properties' historical cost which is deducted from taxable profits in determining current taxable income. In 2017, the Issuer's income tax compared to 2016 declined by 5% to EUR 0.8m consisting of EUR 31 thousand current income tax and EUR 0.7m deferred income tax. In 2016, income tax amounted to EUR 0.8m comprised of EUR 0.1m current income tax and EUR 0.7m deferred income tax.

B.8	Pro forma financial information	The following unaudited pro forma financial information is presented for illustrative purposes only and relates to the acquisition of Galerija SPV. It is presented as if the acquisition of Galerija SPV had taken place on 1 January 2018 with respect to unaudited pro forma income statement, and on 31 December 2018 with respect to unaudited pro forma statement of financial position. Because of its nature, the pro forma financial information addresses a hypothetical situation how the income statement of the Issuer would have formed in case the acquisition of Galerija SPV had taken place on 1 January 2018, and how the statement of financial position would have formed, if the acquisition had taken place on 31 December 2018. Therefore, the unaudited pro forma financial information does not represent the Issuer´s actual financial position or results.

Pro forma income statement for the year 2018

Euro '000	**The Issuer for the year 2018**	**Galerija SPV for the year 2018**	**Harmonisation of accounting policies**	**Acquisition of SPV's shares**	**Private placements of new Fund units**	**New debt arrangements**	**Shareholder debt settlement**	**Bank loan settlement**	**Pro forma Consolidated**
Rental income	15,860	5,422	-	-	-	-	-	-	21,282
Service charge income	2,760	2,244	(1,574)	-	-	-	-	-	3,430
Cost of rental activities	(3,816)	(3,333)	1,574	-	-	-	-	-	(5,575)
Net rental income	**14,804**	**4,333**	**-**	**-**	**-**	**-**	**-**	**-**	**19,137**
Administrative expenses	(2,813)	(57)	-	(134)	-	-	-	-	(3,004)
Other operating income/(expenses)	74	(36)	68	-	-	-	-	-	106
Valuation gains/(loss) on investment properties	2,014	2,914	272	-	-	-	-	-	5,200
Operating profit	**14,079**	**7,154**	**340**	**(134)**	**-**	**-**	**-**	**-**	**21,439**
Financial income	8	145	-	-	-	-	-	-	153
Financial expenses	(2,789)	(953)	55	-	-	(800)	-	(170)	(4,657)
Net financing costs	**(2,781)**	**(808)**	**55**	**-**	**-**	**(800)**	**-**	**(170)**	**(4,504)**
									-
Profit before tax	**11,298**	**6,346**	**395**	**(134)**	**-**	**(800)**	**-**	**(170)**	**16,935**
Income tax charge	(1,308)	-	-	-	-	-	-	-	(1,308)
Profit for the period	**9,990**	**6,346**	**395**	**(134)**	**-**	**(800)**	**-**	**(170)**	**15,627**
Explanatory notes			**(1)**	**(3), (4)**	**(5)**	**(6)**	**(6)**	**(6)**	

Pro forma statement of financial position as at 31 December 2018

Euro '000	The Issuer as at 31 December 2018	Galerija SPV as at 31 December 2018	Harmonisation of accounting policies	Acquisition of SPV's shares	Private placements of new Fund units	New debt arrangements	Shareholder debt settlement	Bank loan settlement	Pro forma Consolidated
Non-current assets									
Investment properties	245,160	74,416	584	-	-	-	-	-	320,160
Derivative financial instruments	9	-	-	-	-	-	-	-	9
Other non-current assets	596	244	(244)	-	-	-	-	-	596
Total non-current assets	**245,765**	**74,660**	**340**	**-**	**-**	**-**	**-**	**-**	**320,765**
Current assets									
Trade and other receivables	2,734	434	-	-	-	-	-	-	3,168
Prepayments	154	183	-	-	-	-	-	-	337
Cash and cash equivalents	12,225	499	-	(8,259)	24,546	39,860	(26,705)	(36,063)	6,103
Total current assets	**15,113**	**1,116**	**-**	**(8,259)**	**24,546**	**39,860**	**(26,705)**	**(36,063)**	**9,608**
Total assets	**260,878**	**75,776**	**340**	**(8,259)**	**24,546**	**39,860**	**(26,705)**	**(36,063)**	**330,373**
Equity									
Paid in capital	93,673	5,439	-	(5,439)	24,546	-	-	-	118,219
Own units	(335)	-	-	-	-	-	-	-	(335)
Cash flow hedge reserve	(1,005)	-	(46)	-	-	-	-	-	(1,051)
Retained earnings	17,472	6,346	386	(6,820)	-	-	-	(170)	17,214
Total equity	**109,805**	**11,785**	**340**	**(12,259)**	**24,546**	**-**	**-**	**(170)**	**134,047**
Non-current liabilities									
Interest bearing loans and borrowings	140,401	35,443	-	-	-	39,860	-	(35,443)	180,261
Payables to related companies	-	26,413	-	-	-	-	(26,413)	-	-
Deferred tax liabilities	5,844	-	-	-	-	-	-	-	5,844
Derivative financial instruments	1,069	46	-	-	-	-	-	-	1,115
Other non-current liabilities	905	-	-	-	-	-	-	-	905
Total non-current liabilities	**148,219**	**61,902**	**-**	**-**	**-**	**39,860**	**(26,413)**	**(35,443)**	**188,125**
Current liabilities									
Interest bearing loans and borrowings	106	450	-	-	-	-	-	(450)	106
Trade and other payables	2,397	603	-	4,000	-	-	-	-	7,000
Payables to related companies	-	292	-	-	-	-	(292)	-	-
Other current liabilities	351	744	-	-	-	-	-	-	1,095
Total current liabilities	**2,854**	**2,089**	**-**	**4,000**	**-**	**-**	**(292)**	**(450)**	**8,201**
Total liabilities	**151,073**	**63,991**	**-**	**4,000**	**-**	**39,860**	**(26,705)**	**(35,893)**	**196,326**
Total equity and liabilities	**260,878**	**75,776**	**340**	**(8,259)**	**24,546**	**39,860**	**(26,705)**	**(36,063)**	**330,373**
Explanatory notes			**(1)**	**(3), (4)**	**(5)**	**(6)**	**(6)**	**(6)**	

B.9	**Profit forecast**	Not applicable. A profit forecast is not provided in the Listing Prospectus.
B.10	**Qualifications in audit reports**	All audited financial statements provided in this Listing Prospectus received unqualified opinions from independent auditors.
B.34	**Investment objective and policy**	The objective of the Issuer is to provide its unit-holders with consistent and above average risk-adjusted returns by acquiring high quality cash flow generating commercial properties with the potential for adding value through active management, thereby creating a stable income stream of high yielding current income combined with capital gains. The focus of the Issuer is to invest, directly or indirectly, in real estate located in Estonia, Latvia, and Lithuania, with a particular focus on the capitals - Tallinn, Riga, and Vilnius - and a preference for city centres within or near the central business districts. At least 80% of the Issuer´s gross asset value must be invested in real estate and securities relating to real estate in accordance with the investment objectives and policy of the Issuer. Up to 20% of the Issuer's gross asset value may be invested in the deposits and financial instruments. The assets of the Issuer may be invested in derivative instruments only for the purpose of hedging the property loan risks. The Issuer shall meet the following risk diversification requirements: • up to 50% of the gross asset value of the Fund may be invested in any single real estate property, or in any single real estate fund; • the annual rental income from one single tenant shall not form more than 30% of the total annual net rental income of the Issuer.
B.35	**Borrowing and/or leverage limits**	The Management Company has, on account of the Issuer, the right to guarantee an issue of securities, provide surety, take a loan, issue debt securities, enter into repurchase or reverse repurchase agreements, and conclude other securities borrowing transactions. Subject to the discretion of the Management Company, the Issuer aims to leverage its assets and targets a debt level of 50% of the value of its assets. At no point in time may the Issuer's leverage exceed 65% of the value of its assets. Loans may be taken for periods of up to 30 years.
B.36	**Regulatory status and the name of a regulator**	The Issuer is registered with, and is regulated by the Estonian Financial Supervision Authority (*Finantsinspektsioon*).
B.37	**Profile of a typical investor**	A typical investor of the Issuer is either an institutional or a retail investor seeking to have a medium or long term indirect exposure to commercial real estate property. Investors should be ready to accept investment risk generally inherent to real estate markets. Provided that Issuer´s investments are made with a long term perspective with a view to gain both from the increase of the property value over economic cycles and through continuous cash flow generation, also investors are expected to invest with a long term view. Furthermore, investors who expect regular distributions out of cash flows (e.g. dividends, interests) should consider an investment in the Issuer. Any investor, who has had no or very little experience in investing in real estate funds or directly in commercial real estate property, should consult their professional adviser in order to learn about the characteristics and risks associated with such investments.
B.38	**Identity of assets in which the Fund invested more than 20% of its gross asset value**	According to the Fund Rules, up to 50% of the gross asset value of the Fund may be invested in any single real estate property, or in any single real estate fund. As of 13 June 2019, the fair value of Galerija Centre, a shopping mall in Riga, constituted approximately 21% of the Fund's total assets and 22% of its property portfolio value. No other single property (or other investment) comprised more than 20% of the Fund's gross asset value on the date of this Listing Prospectus.
B.39	**Identity of collective investment undertakings in which the Fund invested more than 40% of its gross asset value**	The Fund has no investments in other collective investment undertakings.
B.40	**Service providers and fees**	The main service providers to the Issuer are the Management Company and the Depositary. See Element B.41 below. For the fund management services, the Management Company is paid a management fee and a performance fee on account of the Issuer.

		According to the Fund Rules, the management fee shall be calculated as follows: • the management fee shall be calculated quarterly based on the 3-month average market capitalisation of the Fund. After each quarter, the management fee shall be calculated on the first banking day of the following quarter. • the management fee shall be calculated 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 fee shall be calculated after each quarter as follows: - the market capitalisation as calculated on the fee calculation date, split into the tranches and each tranche of the market capitalisation ($MCap_t$) multiplied by - respective fee rate (F_n) applied to the respective tranche, then the aggregate of the fees from each tranches multiplied by - the quotient of the actual number of days in the respective quarter ($Actual_q$) divided by 365 days per calendar year, as also indicated in the formula below $((MCap_1 \times F_1)+...+(MCap_5 \times F_5)) \times (Actual_q / 365)$ • in case the market capitalisation is lower than 90% of the net asset value, the amount equal to 90% of the net asset value shall be used for the Management Fee calculation instead of the market capitalisation. In this case, the net asset value means the average quarterly net asset value and such management fee adjustments shall be calculated and paid annually after the annual report of the Fund for the respective period(s) has been audited. For each year, if the annual adjusted funds from operations of the Issuer divided by the average paid in capital during the year (calculated on a monthly basis) 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 is calculated annually by the Management Company and is accrued to the performance fee reserve. Once the performance fee reserve becomes positive, the performance fee can be paid to the Management Company. However, the performance fee for the year shall not exceed 0.4% of the Issuer's average net asset value per year (upper performance fee limit). Negative performance Fee shall not be less than -0.4% of the Issuer's average net asset value per year (lower performance fee limit). A performance fee for the first year of the Issuer (i.e. 2016) shall not be calculated. The performance fee first becomes payable in the fifth year of the Issuer (i.e. 2020) for the period of 2017, 2018, and 2019. The Depositary shall be paid a depositary fee for the provision of depositary services. The annual Depositary Fee will be 0.03% of the gross asset value of the Issuer, but the fee shall not be less than EUR 10,000 per annum. In addition, the Depositary shall be paid or reimbursed for fees and out-of-pocket expenses related to the transactions made on account of the Issuer. The fees and other expenses paid out of the Issuer (including out of SPVs) shall not exceed 30% of the net asset value of the Issuer per calendar year.
B.41	**Investment manager**	Northern Horizon Capital AS, registry code 11025345, address Tornimäe 2, 10145 Tallinn, Estonia, acts as the Management Company of the Issuer. Swedbank AS, registry code 10060701, address Liivalaia 8, 15040 Tallinn, Estonia acts as the depositary for the Issuer. The depositary may delegate its tasks to third party service provider in compliance with the regulations and the Fund Rules (the "Depositary").

B.42	**Net asset value calculation and communication**	The net asset value of the Issuer is calculated monthly, as of the last banking day of each calendar month. The net asset value of the Issuer and of a Unit shall be made available on the Website (www.baltichorizon.com), via a stock exchange release, and at the registered office of the Management Company on the 15th day of the following month at the latest.
B.43	**Cross liabilities in the case of umbrella collective investment undertaking**	Not applicable. The Issuer is not an umbrella collective investment undertaking and it has no investments in other collective investment undertakings.
B.45	**Description of the Fund's portfolio**	In June 2019, the Issuer held a portfolio of 14 commercial properties all of which were based in the capital cities of the Baltic States. On 27 February 2019 Duetto II in Vilnius was added to the portfolio and on 13th of June Galerija Centre in Riga was added (see Table 5). All buildings in the portfolio were operational and generating rent revenue. In addition, the Issuer owned a 0.87 hectare land plot next to Domus Pro for its further expansion. The total size of the Issuer's property portfolio amounted to EUR 338.5m of fair value (including a land plot for Domus Pro's expansion) and 142.6 thousand sqm of rentable area. Galerija Centre was the largest holding accounting for 22% of the portfolio's value. Europa was the second largest asset constituting approximately 12% of the total fair value followed by Postimaja and Upmalas Biroji, with 10% and 8% of the portfolio's value, respectively. The smallest property – Sky Supermarket – accounted for 2% of the total value.

Table 5: Issuer's property portfolio, as at 31 December 2018 (Duetto II as of 27 February 2019 and Galerija Centrs as of 13 June 2019)

Property	Acquisition date	Sector	Fair value, EUR'000[3]	Rentable area, sqm	Vacancy	WAULT, years
Vilnius						
Europa SC	2-Mar-2015	Retail	41,100	16,856	3.7%	3.9
Domus Pro	1-May-2014	Retail/ office	24,920	16,078	1.7%	3.9
Duetto I	22-Mar-2017	Office	16,320	8,498	0.0%[1]	3.3
Duetto II	27-Feb-2019	Office	18,323	8,636	0.0%1	5.2
Total Vilnius			**100,663**	**50,068**	**1.7%**	**4.0**
Riga						
Galerija Centre	13-June-2019	Retail	75,000[2]	20,073	2.5%	3.09
Upmalas Biroji	30-Aug-2016	Office	25,730	10,458	0.0%	3.0
Vainodes I	12-Dec-2017	Office	21,230	8,052	0.0%	14.9
LNK Centre	15-Aug-2018	Office	17,450	7,453	0.0%	6.6
Sky Supermarket	1-Jan-2013	Retail	5,390	3,254	0.6%	3.7
Total Riga			**144,800**	**49,290**	**1.1%**	**5.0**
Tallinn						
Postimaja	13-Feb-2018	Retail	32,450	9,145	9.1%	6.4

G4S Headquarters	12-Jul-2016	Office	17,240	9,179	9.8%	3.9
Lincona	1-Jul-2011	Office	17,170	10,871	0.0%	4.7
Coca Cola Plaza	8-Mar-2013	Leisure	14,470	8,664	0.0%	4.2
Pirita	16-Dec-2016	Retail	10,020	5,508	10.8%	6.4
Total Tallinn			**91,350**	**43,367**	**5.7%**	**5.0**
TOTAL DEVELOPED PROPERTIES			**336,813**	**142,725**	**2.7%**	**4.7**
Meraki land	16-May-2018		1,670			
TOTAL INVESTMENT PROPERTIES			**338,483**			

[1]Effective occupancy rate is 100% due to a rental guarantee
[2] Galerija Centre fair value is acquisition price
[3] Based on the latest valuation as at 28 December 2018

Low level of vacancy – 2.7% for the overall portfolio in March 2019 – indicated strong demand for space at the Issuer's properties. 7 buildings – Duetto I, Duetto II, Upmalas Biroij, Vainodes I, LNK Centre, Lincona and Coca Cola Plaza– had no vacant space. Effective vacancy rates at Duetto II and Pirita were equal to zero because their sellers provided 2-year (starting from acquisition dates) guarantees of full-occupancy net rental income. Vacant premises in Domus Proand Sky Supermarket comprised less than 2% of their rentable area. Overall vacancy in Riga is 1.1%, Vilnius 1.7% and in Tallinn slightly higher 3.7%.

The property portfolio was well diversified both in terms of sectors and locations. In June, retail and office segments constituted 54% and 42% of the total fair value of developed properties respectively. The remaining 4% were attributable to Coca Cola Plaza cinema complex representing a leisure segment. Location-wise, Riga with 5 properties comprised 43% of the total fair value of developed properties followed by Vilnius with 4 properties at 30% and Tallinn with 5 properties at 27%.

B.46	**Most recent net asset value per unit**	As of 31 May 2019, the Fund's NAV per unit amounted to EUR 1.3554 while EPRA NAV, the measure of long term NAV, stood at EUR 1.4554 per unit. These figures have not been audited or reviewed by independent auditors. The NAV of the Issuer as of 30 June 2019 shall be made available on 15 July 2019 on Issuer´s website and via stock exchange release, and at the registered office of the Management Company.

Section C - Securities

C.1	**Type and class of securities**	The Issuer has one class of Units and the New Units are from the same class. All New Units will be registered with the Estonian Register of Securities, with ISIN EE3500110244. Units traded on Nasdaq Stockholm are also held with Euroclear Sweden.
C.2	**Currency of securities issue**	Units are issued in euros. Units listed on Nasdaq Stockholm are nominated in SEK.
C.3	**Number of securities issued**	2,951,158 New Units were subscribed and will be issued during the private placement. Immediately after the issuance of New Units the total number of Units will be 100,915,202 Units.
C.5	**Restrictions on transferability of securities**	Units are freely transferable.
C.7	**A description of dividend policy**	The Issuer targets dividend distributions to its Unit-holders in the range between 80% of generated net cash flow and net profit adjusted for unrealized P&L items (such as valuation gains/losses on investment properties, net gains/losses on disposals of investment properties and deferred income tax). Dividends are to be paid on a quarterly basis.
C.8	**Rights attached to the securities**	The Unit-holders have the following rights deriving from the Units: - to purchase, sell, pledge or otherwise dispose of the Units; - to own the share of the Fund's assets corresponding to the number of Units owned by the Unit-holder;

		- to receive, when payments are made, pursuant to the Issuer Rules, the share of the cash flows of the Fund proportional to the number of Units owned by the Unit-holder; - to receive, pursuant to the Issuer Rules, the share of the assets remaining upon liquidation of the Fund proportional to the number of Units owned by the Unit-holder; - to convene a general meeting of Unit-holders (the "General Meeting") in accordance with the Issuer Rules and the law; - to participate and vote in the General Meeting pursuant to the number of votes provided for in Issuer Rules; - to propose supervisory board (as defined in section 11 of the Issuer Rules) member candidates for election in the General Meeting; - to request that the Registrar issue a certificate or an extract from the Register concerning the Units owned by the Unit-holder; - to demand that the Management Company compensate for any damage caused by a breach of its obligations; - to access, at the registered address of the Management Company, the documents and information specified in section 16.1 of the Issuer Rules and receive, upon respective request, copies of any of the documents specified in sections 16.1.1, 16.1.2, 16.1.4 and 16.1.12 of the Fund Rules without charge; - to exercise other rights and take other action as prescribed by law or the Issuer Rules. It is not allowed to exchange the Units with fund units of other funds managed by the Management Company.
C.11	**Admission to trading**	The Management Company will list the New Units on Nasdaq Tallinn and Nasdaq Stockholm. Holders of Units are entitled to have those Units traded on Nasdaq Stockholm or Nasdaq Tallinn. Trading in the New Units is expected to commence on Nasdaq Tallinn on or about 19 July 2019 and on Nasdaq Stockholm on or about 22 July 2019.
C.15 – C.20		Not applicable.

Section D - Risks

D.1	**Key risks specific to the Fund**	There are risks related to the Issuer and its business environment as well as to the Units which are listed below. The list is not exhaustive, because there may be additional risks and uncertainties not presently known to the Management Company, or risks that the Management Company currently believes are immaterial, which could also impair the Issuer´s business, financial condition and results of operations and, thereby, the Issuer´s ability to fulfil its obligations under the Units and the value of the Units. - Macroeconomic fluctuations could negatively affect the rent rates, vacancy levels, rental yields and cost of financing which, in turn, could have an adverse effect of the Issuer´s value of properties, financial position and cash flows. - Imbalance of euro area could have material adverse effect on the Issuer´s business, results of operations or financial condition. - The Issuer has a limited past performance, whereas also past performance is not a guarantee of the future performance of the Issuer. - The successful implementation of the Issuer's investment strategy is subject to risks such as limited availability of attractive commercial properties for sale, unfavourable economic terms of potential investment targets, intensive competition among investors for high quality properties and inability to raise debt financing at attractive terms. - The unaudited pro forma financial information provides no certainty that the assumptions used on drawing up the pro forma financial information turn out to be correct in the future. - Newly acquired real estate assets could require unforeseen investments and/or demonstrate lower than expected performance and financial returns. - If a tenant leaves, there is a risk that a new tenant may not be found at the equivalent economic terms or at all for some time. There is also a risk that a tenant may not pay rent on time or at all. - Increased competition in property industry may require the Issuer to invest in upgrading its properties and offer rent discounts to attract tenants. - A fair value of the Issuer's property portfolio is subject to fluctuations. - Investments in real estate are relatively illiquid and the Issuer may face difficulties if required to dispose of investments.

		- The Issuer employs a significant financial leverage when acquiring properties which also leads to interest rate risk, hedging risk and refinancing risk. - The Issuer may to a limited extent invest in development projects which typically involve greater risks than fully-developed properties. - The Issuer is dependant of the performance of the Management Company. - The Issuer´s insurance policies could be inadequate to compensate for losses associated with damage to its property assets, including loss of rent. - The Issuer's properties could be subject to unidentified technical problems which could require significant capital investments. - The Issuer may be drawn into legal disputes with tenants or counterparties in real estate transactions. - Use of external service providers involves risks related to the quality of services and their cost. - The Issuer could be held liable for environmental damage incurred in a property owned by the Issuer. - Potential damage to the Issuer´s reputation could affect its ability to attract and retain tenants at its properties as well as Management Company's ability to retain personnel.
D.3	**Key risks specific to securities**	Risk related to the Units: - Investors may lose the value of their entire investment in the Issuer. - There is no guarantee that an active trading market for the Units will develop or be sustained. - Potential future issuances of new Units could lead to dilution of unitholders holdings in the Fund and reduction in earnings per unit. - Court proceedings in Estonia and enforcement of judgements by foreign courts in Estonia may be more complicated or expensive than in investor's home country. - The tax consequences for the Swedish Unit-holders would depend on the assets directly held by the Fund and will vary over time if the Issuer's assets change. - Neither the payment of future dividends, nor their size are guaranteed. - Dual listing on Nasdaq Stockholm and Nasdaq Tallinn may entail logistic and technical issues for Unit-holders who have their Units held with Euroclear Sweden. The Nasdaq Tallinn and the Nasdaq Stockholm have different characteristics as well as liquidity and as a result of these differences, the trading price of the Units may not be the same at any given time. - Changes in legislation may have material adverse effect of the Issuer´s business and financial condition. - Investors whose financial activities are denominated in other currencies than euro or Swedish krona, may suffer from changing currency exchange rates. - Adverse change in the financial condition of the Issuer may cause decline in the market price of the Issuer Units.

Section E - Offer

E.1	**Net proceeds and expenses of the Private Placement**	The Issuer received net proceeds of EUR 4m. Majority of the expenses related to the private placement and listing of New Units were related to advisory costs in conjunction with the private placement and amount to approximately EUR 0.03m. This corresponds to 0.03% of the Fund´s total NAV immediately after the private placement.
E.2b	**Reasons for the private placement and use of proceeds**	Proceeds from the issue of the New Units are used to finance the latest acquisition of the Fund – Galerija Centrs shopping centre in Riga, Latvia.
E.3	**Terms and conditions of the private placement**	New Units are issued in the course of private placement directed to one institutional investor. - Date of subscription agreement: 28 June 2019 - Issue date: 18 July 2019 - Amount of New Units issued: 2,951,158 - Aggregate nominal value of the New Units: EUR 4 million - Offer price: 1.3554 (equal to NAV of the Unit of the Issuer as at 31 May 2019) - Dividend payment: quarterly basis - Register of Units: Nasdaq CSD SE - Applicable law: Estonian law or Swedish law (if Units are traded at Nasdaq Stockholm)

E.4	**Material and conflicting interests**	The Management Company is not aware of any conflicts of interests related to the private placement.
E.5	**Entity offering to sell securities and lock-up agreements**	None of the existing Unit-holders sold any Units during the private placement. As of the date of this Listing Prospectus, no Fund Units are under lock-up agreements.
E.6	**Dilution resulting from the Private Placement**	Immediately after the issuance the New Units amount to 2.92% of the total number of Units of the Issuer.
E.7	**Expenses charged to the investor**	The Issuer will not charge any expenses to the investor with respect to issuance of the New Units. The Issuer shall pay any registration fee and other public fees accruing in connection with the private placement, but not in respect of trading in the secondary market (except to the extent required by applicable law), and shall deduct at source any applicable withholding tax payable pursuant to law.

2. RISK FACTORS

Any investment in the Units is subject to a number of risks. Accordingly, prior to making any investment decision, prospective investors should carefully consider all the information contained in this Listing Prospectus and, in particular, the risk factors described below. The Management Company considers the following risks to be material for prospective investors in the Issuer.

However, the following is not an exhaustive list or explanation of all risks that prospective investors may face when making an investment in the Units and should be used as guidance only. Additional risks and uncertainties not currently known to the Management Company, or that the Management Company currently deems immaterial, may also have an adverse effect on the Issuer's financial condition, business, prospects and/or results of operations. In such case, the market price of the Units could decline and investors may lose all or part of their investment. Investors should consider carefully whether an investment in the Units is suitable for them in light of the information in this Listing Prospectus and their personal circumstances. Investors should consult a competent independent professional advisor who specializes in advising on the acquisition of fund units. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materializing, of the potential significance of the risks or of the scope of any potential harm to the Issuer's business, financial condition, results of operations and prospects. Prospective investors should read this section in conjunction with this entire Listing Prospectus.

Risks related to the Issuer

Exposure to macroeconomic fluctuations

Real estate industry in general and the Issuer are materially exposed to macroeconomic fluctuations. Such factors as general business cycle, GDP growth, inflation, employment, wage growth and interest rates influence demand and supply in the property market. Economic downturn could negatively affect rent rates, vacancy levels, rental yields and cost of financing which, in turn, could have an adverse effect on the Funds's value of properties, financial position and cash flows.

Real estate properties that the Issuer owns are all located in the Baltic States. The Issuer's investment strategy stipulates that all additions to the property portfolio will also be based in the Baltics. Hence, the Issuer is primarily exposed to the economic developments in Lithuania, Latvia and Estonia. However, since these economies are rather small and actively engaged in foreign trade, the Baltics are not immune to regional and global macroeconomic fluctuations. Baltic economies are closely linked with the health of the overall EU and the euro area - their main trading partner, a source of structural funds and, due to the adoption of single currency, a base for monetary policy. A slowdown in the EU may negatively affect economies of the Baltic States leading to an adverse effect on the Issuer's business operations.

Economic growth impacts employment which drives demand for office space. Employment and wage growth, also influenced by GDP expansion, affect retail trade – a basis for demand for retail space. Thus, GDP growth rate (as well as expectations for future growth) is an important factor in regards to formation of demand for commercial space.

Expansion rates of Baltic economies gathered pace in the course of 2018 with Estonian GDP adding 3.9%, Lithuanian 3.4% and Latvian 4.8%. In Estonia, The largest contributor to the GDP growth in Estonia was the construction sector, which remains highly dependent on public sector demand and, in turn, susceptible to fluctuations in the absorption EU funding. The employment level stands above 68% placing Estonia at the top in the ranking of EU countries. Unemployment rate in Estonia in 2018 was 5.7%. The situation in Lithuanian and Latvian labour markets has also become tighter, mainly due to emigration and skill mismatches (the two respective levels unemployment were 5.8% and 7.1% in 2018). Trends in migration, last quarter of 2017 and during 2018 in Lithuania have started to turn with the number of people leaving the country finally falling, whereas immigration has started to increase. In Latvia, due to rising number of vacancies and demand for workers in construction, retail, and transport sectors, unemployment level is expected to drop to 6.4% in 2019.

GDP growth in all three Baltic countries is expected to slow down moderately (by 0.5-1.3 percentage points) in 2019, but still remain well above the last 5 years' average in the next couple of years. Extended periods of slower economic growth could put pressure on vacancy levels, rent rates and yield requirements that may negatively affect the Issuer's value of properties, financial position and cash flows.

The majority of the Issuer's lease agreements with tenants stipulate that rent rates are indexed to CPI. Low inflation or deflation could result in slower than anticipated growth in rent rates and rental income. The European Central Bank (ECB), which sets the monetary policy for the Baltic States (as they are members of the euro zone), targets consumer price growth of slightly below 2%. In 2018, the rate of inflation in the Baltics increased well above the ECB target and was among the highest in EU-28 (prices increased 3.4% in Estonia and 2.5% in Lithuania, whereas in Latvia a rate of 2.6% was registered). In 2019-2020, price growth in all three countries is expected to slow, but to remain above the 2% mark. More moderate price growth should ease the downward pressure on private consumption in the Baltics.

Imbalance of the EMU could have a material impact on the Fund's business

All the countries where the Issuer holds its real estate property are member states of the EU as well as belong to the EMU, i. e. have euro as their currency. Financial risks related to the euro area and its member states may affect the Issuer's operating environment either directly or indirectly through the common currency and monetary policy. The prolonged and deep fiscal deficits, high indebtedness and unemployment rate in certain EMU member state constitute significant economic problems. If the normalization of the imbalances arisen in the economy of the euro area cannot be solved to a sufficient extent and confidence in the public economy of the euro area cannot be restored, this may have a material adverse on the Issuer's business, results of the operations, or financial condition.

Limited operating history of the Fund

The Issuer was established in 2016 and has limited prior operating history upon which an investor can base his/her expectations for future success or failure. However, before formation of the Issuer the Management Company has been engaged in the management of Baltic Opportunity Fund which was merged into the Issuer. The Management Company has significant experience from managing the property that was assigned to the Issuer through the Merger. Therefore, the experience from managing of BOF and success in the business in general and in structuring and negotiating acquisitions and investments in particular can be used in the managing of the Issuer. Still, the past performance of these investments is not necessarily indicative of the future investment results of the Issuer.

Implementation of investment strategy

As at the date of this Listing Prospectus, the Issuer owns 13 commercial properties, representing a total rentable area of 122.4 thousand sqm. Using proceeds from the private placement, the Issuer continues developing existing portfolio, e.g. further development of Postimaja and next stage of Domus Pro. Proceeds can also be used for possible future acquisitions. Over long term the Issuer aims to expand the property portfolio substantially by acquiring attractive commercial, primarily office and retail, real estate assets at central and strategic locations in Lithuania, Latvia and Estonia. The successful implementation of the investment strategy is subject to risks such as limited availability of attractive commercial properties for sale, unfavourable economic terms of potential investment targets, intensive competition among investors for high quality properties and inability to raise debt financing at attractive terms.

Availability of properties for potential acquisitions depends on the total size of the real estate market, development activity of new projects, yield dynamics and general macroeconomic conditions. According to Colliers, in 2017 volume of property transactions in the Baltics reached EUR 0.9 bn of which office and retail properties accounted for ~70% (~0.66 bn). At the end of 2017 office stock amounted to ca. 2,0 million sqm GLA and space in shopping centers was 1,9 million sqm GLA in the capital cities of the Baltic States. Development of new projects has accelerated in recent years and most of new developments were successful in attracting tenants so far. Not all properties fall under the Issuer's selection criteria for investment targets. The Issuer is pursuing top-of-the-market assets at central and strategic locations and in high demand from tenants.

Availability of commercial properties is also determined by their owners' willingness to sell which tends to increase with declining yield requirements in the real estate market. However, this may result in assets being too highly priced and, hence, economically unattractive for investment. Property prices may also be pushed up by intensive competition among real estate investors. Competitors could have greater financial resources and lower cost of capital than the Issuer allowing them to pay higher prices.

In long term, the Issuer targets LTV ratio of 50%. Ability to borrow at attractive terms plays a major role in the investment strategy. Availability and attractiveness of debt financing are linked to interest rates and general situation in financial markets. Increased interest rates and a negative climate in the markets could limit the Issuer's ability to pursue its investment strategy.

The past performance is not a guarantee of the future performance of the Fund

The Issuer is reliant on the Management Company to identify and manage prospective investments in order to create value for Issuer unit-holders and bondholders. The past performance of the Issuer is not indicative, or intended to be indicative, of the future performance or results of the Issuer. As a result, none of the historical information presented by the Issuer or available publicly is directly comparable to the Issuer's business or the returns which the Issuer may generate. In addition, the previous investments of the Issuer may not be directly comparable with the Issuer's proposed business.

Acquisition of properties and their performance

Any decision by the Issuer to acquire a property is based on thorough evaluation and due diligence of an asset. Numerous factors that the Issuer assesses include the technical shape of a property, operating and financial performance, tenants mix, future cash flow generation, rate of return and how an asset fits the Issuer's investment strategy and existing portfolio. However, there is a risk that the Issuer in its examination of potential investment target could fail to identify and address certain important factors and associated risks.

The Issuer aims to acquire full title to each property, however in some cases the Issuer may decide to acquire property in co-ownership with third parties. Thus, situations may arise where the Issuer may be prevented from the use of land on commercially acceptable terms due to the use of land or conditions set by other co-owners. For example, Europa SC is located on land plots in co-ownership with third persons. Although, Europa SPV is in the process of agreeing on specific land use and lease terms with the other co-owner, there is a risk in such situations that the Issuer may be obliged to pay unplanned rent for the use of the land (also retrospectively). In addition, disagreements or lack of agreements with other co-owners may restrict the Issuer to obtain relevant construction permits for reconstruction or repair the property. If the co-ownerships were to develop in a way that is disadvantageous to the Issuer, this could have a negative impact on the Issuer's operation, financial positions and earnings.

There is no guarantee that cash flow projections in property appraisals will resemble actual future cash flows. Hence, newly acquired real estate assets could require unforeseen investments and/or demonstrate lower than expected performance and financial return adversely affecting the Issuer's financial position and cash flows.

The unaudited pro forma financial information may not provide correct image of the past or future financial position or business results of the Issuer

The purpose of the unaudited pro forma financial statements included in Section 5.20 – Unaudited Pro Forma Financial Information – is to demonstate the possible effect of acquiring Galerija SPV on the Issuer´s results and financial position in case the transaction would have taken place at the time presented in the pro forma financial information. The unaudited pro forma information is presented for illustrative purposes only. Because of its nature, the pro forma financial information addresses a hypothetical situation how the income statement of the Issuer would have formed in case the acquisition of Galerija SPV had taken place on 1 January 2018, and how the balance sheet would have formed, if the acquisition had taken place on 31 December 2018.

Pro forma adjustments are based on the available information and the assumptions made by the Management Company. There is no certainty that the actual financial position or results of the Issuer would have developed as assumed in pro forma financial information or that the assumptions used on drawing up the pro forma financial information turn out to be correct in the future.

Specific investment risks

With respect to investments in the form of real estate property, the Issuer will incur the burden of ownership, which includes the paying of expenses, taxes, maintaining such property and any improvements thereon and ultimately disposing of such property. In order to meet demands from the market or government authorities or other legal requirements, maintenance costs may be substantial and unforeseen. In addition, certain of the mortgage financing is structured so that all or a substantial portion of the principal will not be paid until maturity, which increases the risk of default at that time. The risk of partial or a total loss of capital does exist and investors should not subscribe unless they can readily bear the consequences of such a loss.

Tenants and rental income

The Issuer's revenue will be mainly comprised of rents paid by tenants at its retail and office properties. If a tenant decides not to renew or extend a lease agreement, there is a risk that a new tenant may not be found at the equivalent economic terms or at all for some time adversely affecting rental income of the property. The Issuer seeks to minimize this risk by limiting concentration of tenants, signing long term lease agreements and scattering their ending dates over time horizon (to avoid many lease contracts ending at one point in time). There is also a risk that a tenant may not pay rent on time or at all failing to meet its contractual obligations to the Issuer. This risk increases in the times of economic downturn. Any decrease in rental income is likely to negatively affect the Issuer's value of properties, financial position and cash flows.

2 of the properties belonging to the Issuer - Coca Cola Plaza and G4S Headquarters in Tallinn - have a single tenant, Forum Cinemas and G4S respectively, occupying 100% of the properties. If they terminate their lease agreements, there is a risk involved with finding

new tenants. Furthermore, the premises may have to be renovated and adjusted to serve new tenants, which could affect the Issuer's financial condition and returns negatively.

If tenants risk realizes, the Issuer's ability to comply with the loan agreements may be endangered. Should the Issuer breach the covenants of the loan agreements, additional financing costs may arise and accelerated debt repayments may be demanded. That may lead to additional capital raisings by the Issuer or its restructuring.

Competition

Commercial real estate is a competitive industry. To maintain the attractiveness of its properties the Issuer has to react quickly to changes in the competitive environment. Possible responses to competitors' actions include upgrading properties with new features (for instance, smart technologies and environmental solutions), their refurbishment, rent discounts and greater promotion and marketing activities. These could result in unforeseen substantial expenses adversely affecting the Issuer's financial position and cash flows.

Supply of commercial premises increases with commissioning of newly developed properties. If additions to the supply are not matched by an increase in demand for commercial space, new properties could raise vacancy levels and reduce rent rates in the market, especially, for older and lower quality premises as tenants tend to prefer newer spaces. Therefore, elevated development activity in office and retail property markets in the Baltics may have an adverse effect on the Issuer's rental income and, in turn, on its value of properties, financial position and cash flows.

Fluctuations in value of property portfolio

The Issuer's properties will be recognized at fair value on the balance sheet while changes in this value are recorded on the income statement. The fair value of each property is estimated by an independent appraiser twice a year. Valuation is based on a discounted cash flow model which takes into account property-specific factors (rents, vacancy rates and operating costs) and industry-specific factors (costs of capital and exit yield). Since these factors are subject to variation over time, the fair value of the Issuer's properties could both appreciate and depreciate. Weakening characteristics of the property portfolio (declining rents and occupancy) and/or negative climate in the real estate industry (increased cost of capital and higher yield requirement) would result in the decrease in the fair value of the Issuer's assets adversely affecting its earnings and financial position.

Real estate investments are relatively illiquid

Investments in property can be relatively illiquid for reasons including but not limited to the long-term nature of leases, commercial properties being tailored to tenants' specific requirements and varying demand for commercial property. Such illiquidity may affect the Issuer's ability to vary its portfolio or dispose of properties in a timely fashion and/or at satisfactory prices in response to changes in economic, property market or other conditions. This may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

If the Issuer is required to dispose of investments at any time (for example due to a requirement of the lending bank), there can be no assurance that, at the time the Issuer seeks to dispose of assets (whether voluntarily or otherwise) relevant market conditions will be favourable or that the Issuer will be able to maximise the returns on such disposed assets. It may be especially difficult to dispose of certain types of real estate during recessionary times. To the extent that market conditions are not favourable, the Issuer may not be able to dispose of property assets at a gain and may even have to dispose of property assets at a loss. Furthermore, the Issuer may be unable to dispose of investments at all, which would tie up the capital invested in such assets and could impede the Issuer's ability to take advantage of other investment opportunities.

Interest rate risk and leverage

Debt is a significant source of financing for the Issuer. It targets 50% LTV ratio implying that half of the capital requires interest payments. The Issuer's cost of debt depends primarily on the market interest rates, margin demanded by credit providers and Issuer's targeted debt management strategy – weights of fixed and variable debt, duration of debt. Fluctuations in interest rates could adversely affect the Issuer's financial position, cash flows and its ability to acquire new properties.

Hedging Risks

In connection with certain investments the Management Company may employ hedging techniques designed to protect the Assets against adverse movements in for example interest rates. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. In case the derivative has to be terminated prematurely due prepayment of the loan ahead of its schedule, change of other financing terms or full repayment of the loan before its maturity, termination cost of hedging might be very high depending on interest rate on the market.

Thus, while the Issuer may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates or currency exchange rates may result in a poorer overall performance for the Issuer than if it had not entered into such hedging transactions

Refinancing risk

At maturity of the Issuer's debts, the Issuer will be required to refinance such debt. The Issuer's ability to successfully refinance such debt is dependent on the conditions of the financial markets in general at such time. As a result, the Issuer's access to financing sources at a particular time may not be available on favourable terms, or at all. The Issuer's inability to refinance its debt obligations on favourable terms could have a material adverse effect on the Issuer's business, financial condition and results of operations.

Proerty development risk

The Issuer may, to a limited extent, invest in distressed assets, undeveloped land and certain development properties. Such investments may also be made in companies or ventures, with a view to acquiring or leasing land upon which such co-investors may become tenants on favourable terms. Undeveloped land and development properties typically involve greater risk than existing properties as they do not generate operating revenue while incurring costs, including construction and development costs, property taxes and insurance. Risks associated with development activities also include the risk of spending capital and resources on projects that may end up being abandoned, construction cost overruns, time delays and that occupancy levels and rental rates are lower than originally anticipated.

Moreover, if the Issuer's third party contractors fail to successfully perform the services for which they have been engaged, either as a result of their own fault or negligence, or due to the Issuer's failure to properly supervise any such contractors, this could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

Liquidity risk

Liquidity risk is the risk that the Issuer cannot meet its payment obligations at the due date without the cost of obtaining means of payment increasing substantially. If the Issuer's sources of funding are not deemed sufficient, this may have a material adverse effect on the Issuer's business, financial condition and results of operations.

Reliance on the performance of the Management Company

The Issuer's asset portfolio is to be externally managed and the Issuer will rely on the Management Company, and the experience, skill and judgment of the Management Company, in identifying, selecting and negotiating the acquisition of suitable investments. Furthermore, the Issuer will be dependent upon the Management Company's successful implementation of the Issuer's investment policy and investment strategies, and ultimately on its ability to create a property investment portfolio capable of generating desirable returns. There can be no assurance that the Management Company will be successful in achieving the Issuer's objectives.

The Management Company is also responsible for carrying out the day-to-day management and administration of the Issuer's affairs and, therefore, any disruption to the services of the Management Company could cause a significant disruption to the Issuer's operations until a suitable replacement is found. The Management Company holds an alternative investment fund manager license issued by EFSA. If due to any reason the license is revoked or suspended, the Management Company will not be allowed to manage the Issuer. In such case the management of the Issuer will be transferred to the Depositary of the Issuer, who will have to find a new management company, or start liquidation. During such period the Issuer will not have active management, which may have negative consequences for the financial results of the Issuer.

Moreover, there may be circumstances in which the members of the Management Board or Supervisory Council of the Management Company have, directly or indirectly, a material interest in a transaction being considered by the Issuer or a conflict of interest with the Issuer. The Supervisory Board of the Issuer has the right to decide on the situations of conflict of interest.

The Issuer or its subsidiaries employ no staff. However, the Management Company of the Issuer needs personnel in order to facilitate management of the Issuer and provide related services. Therefore, the success of the Issuer's operations depends on its Management Company's ability to hire, motivate and retain professionals with required skills, knowledge and experience. An unexpected departure of a fund manager and delays in selection of a replacement may negatively affect the Issuer's operations, implementation of its strategy and financial results.

Insurance coverage

The Issuer's insurance policies could be inadequate to compensate for losses associated with damage to its property assets, including loss of rent. According to the Issuer's strategy, insurance of each property has to include rent coverage of at least 18 months in the case of fire, destruction or other events that could damage a property. Any losses exceeding amounts covered by insurance contracts may have an adverse effect on the Issuer's business operations, financial position and cash flows.

Technical risks

Although the Issuer invests in the maintenance of its existing properties and conducts a thorough technical examination of potential investment targets, its properties could be subject to technical problems such as construction defects, other hidden defects and contamination. Elimination of these problems could require substantial investments and, thus, have an adverse effect on Issuer's financial position and cash flow.

Changes in legislation and taxes

The Issuer's operations are regulated by the legislation of each country where itself or its SPVs operate. In addition, the Issuer's operations may be affected by regional or supranational regulations, such as EU legislation. In the view of the Management Company, the Issuer complies with all legislative requirements and other regulations as at the date of this Listing Prospectus. Legislation and other regulations may, however, change, and the Management Company cannot guarantee that it would in such cases be able to comply immediately, without material measures, with the requirements of changed legislation or other regulations. For instance, changes in law and regulations or their interpretation or application practices concerning investment activities, environmental protection and taxation may have a material adverse effect on the Issuer's operations. Adapting the Issuer's operations to any of the changes described above may incur costs for the Issuer that are difficult to anticipate, which in turn may have a material adverse effect on the Issuer's business, results of operations, and financial condition.

Dispute risks

The Issuer has currently no ongoing tax or civil court cases or other issues that could have a significant negative impact on the Issuer's business, financial position and earnings.

The Issuer's business is investing in real estate properties whose space is leased out to tenants. There is a risk that the Issuer may be drawn into legal disputes with tenants or counterparties in real estate transactions. Negative outcome of such disputes could adversely affect Issuer's operations, financial position and cash flows. The Management Company uses its best endeavours to conclude agreements correctly and communicate in a respectful manner with all counterparties. All misunderstandings are tried to be settled by a mutual agreement. Nevertheless, the emergence of disputes cannot be excluded.

Use of external service providers

The Management Company utilises external service providers in its operations in connection with maintaining and constructing the Issuer's properties, generally in relation to the Issuer management, as well as in connection with the planning development projects. The availability, terms and conditions, price, and quality of these external services, as well as the possibility of transferring any increases in the cost of these services to the tenants, are material to the Issuer's business. The failure to procedure services or to transfer the increase in their costs to tenants may have a material adverse effect on the Issuer's business, result of operations, and financial condition. Nevertheless, the Management Company does not regard this risk as a major risk, because firstly, the Management Company chooses service providers with due care, and secondly, in case of a failure of a service provider to provide a service, the Management Company is able to find a replacement or is able to provide the services itself.

Environmental liabilities

As the owner of real estate property, the Issuer could be held liable for possible environmental damage caused by operations carried out in such property if such operations have not been carried out in accordance with applicable regulations. Although in the Management Company's view properties that the Issuer targets to invest in are generally not used for operations that could be particularly harmful to the environment, it cannot be ruled out that the Issuer could be held liable for environmental damage incurred in a property owned by the Issuer. Such environmental liability could, if materialised, have a material adverse effect on the Issuer's business, results of operations, and financial condition.

Damage to the Fund's reputation risk

The Issuer's ability to attract and retain tenants at its properties as well as Management Company's ability to retain personnel in its employment may suffer if the Issuer's reputation is damaged. Matters affecting the Issuer's reputation may include, among other things, the quality and safety of its properties and compliance with legislation and official regulations. Any damage to the Issuer's reputation may have a material adverse effect on the Issuer's business, results of operation, and financial condition.

Risks Related to the Listing and the Units

Market risks and volatility

No assurance can be made that following the private placement the Units will be actively traded on Nasdaq Tallinn or Nasdaq Stockholm. Since 6 July 2016 the Units have been listed on Nasdaq Tallinn where the total turnover of trading in the Units since listing has been over EUR 17m. Since 23 December 2017, the Units have been listed on Nasdaq Stockholm where the total turnover of trading in the Units since listing has been over EUR 5m. There is no guarantee that an active trading market on Nasdaq Tallinn or Nasdaq Stockholm will be developed or sustained.

The level of liquidity of the Units will affect formation of their market price. The Offer Price may not be representative of the Unit market price after the Listing. What is more, market price and trading volume could fluctuate substantially reacting to a number of factors including changes in the Fund's actual results and investors' and analysts' expectations of its future results, developments in real estate market and general economic conditions, valuations of comparable companies and general stock market trends. Such factors as general macroeconomic and stock market trends fall out of control of the Issuer and the Management Company. Hence, there is a risk that Unit price performance will not reflect operating performance of the Fund, especially, during stock market downturns. Since prices of publicly traded securities can increase as well as decrease, investors that acquire the may not be able to resell them in the secondary market at or above the purchase price.

In addition, the Units are not redeemable at the request of a Unit-holder, which means that the Management Company will not redeem Units at the NAV of the Unit. The Unit-holder can only dispose its Units via market trade on the stock exchange or over-the-counter trade with a third person at the price as agreed between the parties. Therefore, the Unit-holder may need to sell its Units at a price lower than the NAV of the Unit.

New issues of the Fund's Units

In the future additional Units may be issued in order to finance acquisition of new properties, reduce debt or due to other reasons. This could lead to dilution of holdings of Unit-holders. In addition, new issues could reduce earnings per Unit and NAV per Unit. Therefore, offering of additional Units in the future may negatively affect the market price of the Unit.

To the extent that a Unit-holder of the Issuer decides not to subscribe, or is restricted from subscribing, for the full amount of Units such Unit-holder would be entitled to in any possible future Unit issues by the Issuer, the proportionate ownership and voting interest in the Fund of such Unit-holder would be diluted accordingly and the percentage of the Units of the Fund represented by such Unit-holder's original Units will be proportionally reduced.

Future sales of the Issuer's Units

After the completion of the private placement, existing Unit-holders of the Fund will own 97.08% of the total number of Units. A sale of a large number of Units (or an expectation of such a sale by the market) may negatively impact the Unit market price.

The Fund is subject to regulatory and legal risks related to the securities' issues

An issuance of Units or other securities by the Issuer in or into certain jurisdiction may be subject to specific registration, admission or qualification requirements or other restrictions imposed by local law or regulatory authorities, or be prohibited altogether. The Management Company uses its best efforts to comply with restrictions, but it cannot be excluded that due to ambiguities related to the application of and practice related to such restrictions, or due to any other reason, the Issuer may become subject to regulatory or legal proceedings potentially resulting in fines or penalties or liability for damages.

Court proceedings in Estonia and enforcement of judgements by foreign courts

The Issuer and the Management Company are registered in Estonia, and the Management Company has its registered office in Estonia. Any disputes regarding the rights and obligations under the Fund Rules and regarding the operations of the Management Company thereunder shall be resolved in the courts of Estonia. Therefore, for the investors in Sweden, Finland or Denmark, or elsewhere outside Estonia, it may be more difficult and expensive to file claims or other documents relating to the court proceedings in Estonia than in their home country. For example, investor may need to translate the prospectus or other fund documentation in foreign language into Estonian. Should a foreign court accept proceedings against the Fund or the Management Company, the judgements of the courts of the member states of the European Union (except Denmark) must be recognised and enforced in Estonia either under Council Regulation (EC) No 1215/2012 or Regulation (EC) No 805/2004 of the European Parliament and of the Council without any special procedure being required. However, the enforcement process may be more complicated and expensive than in the investor's home country.

Taxation of Swedish investors

The Issuer is an Estonian real estate investment fund, investing directly and/or indirectly in real estate located in the Baltic States which is structured differently from most other investment vehicles that are offered on the Swedish market. From a Swedish perspective, an investment vehicle cannot be characterized as an investment fund or a special fund if it directly or indirectly invests in real estate. Therefore, the Issuer, as a contractual fund, from a Swedish tax perspective most likely would be considered as transparent. Swedish Unit-holders, investing directly in Units would therefore most likely be considered as holding the Fund's assets directly.

The tax consequences for the Swedish Unit-holders therefore would depend on the assets directly held by the Issuer and will vary over time if the Issuer's assets change. The tax treatment of each individual Unit-holder will also depend partly on his or her specific situation. Therefore, each Unit-holder should seek independent tax advice about the tax consequences that an investment in a Unit may entail for them, including the application and effects of foreign tax rules and tax treaties. See further for the taxation in Estonia and Sweden in section 8 "Taxation".

Future dividends

Neither the payment of future distributions out of the cash flows of the Issuer, nor their size can be guaranteed. The Management Company targets to pay out to Unit-holders at least 80% of the distributable cash flow which is defined as cash flow from operating activities less capital expenditure to maintain the quality of properties and less financing expenses. The Issuer's ability or willingness to make distributions will depend on other factors including its financial position, capital expenditure and outlook for future cash flows. These factors are affected by numerous Issuer- and industry-specific risks. Thus, distributions are not certain.

Adverse change in the financial condition or prospects of the Issuer

Any adverse change in the financial condition or prospects of Issuer may have a material adverse effect on the liquidity of the Units, and may result in a material decline in their market price.

No assurance on change of laws or practices

The Units are governed by the laws of the Republic of Estonia. Estonian laws (including but not limited to tax laws) and regulations governing the Units may change during the life of the Units, and new judicial decisions can be issued and/or new administrative practices be adopted. No assurance can be given as to the impact of any of such possible changes of laws or regulations, or new judicial decision or administrative practice taking place after the date of purchase of the Unit. Hence, such change may have a material adverse effect on the Issuer's business, financial condition, results of operations and/or future prospects.

Adverse changes in the tax regime applicable in respect of transacting with the Units or receiving dividends based on the Units may result in an increased tax burden of the Unit-holders and may therefore have adverse effect on the rate of return from the investment into the Units.

Nasdaq CSD SE

The Units will be affiliated to the account-based system of the Nasdaq CSD SE (Societas Europaea) – the regional central securities depository in the Baltics. Clearing and settlement relating to the Units will be carried out within the depository's book-entry system. Investors are therefore dependent on the functionality of the Nasdaq CSD SE's account-based system.

Risks Related to the Secondary Listing

Double affiliation to CSDs

All Units traded will be registered with the Register. Units traded at the Nasdaq Stockholm will be held through a custodian and mirrored in Euroclear Sweden. Euroclear Sweden will hold all interests in relation to the Swedish Registered Fund Units (please see definition below) for the sole purpose of enabling clearing and settlement of such interests in uncertified and dematerialised book-entry form in the records maintained by Euroclear Sweden, for the benefit of the ultimate beneficial owners. There is a risk that this solution could entail logistic and technical problematics for Unit-holders who have their Units held by Euroclear Sweden. Such issues may lead to disruptions in *e.g.* transfers of Units between the CSDs, receipt of dividends and messages sent via the CSDs.

The Nasdaq Tallinn and the Nasdaq Stockholm have different characteristics

The Nasdaq Tallinn and the Nasdaq Stockholm have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading price of the Units on the Nasdaq Tallinn and the Nasdaq Stockholm may not be the same at any given time. Also the liquidity on Nasdaq Stockholm and Nasdaq Tallinn may be different.

Furthermore, fluctuations in the Unit price on the Nasdaq Tallinn could materially and adversely affect the Unit price on the Nasdaq Stockholm (and vice versa). Moreover, fluctuations in the exchange rate between the euro and the Swedish krona could materially and adversely affect the prices of the Units listed on the Nasdaq Tallinn and the Nasdaq Stockholm.

As a fund listed on Nasdaq Tallinn and Nasdaq Stockholm, the Fund will be subject to both Estonian and Swedish laws, regulations and policies

Swedish laws, regulations and policies may differ in some respects from comparable laws, regulations and policies in Estonia. The differences in compliance requirements may expose the Fund to additional regulatory burdens. In the event of any conflict between the applicable laws, regulations and policies in Estonia and those in Sweden, the Issuer will have to comply with the more onerous rules and may incur additional costs and require additional resources.

Certain Swedish regulations will not apply to the Fund

The Issuer, whose primary listing is on the Nasdaq Tallinn, and secondary listing on Nasdaq Stockholm has been granted, a number of waivers and exemptions from Nasdaq Stockholm listing requirements. Unit-holders therefore will not obtain the rights and benefits afforded under those Nasdaq Stockholm listing requirements for which the Fund has been granted waivers and exemptions by Nasdaq Stockholm. Additionally, if any of these waivers or exemptions were to be revoked, the Fund may be subject to additional legal and compliance obligations, which might be costly and time consuming to comply with, which could adversely affect the Issuer and Unit-holders.

Exchange rate fluctuations

The Fund conducts its business in euro – the official currency in all three Baltic States. Properties in the Fund's portfolio generate cash flows in euro and, thus, their primary values are also in euro. Should the Fund pay dividends, such dividends will be paid in euro as well, however, Unit-holders of Units held with Euroclear Sweden will, in general, receive dividend distributions in SEK. The conversion in relation to dividends will be made by Euroclear Sweden. Any depreciation of euro in relation to SEK could reduce the value of the investment or of any dividends, and any appreciation of euro could increase the value in any such investment or dividends. Furthermore, the holding of Units held with Euroclear Sweden by an investor whose principal currency is not SEK would expose the investor to additional foreign currency exchange rate risk.

3. INFORMATION ABOUT THE LISTING PROSPECTUS

This Listing Prospectus has been prepared by the Management Company in connection with the listing of the Units on the Nasdaq Stockholm and Nasdaq Tallinn in accordance with the Estonian laws implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as amended, (the "Prospectus Directive") and in accordance with the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing the Prospectus Directive, as amended (the "Prospectus Regulation"). The Listing Prospectus has been prepared in accordance with Annexes I, II, XII, XV and XXII of the Prospectus Regulation.

This Listing Prospectus constitutes a prospectus in the form of a single document within the meaning of the Prospectus Directive and the Securities Market Act of Estonia and has been approved as such under the registration number 4.3-4.9/3102 by the Estonian Financial Supervision Authority (Finantsinspektsioon) (the "EFSA"), in its capacity as the competent authority in the Republic of Estonia. Registration of the Listing Prospectus in the EFSA does not mean that the EFSA has controlled the correctness of the information presented in this Listing Prospectus.

New Units offered during Private Placement were marketed as part of the Private Placement in Member States of the EU in accordance with laws implementing Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (the "AIFM Directive"). The Management Company has notified the EFSA of the EU Member States where it intends to market the Fund to professional investors in accordance with § 410 (1) of the Estonian Investment Funds Act. The EFSA has forwarded notifications to the competent authorities in respective Member States. See section 7.6 "Terms and Conditions of the private placement".

No person has been authorized to give any information or to make any representation in connection with the Listing Prospectus other than as contained in this Listing Prospectus and, if given or made, such information or representation must not be relied upon as having been authorized by the Management Company

THE NEW UNITS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

Each purchaser and subscriber of the Fund Units must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, subscribes, offers or sells the Fund Units or possesses or distributes this Listing Prospectus and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Fund Units under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, subscriptions, offers or sales, and none of the Management Company and the Managers shall have any responsibility for these obligations.

The Listing Prospectus will be governed by and construed in accordance with Estonian law. Any disputes relating to the Listing Prospectus will be settled in Harju County Court.

3.1. PERSONS RESPONSIBLE FOR THE LISTING PROSPECTUS

The information contained in this Listing Prospectus has been provided by the Management Company and received from other sources identified herein. It is prohibited to copy or distribute the Listing Prospectus or to reveal or use the information contained herein for any other purpose than considering an investment in the Units. The Management Company accepts responsibility for the information contained in this Listing Prospectus. To the best of the knowledge and belief of the Management Company, having taken all reasonable care to ensure that such is the case, the information contained in this Listing Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Where information used in this Listing Prospectus has been sourced from a third party, this information has been accurately reproduced and that as far as the Management Company is aware and has been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The contents of this Listing Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult with its own legal adviser, business adviser or tax adviser as to legal, business and tax advice.

Tallinn, 15 July 2019
Northern Horizon Capital AS

/signed electronically/	*/signed electronically/*	*/signed electronically/*
Tarmo Karotam *Member of the Management Board*	*Ausra Stankevičienė* *Member of the Management Board*	*Algirdas Vaitiekūnas* *Member of the Management Board*

3.2. DEFINITIONS

Baltics	Estonia, Latvia and Lithuania
BOF	Baltic Opportunity Fund, a predecessor of Baltic Horizon Fund, a non-public closed-ended contractual real estate fund, was established under the laws of the Republic of Estonia and was managed by the Management Company (with a previous name BPT Baltic Opportunity Fund). Baltic Opportunity Fund merged into Baltic Horizon Fund.
CBD	Central business district
Colliers	Colliers International Advisors OÜ and any of its affiliates belonging to the same consolidation group with it
CPI	Consumer price index
Dividend	Cash distributions paid out of the cash flows of the Fund in accordance with the Fund Rules
EC	The European Commission
EFSA	Estonian Financial Supervision Authority, which is the capital market regulatory authority of the Republic of Estonia
EMU	European Economic and Monetary Union
EPRA NAV	A measure of long term NAV, proposed by European Public Real Estate Association (EPRA) and widely used by listed European property companies. It is designed to exclude assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value of financial derivatives and deferred taxes on property valuation gains. Calculation of EPRA NAV is explained in greater detail in section 5.15 “NAV”.
EU	The European Union
EUR, €, euro	The lawful currency of the European Economic and Monetary Union
Euroclear Sweden	Euroclear Sweden AB
Europa SC	Europa shopping centre held by Europa SPV which is fully owned by the Fund
Europa SPV	BOF Europa UAB, registry code 300059140, a special purpose vehicle registered in the Republic of Lithuania and holding title to the Europa SC property
Issuer, Fund	Baltic Horizon Fund, a public closed-ended contractual real estate investment fund

Fund Rules	Rules of the Fund as registered with the Estonian Financial Supervisory Authority on 23 May 2016 and appended to the Listing Prospectus as Appendix A
Galerija Centrs	Galerija shopping centre held by Galerija SPV which is fully owned by the Fund
Galerija SPV	TAMPERE INVEST SIA, registry code 40003311422, a special purpose vehicle registered on 02.10.1996 in the Republic of Latvia and holding title to the Galerija Centrs property
Gross leasable area (GLA)	Total floor space (measured in sqm) at a property including areas dedicated as public spaces or thoroughfares such as building service areas
IAS	The International Accounting Standards forming part of the IFRS
IFA	Investment Funds Act of Estonia
IFRS	The International Financial Reporting Standards as adopted by the European Union
Institutional Investors	The qualified investors as defined in Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC and/or other types of investors as defined by the national securities legislation of each relevant country where the New Units are being offered without requirement to publish the prospectus
Investors	Institutional Investors and Retail Investors
Listing	Start of trading with the New Units on Nasdaq Tallinn on or about 19 July 2019 and on Nasdaq Stockholm on or about 22 July 2019
LTV	Loan to value ratio. It is calculated as a ratio of interest bearing debt to the value of investment property
Management Company	Northern Horizon Capital AS, the management company of the Fund
Member State	A member state of the European Economic Area
Merger	The merger of the Fund and BOF on 30 June 2016. The Fund took over all assets and liabilities of BOF. Units of BOF were converted into units of the Fund at a ratio of 1:100 (1 unit of BOF was exchanged into 100 Units of the Fund). At the time of the merger, the Fund had no assets and liabilities of its own.
NAV	Net Asset Value of the Fund or a Unit as calculated in accordance with the Fund Rules
New Units	2,951,158 Units issued in connection with the Private Placement
Listing Prospectus	This listing prospectus, which is registered with EFSA on 15 July 2019
Offer Price	Price per New Unit
Private Placement	The issue of New Units by the Management Company on behalf of the Issuer
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, on the prospectus to be published when securities are offered to the public or admitted to trading, and amending Directive 2001/34/EC and any relevant implementing measures, as amended
Prospectus Regulation	Commission Regulation (EC) no 809/2004 of 29 April 2004, implementing Directive 2003/71/EC of the European Parliament, and of the Council as regards information contained in prospectuses, as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended
Register, ERS	Estonian Register of Securities operated by Nasdaq CSD SE Estonian branch, the register of the Units
Registrar	Nasdaq CSD SE Estonian branch
Related Parties	As defined in the International Accounting Standard 24, *Related Party Disclosures*
Rentable area, leasable area, net leasable area (NLA)	Floor space (measured in sqm) at a property that can be leased out to tenants. It excludes areas dedicated as public spaces or thoroughfares such as building service areas
Retail Investors	Any investor in Estonia and/or in another Contracting Party to the EEA Agreement other than the Institutional Investors
SC	Shopping center
SSC	Shared services centre
SPA	Sale and Purchase Agreement
SPV	A special purpose vehicle established for the purposes of making and maintaining real estate investments for the benefit of the Fund
sqm	Square meter
Summary	The summary of this Listing Prospectus presented on page 3
Unit	A unit of the Fund
Unit-holder	A person holding Units of the Fund and entitled to exercise rights attached to the Units in accordance with the Fund Rules

WAULT	Weighted average unused lease term calculated by weighting remaining terms of each lease contract by rental income
Website	www.baltichorizon.com, website of the Fund

3.3. INFORMATION INCORPORATED BY REFERENCE

The Issuer´s financial results for the financial years ended 31 December 2018, 31 December 2017 and 31 December 2016 are incorporated in and form part of the Listing Prospectus by reference. The referenced documents are available for inspection at the offices of the Management Company at Tornimäe 2 (24th floor) Tallinn, 10145 Estonia, as well as on the Issuer Website at https://www.baltichorizon.com/reports-and-financialcalendar/. For the avoidance of doubt, other that the documents incorporated by reference, the contents of Issuer´s website or any other website do not form a part of this Listing Prospectus and prospective investors should not rely on such information in making their decision to invest into Fund units. The parts of the following documents that have not been incorporated by reference to this Listing Prospectus are either not relevant for the investors or covered elsewhere in the prospectus.

The documents incorporated by reference to this Listing Prospectus are presented below:

Document	Information incorporated by reference
Interim report Q1 2019, pages 20-45	Issuer's unaudited interim financial statements for the 3-month period ended 31 March 2019
Annual report 2018, pages 26-73	Issuer´s IFRS financial statements for the year 2018
Annual report 2018, pages 21-25	Auditor´s report for the year 2018
Annual Report 2017, pages 25-69	Issuer´s IFRS financial statements for the year 2017
Annual Report 2017, pages 20-24	Auditor´s report for the year 2017
Annual Report 2016, pages 20-62	Issuer´s IFRS financial statements for the year 2016
Annual Report 2016, pages 15-19	Auditor´s report for the year 2016

3.4. AVAILABLE INFORMATION

In accordance with the rules of the Issuer (the "Fund Rules") copies of the following documents will be available free of charge at the office of the Management Company at Tornimäe 2, Tallinn 10145, during the normal business hours and on the Website:

- the Fund Rules;
- the three most recent annual reports of the Fund;
- internal rules and procedures of the Management Company for determination of the net asset value;
- the rules for the valuation of real estate;
- the rules for handling conflicts of interest;
- a description of the Issuer's liquidity risk management;
- the three most recent annual reports of the Management Company.

Additionally the copies of three most recent annual reports of Galerija SPV will be available, in addition to being appended to the Listing Prospectus (Appendices B-D), free of charge at the office of the Management Company during the normal business hours.

This Listing Prospectus has been published in an electronic form on the Website and on the website of the EFSA (www.fi.ee).

The Management Company has disclosed and will disclose in the future also other information on the Webpage and also through stock exchange releases regarding the Issuer in accordance with the Fund Rules, applicable laws and regulations.

3.5. CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in sections 1 "Summary", 2 "Risk Factors", 5.10 "Investment Pipeline", 5.12 "Operating and Financial Review", 5.14 "Dividends and Dividend Policy" and elsewhere in this Listing Prospectus are forward-looking. Such forward-looking statements and information are based on the beliefs of the Management Company's management (the "Management") or are assumptions based on information available regarding the Fund. When used in this document, the words "believe," "estimate", "target" and "expect" and similar expressions, as they relate to the Fund or the Management Company, are intended to identify forward-looking statements. Such forward-looking statements reflect the current views of the Management Company or its management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, risks or uncertainties associated with the Issuer's development, growth management, relations with tenants and suppliers and, more generally, general economic and business conditions, changes in domestic and foreign laws and regulations (including those of the EU), taxes, changes in competition and pricing environments, and other factors referenced in this document. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this document as anticipated, believed, estimated or expected.

The Management Company does not intend, and does not assume any obligation, to update the forward-looking statements included in this Listing Prospectus as at the date set forth on the cover.

3.6. PRESENTATION OF FINANCIAL INFORMATION

Financial information presented in this Listing Prospectus

On 30 June 2016 the Issuer merged with BOF and took over all assets and liabilities of BOF. Units of BOF were converted into Units of the Issuer at a ratio of 1:100 (1 unit of BOF was exchanged into 100 Units of the Issuer). At the time of the Merger, the Issuer had no assets and liabilities of its own. Thus, historical financial and operational performance of BOF prior to the Merger is directly comparable the Issuer's performance after the Merger. In the Issuer's audited consolidated financial statements for the year ended 31 December 2016, BOF's financial results prior to the Merger are presented as those of the Issuer. For these reasons, in this Listing Prospectus past results of BOF are presented as results of the Issuer.

The Issuer prepares its financial statements in a consolidated form and according to international financial reporting standards as adopted by the EU ("IFRS").

In accordance with item 2.2(a)(i) of Annex XV of the Prospectus Regulation, the Management Company has included historical financial information of TAMPERE INVEST SIA, a Latvian registered entity holding the Fund's property investment in Galerija shopping centre in Riga (the "Galerija SPV"), into this Listing Prospectus. The financial statements of Galerija SPV have been prepared in accordance with Latvian Business Accounting Standards. Financial statements of Galerija Centrs SPV were prepared in accordance with the Law of the Republic of Latvia on Annual Reports and Consolidated Annual Reports.

Approximation of Numbers

Numerical and quantitative values in this Listing Prospectus (e. g. monetary values, percentage values, etc.) are presented with such precision which the Management Company deems sufficient in order to convey adequate and appropriate information on the relevant matter. From time to time, quantitative values have been rounded up to the nearest reasonable decimal or whole value in order to avoid excessive level of detail. As a result, certain values presented as percentages do not necessarily add up 100% due to effects of approximation. Exact numbers may be derived from the financial statements of the Issuer, to the extent that the relevant information is reflected therein.

Currencies

In this Listing Prospectus, financial information is presented in euro (EUR), i. e. the official currency of the EU Member States participating in the EMU. In case the information is presented in any other currency than euro respective currency is stated in the Listing Prospectus. With respect to the state fees, taxes and similar country specific values, information may occasionally be presented in currencies to the state fees, taxes and similar country specific values information may be occasionally presented in currencies other that EUR. The exchange rates between such currencies and the euro may change from time to time.

Dating of Information

This Listing Prospectus has been drawn up based on the financial information valid for the Issuer's most recent reporting date of 31 March 2019 for which unaudited interim consolidated financial statements were prepared. The information regarding the most recent NAV of the Fund in section 5.13 "NAV" is presented as calculated as of 31 May 2019 which is the last calculated NAV immediately prior to the date of this Listing Prospectus.

Where not expressly indicated otherwise, all information presented in this Listing Prospectus (including the financial information of the Issuer, the facts concerning its operations and any information on the markets in which it operates) must be understood to refer to the state of affairs as at the aforementioned date. Information referring to the other than 31 March 2019 is identified either by specifying the relevant date through the use of such expressions as "the date of this Listing Prospectus", "to date", "until the date of this document" and other similar expressions, which must all be construed to mean the date of this Listing Prospectus.

4. INDUSTRY AND MARKET OVERVIEW

4.1. MACROECONOMIC OVERVIEW

This section discusses the current macroeconomic situation and its outlook in the Baltic States. Unless stated otherwise, historical macroeconomic data presented in the section was sourced from Eurostat, the statistical office of the EU, while future projections were *taken from the EC's May 2019 economic forecast*[1]*. Figures for years through 2018 represent actual data while those for 2019 and 2020 are forecasts.*

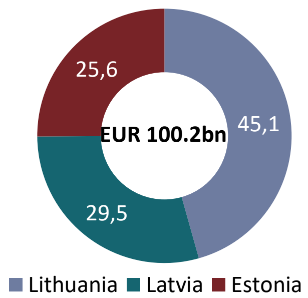
In Q1 2019, GDP growth figures for Estonia, Latvia and Lithuania remained solid, ranging from 3.3% to 3.9%. Overall, all three Baltic economies remain well balanced, show little signs of overheating, and are well positioned to meet external shocks. Furthermore, the Baltic economies have achieved significant success in the field of digital economy. On the back of the expanding ICT/start-up sector, it is possible to raise the value-added of other branches, including industry. Companies' digitisation and more active introduction of new technologies would also further increase the share of export of services, which is the direction where all advanced economics are moving.

The growth of the Estonian economy has been broad based, led by the construction sector and remains well balanced. It is expected that the current account will be in surplus for the next few years, public finances will remain strong, and households will be able to save. However, the robust economic growth in recent years has increased demand for labour and has considerably tightened the labour market. This is somewhat remedied by growing numbers of skilled foreign labour attracted by leading Estonian tech companies. Real GDP growth is expected to slow slightly but should still remain around 2.8% in the coming years.

In Q1, the Latvian economy grew by a 2.8% in annual terms. Economic growth is expected to continue at a healthy pace this year, although it is set to lose some traction due to weaker external sector gains. A tighter labour market should bolster private consumption, while heavy inflows from the EU cohesion funds should bolster fixed investment. Labour cost pressures on companies keep rising, but profit margins should remain commendable.

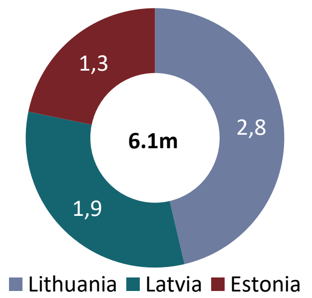
For Lithuania, in 2019 and 2020 economic growth is forecast to stay close to 3%. Private consumption and investment is expected to stay the main engine of growth. Strong wage growth of approximately 10% with a lower personal income tax rate and a positive turn in net migration will support disposable income and should lead to robust private consumption growth in 2019. Consumer confidence is currently at its highest level since 2013, providing further impetus to household spending. The use of EU funds is projected to increase further in the next two years. At the same time, increasing uncertainty at the global level could curb companies' enthusiasm and restrain their investment activities. Moreover, external factors are likely to take their toll on export growth this year.

Figure 1: GDP at market prices (EURbn), 2018



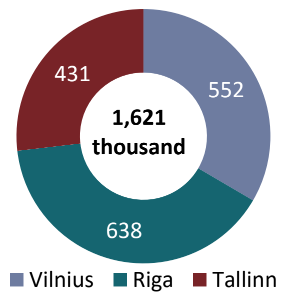
Source: Eurostat

Figure 2: Country population (m), 31 December 2018



Source: Eurostat

Figure 3: Capital city population (thousand), 31 December 2018

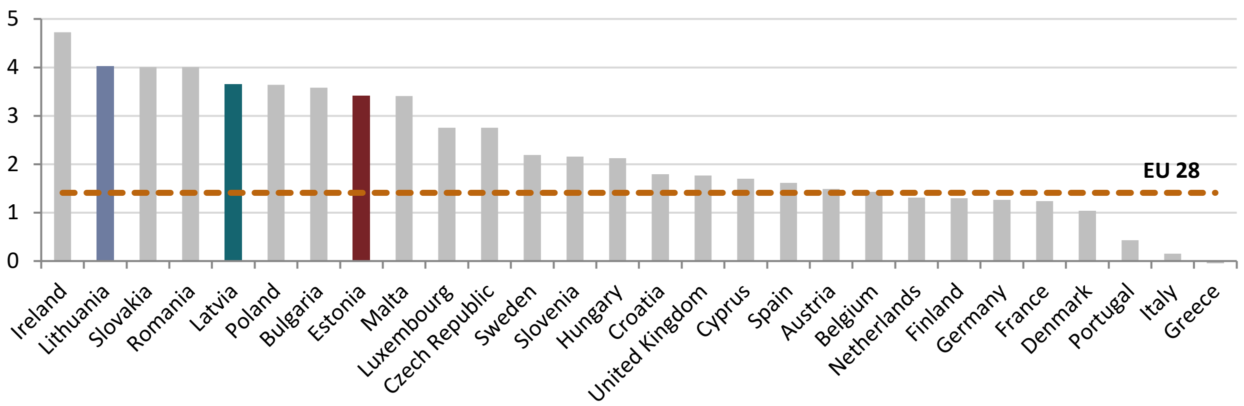


Source: National statistics offices

Over the period from 2000 to 2018, annual real GDP growth averaged 4.0% in Lithuania (the 2nd fastest in the EU), 3.6% in Latvia (the 5th fastest) and 3.4% in Estonia (the 8th fastest). In contrast, the overall EU's GDP expanded by only 1.4% real per annum over the same period.

Figure 4: Average annual real GDP growth (%), 2000-2018

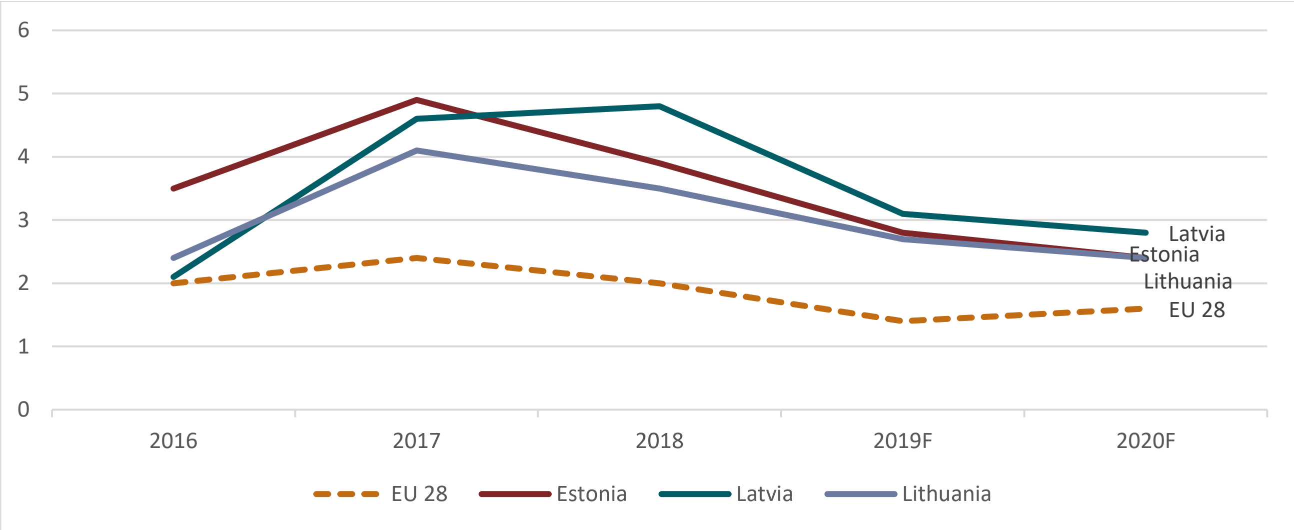
[1] Available publicly at: https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/spring-2019-economic-forecast-growth-continues-more-moderate-pace_en



Source: Eurostat

The EC forecasts that the Baltic countries will continue expanding at a considerably faster pace than EU as a whole. The EU is expected to achieve real GDP growth of 1.4% in 2019 and 1.6% in 2020 whereas Lithuania is forecast to deliver growth of 2.7% in 2019 and 2.4% in 2020, Latvia to increase by 3.1% in 2019 and 2.8% in 2020 and Estonia to grow by 2.8% in 2019 and 2.4% in 2020.

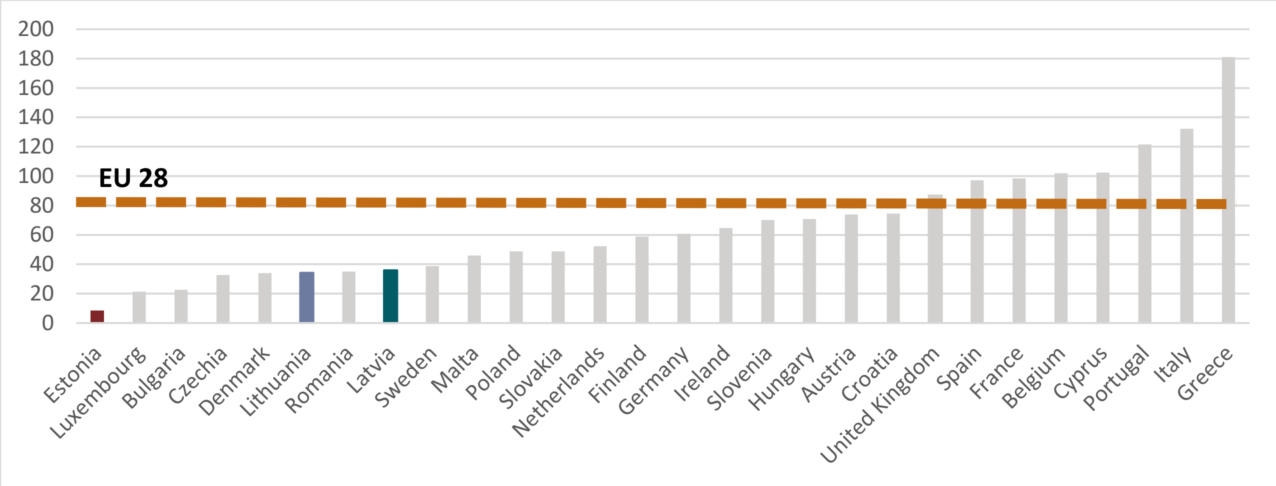
Figure 5: Real GDP growth forecast by the EC (%)



Source: EC

Confidence in the EU economy, especially its southern states, was hit by sovereign debt crisis that started in 2010. However, government finances of the Baltic States stand out in the European context as prudent, fiscally responsible and not overburden by debt. The Baltic countries have one of the lowest government debt levels in the EU. Whereas the overall EU had a gross debt to GDP ratio of 80% at the end of 2018, Estonia's government debt amounted to only 8,4% of GDP (the lowest in the EU) and Lithuania's and Latvia's to government debt amount to respectively 34,2% and 35,8% of GDP (the 6th and the 7th lowest respectively). Healthy debt levels mean a greater potential for economic expansion as governments can concentrate on supporting growth rather than reducing debt which is normally implemented through aggressive austerity measures which depress economic growth.

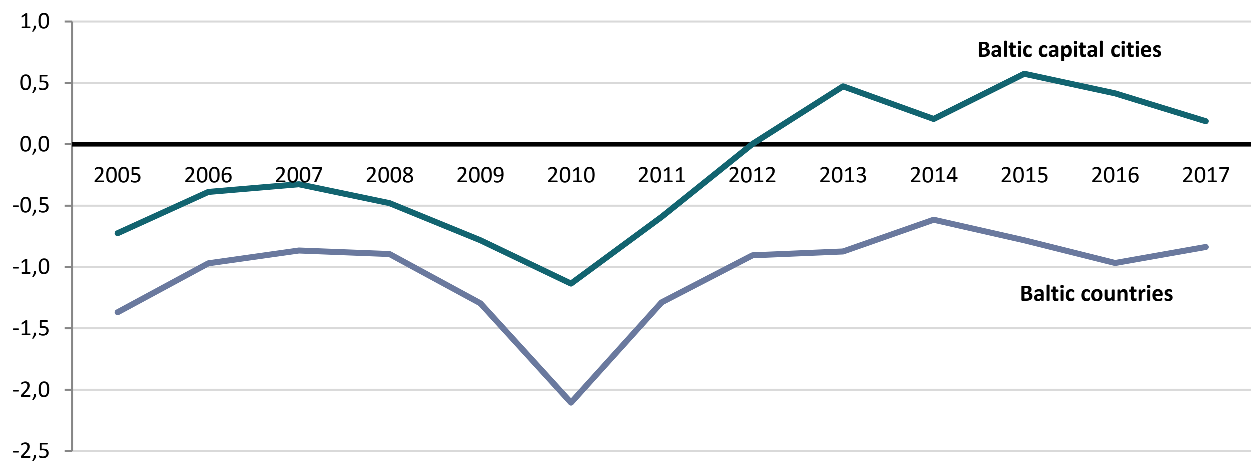
Figure 6: General government gross debt to GDP (%), 2018



Source: EC

When speaking of a demographic situation in the Baltics, a distinction has to be made between total country population and population in capital cities. Demographic trends in Baltic capital cities have been significantly more positive than in the overall region. Declines in capital cities population have been substantially smaller compared to decreases in country populations and, more importantly, since 2013 Baltic capital cities have been growing in size (see Figure 7). This is attributable to two major trends. Firstly, because of internal migration, people from smaller towns and cities have been moving to capitals - economic and cultural centers. Secondly, residents of capital cities have been less likely to emigrate abroad than those living in other regions. The Management Company expects these trends to continue. The healthier demographic situation in capital cities supports the Issuer's investment strategy to focus on properties located in capitals. On the other hand, total Baltic population dynamics have improved as well. After annual declines peaked at 2% in 2010 caused by increased emigration due to a recession in 2009, they have normalized to the territory of 0.5-1.0% per annum.

Figure 7: Population growth, % per annum



Source: Eurostat, national statistics offices

The Baltic States rank relatively high in World Bank's Ease of Doing Business index which evaluates business regulations and their enforcement. The index indicates how easy it is to set up a new business and operate it. According to May 2018 rankings, Lithuania is 14th, Estonia 16th and Latvia 19th out of 190 world countries. They outrank such developed countries as Canada (22nd), Germany (24th), Austria (26th), France (32nd) and the Netherlands (36th), as well as such emerging economies as Poland (33rd), Czech Republic (35th) and Hungary (53rd). The Baltic States also fare well in Global Competitiveness Index (GCI) rankings, conducted by World Economic Forum. This index defines competitiveness as the set of institutions, policies and factors that determine the level of productivity of a country. The level of productivity, in turn, sets the level of prosperity that can be earned by an economy. Based on GCI 2018 rankings, out of 140 countries Estonia stands at 32nd position, Lithuania at 40th and Latvia at 42nd. They outrank such states as Hungary (48th), Romania (52nd) and Turkey (61st).

The Baltic economies are closely interrelated with Nordic countries: Sweden, Finland, Denmark and Norway. Scandinavian firms are among the largest investors in the Baltics. They are especially prominent in financial and telecommunications sectors. The largest Baltic banks belong to Swedbank, SEB, Nordea (all three from Sweden) and DNB (Norway). The largest Baltic telecommunications companies, fixed-line and mobile network operators, are owned by Teliasonera, Tele2 (both from Sweden) and Elisa (Finland). Other major Nordic companies with substantial investments in Baltics include ICA Gruppen (owner of supermarket chains, headquartered in Sweden), Calsberg (a brewer based in Denmark), Ericsson (a technology firm based in Sweden), Neste (an oil refiner and petrol retailer based in Finland). Moreover, Scandinavian countries are very important trading partners. In 2018 they accounted for approx. 45% of exports from Estonia, 19% of exports from Latvia and 11% of exports from Lithuania.

Lithuania

Lithuania's economy has been successfully recovering after the global financial crisis with average real GDP growth of 3.6% per annum over 2011-2018. The recovery was driven at first by strong exports and more recently by increasing private consumption. Exports were boosted by an internal devaluation – reductions in employee compensation in both private and public sectors – which the country underwent in 2009-2011. That raised competitiveness of Lithuania's exports in foreign markets. Households, on the other hand, were gradually increasing consumption as unemployment declined, real wage growth returned and consumer confidence improved.

In 2018 Lithuania's real GDP growth declined from 4.1% to 3.4%. The high economic growth has been driven by a rebound in investment, especially strong expansion in exports and continuing strength in private consumption. The EC projects real GDP growth 2.7% in 2019 on the back of expected moderation in exports growth. The main economic drivers will be investment and consumption. Investment is expected to be fueled by companies' need to satisfy strong domestic and foreign demand in the light of high capacity utilization. Disbursements from the EU's structural funds are also forecast to pick up driving further growth in investments. Private expenditure, the EC projects, is set to continue rising at a solid pace driven by growth in real wages, declining unemployment and moderate inflation.

Declines in energy and food prices led to the period of subdued inflation or even deflation which was recorded in 2015. Lower energy prices was good news to Lithuania (since it is a net energy importer) and its consumers who, thanks to lower fuel and heating bills, had more spare money to spend. However, due to a recovery in energy prices and food and services price increases, the inflation spiked to 3.7% in 2017 and moderated to 2.5% in 2018. The EC forecasts inflation to 2.1% in 2019 and 2020 partly thanks to the fading effects of substantial hikes in excise taxes and minimum wage increases. Yet, solid wage growth is expected to support the general inflation in coming years.

Lithuanian labour market has been gradually improving with unemployment declining and wages returning to growth in real terms. Unemployment rate fell from 15.4% in 2011 to 6.2% in 2018 – slightly lower than 6.8% unemployment in the EU and substantially below 8.2% in the euro area. Average real wage growth has exceeded 4% per annum in real terms every year since 2013. The EC forecasts that the unemployment rate will keep falling, although at a slower pace, whereas the tightening labour market will fuel robust growth in employee compensation.

Government budget deficit was gradually contracting since 2012 and in 2016 surplus was achieved and maintained – for the first time in the modern history of Lithuania. Government budget surplus at 0.7% of the country's GDP in 2018 compares favourably against average deficits of 0.5% in the euro area and 0.6% in the EU. The EC projects Lithuanian government budget to maintain similar budget surplus in 2019 and 2020 as revenues from tax-rich economic growth and revisions of some taxes and efforts to improve the tax administration are expected to offset higher social spending. Gross government debt has been fluctuating around 40% of GDP in the recent years. It is expected to increase from 34.2% of GDP in 2018 to 37.0% in 2019.

Table 6: Macroeconomic indicators, historical data and forecasts – Lithuania

	2015	2016	2017	2018	2019F	2020F
Real GDP growth, %	2.0	2.4	4.1	3.4	2.7	2.4
CPI growth, %	-0.7	0.7	3.7	2.5	2.1	2.1
Unemployment rate, %	9.1	7.9	7.1	6.2	6.2	6.0
Compensation of employee per head real growth, %	5.9	6.7	8.7	7.7	7.0	5.9
General government budget balance, % of GDP	-0.3	0.2	0.5	0.7	0.3	0.0
General government gross debt, % of GDP	42.6	40.0	39.4	34.2	37.0	36.4

Source: EC

Latvia

Over the period from 2011 to 2018 Latvia's economy was growing by real 3.5% per year on average thanks to recovering domestic expenditure, expansion in exports and growth in investment. Country-wide reduction in wages over 2009-2010 led to lower production costs and, in turn, strengthened Latvia's competitiveness in global markets. On the other hand, rising employment and wage growth that returned in 2012 were fuelling consumption.

In 2018 real GDP expanded by 4.8% led by rapidly recovering investment and continuing strength in consumption. The EC forecasts Latvian economy to maintain solid growth with GDP expanding by 3.1% in 2019 and 2.8% in 2020. Further increases in EU-funded projects should keep overall investment growth at a high rate. Consumption is expected to continue perfoming strongly driven by increasing wages and weakening unemployment.

A drop in inflation has been observed in Latvia since 2013 thanks to a decrease in fuel prices and cheaper food. Fuel and heating costs comprise approximately 10% of household spending, hence, lower energy prices were a substantial tailwind for consumers. However, with the recovery in global commodity prices and increases in food prices inflation picked up to 2.6% in 2018. The EC expects inflation to increase to 2.8% in 2018 and decrease to 2.4% in 2020 as the impact of the spike in food prices wanes.

Unemployment is expected to keep declining leading to continued real wage growth. Unemployment rate, the EC predicts, will decline from 7.4% in 2018 to 6.9% in 2019. Employee compensation should record real growth of 6.2% in 2019 and 5.0% in 2020 – moderation from as high as 5-8% increases in previous years. Improving economic capacity of households should retain private consumption as the key driving force behind GDP growth.

Latvia showed exemplary fiscal responsibility in recent years. Its government reached a balanced budget in 2016 – the first time in the period from 2005. Deficit of 1.0% of GDP in 2018 was the same as EU and Euro area. The EC forecasts the fiscal deficit of 0.6% of GDP in 2019 and 2020 despite significant tax cuts. Latvia's government gross debt to GDP ratio is expected to fall from 35.9% in 2018 to 34.5% in 2020 due to government's net borrowing being lower than nominal GDP growth.

Table 7: Macroeconomic indicators, historical data and forecasts – Latvia

	2015	2016	2017	2018	2019F	2020F
Real GDP growth, %	3.0	2.1	4.6	4.8	3.1	2.8
CPI growth, %	0.2	0.1	2.9	2.6	2.8	2.4
Unemployment rate, %	9.9	9.6	8.7	7.4	6.9	6.7
Compensation of employee per head real growth, %	7.7	7.3	8.0	7.8	6.2	5.0
General government budget balance, % of GDP	-1.4	0.1	-0.6	-1.0	-0.6	-0.6
General government gross debt, % of GDP	36.8	40.3	40.0	35.9	34.5	33.5

Source: EC

Estonia

Post-crisis recovery in Estonia was driven primarily by expanding household consumption, which was supported by real wage growth and rising employment. The country achieved average real economic growth of 3.9% per year over 2011-2018. Estonia boasts exemplary government finances. The country has the lowest government debt to GDP level in the EU which in 2018 stood at 8.5% (the second least indebted, Luxembourg, had 23%).

In 2015-2016 Estonia recorded slower real GDP growth of below 2% mainly affected by weak investment activity while the economy was driven by strong private expenditure. Investments were hurt both by lower disbursements from the EU structural funds impacted by the transition to a new programming period as well as weaker business investment in equipment and construction. However, in 2017 Estonian economy returned to form clocking 4.9% real GDP growth on the back of a surge in investment and a recovery in external demand. The EC forecasts economic growth to ease gradually to 2.8% in 2019 and 2.4% in 2020 as investment moderates from exceptionally high levels in 2017. Strong exports (especially in services) and continuing expansion in household consumption should support solid growth in GDP.

Due to a fall in global oil prices, inflation slowed down materially in Estonia and was below 1% in 2014-2016 boosting disposable income of Estonian households. However, in 2018 inflation came back peaking at 3.4% mainly due to excise tax increases and higher global commodity prices. The EC forecasts price growth to moderate to 2.4% in 2019 and 2.2% in 2020 as planned tax increases remain limited.

Estonian labour market delivered a significant improvement with unemployment rate dropping from 12.3% in 2011 to 5.7% in 2018 – the lowest level among the Baltic States. In 2016, Estonia launched a labour market reform to encourage people with limited capacity to work (for instance, pensioneers) to join workforce. As a result, the unemployment rate is forecast by the EC to stay the same in 2019 and 2020. Despite that, real wage growth is expected show solid growth of above 3% driving consumer expenditure.

The EC forecasts the Estonian fiscal budget to reach deficit of 0.3% in 2019 and deficit of 0.5% in 2020. Estonia's government debt to GDP, which stood at 8.4% in 2018 – the lowest in the EU, should increase to 8.5% in 2019.

Table 8: Macroeconomic indicators, historical data and forecasts – Estonia

	2015	2016	2017	2018	2019F	2020F
Real GDP growth, %	1.9	3.5	4.9	3.9	2.8	2.4
CPI growth, %	0.1	0.8	3.7	3.4	2.4	2.2
Unemployment rate, %	6.2	6.8	5.8	5.7	5.7	5.7

Compensation of employee per head real growth, %	3.3	6.3	6.9	8.8	6.1	5.6
General government budget balance, % of GDP	0.1	-0.3	-0.4	-0.6	-0.3	-0.5
General government gross debt, % of GDP	9.9	9.2	9.2	8.4	8.5	8.5

Source: EC

4.2. PROPERTY MARKETS

This section provides a review of Baltic commercial property markets. It focuses on a transaction market and office and retail sectors. The review have been prepared using data and research provided predominantly in annual Colliers Baltic Real Estate Market Overviews published in March 2019.

According to Colliers, take-up activity in the Tallinn office market is mainly driven by IT and high-tech ICT companies, followed by the professional, scientific and technical services sectors. The supply of office premises has considerably grown in CBD due to the completion of several new projects including the landmark Maakri 19/21 office tower occupied by lawyers, auditors, notaries and financial sector companies. Average vacancy grew slightly, rising to 7% in A class buildings. However in B1 class vacancy remained slightly below 6% indicating a good absorption ratio for new office premises. The upper margins of asking rents continue to climb. This is due to increasing construction costs and strong demand from the back-office sector. A class rents stood between EUR 13.5-16.5 per sq. m. per month and B1 rents between EUR 9-13.5.

In Riga, commissioning of new office space is gradually increasing but overall the construction of new developments is insufficient and therefore the Riga office stock remains out of date. According to Colliers, more than 60% of stock is older than 10 years and in need of repair works. Considering the current development pipeline, the situation will improve only if the majority of announced projects are completed. Due to a lack of modern office space, the take-up numbers have been sluggish with the largest contribution coming from IT and professional service companies. In addition, the lack of professional office space allows landlords to have a strong position in the leasing market.

In the most vibrant office market, Vilnius, four A class office buildings were delivered in 2018. The year marked an expansion of the CBD as all new business centres were located in the heart of the city. A class premises located in the CBD will continue dominating the pipeline in 2019 but in 2020 the proportion of new A and B class premises will even out. The annual office take-up has exceeded 60,000 sq. m. for years, reaching a record-high 75,000 - 80,000 sq. m. in 2017 and 2018. It is also forecasted that take-up in the upcoming years will remain at the same level. The expansion of existing tenants and continued entrance of new tenants such as Yara prove Vilnius to be a growing and attractive business destination.

It is interesting to note that by the end of 2018, the total modern office stock (speculative and built-to-suit) in each Baltic capital city reached around 650,000 sq. m. Per capita however the figures are 1.5 sq. m. for Tallinn, 1.16 sq. m. for Vilnius and only 1 sq. m. for Riga. This explains why the take-up has been exceptionally strong in Vilnius as the office market is organically growing. Riga office market remains largely stable with no new additions to the stock in Q4. However, the market is in anxious anticipation of the wave of new supply in the coming years as the demand for quality premises exceeds supply. In Q4 vacancy in Riga market remained at approx. 3.4% in A class and 8.5% in B class buildings with rents on the upward move.

In 2018, rent rates for retail in all three countries remained relatively stable compared to last year. T1 Shopping centre with its approx. 45,000 sq. m. leasable area opened in Q4 2018 in Tallinn. It seems to have affected the large shopping centre vacancies and rents less than expected as after opening the centre still struggles with vacancies and attracting a sufficient number of regular visitors. It is apparent that Tallinn will not see any future developments in retail for several years except perhaps a few mixed-use lifestyle developments in the very heart of the city. The Latvian retail market was active in 2018 and saw the opening of the first IKEA store of 33,600 sq. m. After the opening of Akropole in Q1 2019 and the expansion of Gallerija Azur and Domina, Riga retail market is likely to experience some redistribution of footfall and tenant profitability next year. In Vilnius retail market no new developments were commissioned or started. The wellness segment seems to be in the growth phase with a new chain of health clubs going to be opened next year. Overall vacancy in major shopping centres remains below 2% while rent rates remain relatively stable.

The Baltic countries continue to attract real estate investors due to their investment returns which are higher than in the Western European or Scandinavian countries. In Q4 2018, average yields for prime retail and office assets in the Baltic capitals have stabilized due to an expected increase in the cost of bank financing and remained with a few exceptions around 6.5%. Secondary properties are producing yields of around 7.5%. Local Baltic, Nordic and Eastern European investors are still the key players. The square-meter prices of commercial buildings are still 3-4 times less than those seen in the Nordic capitals.

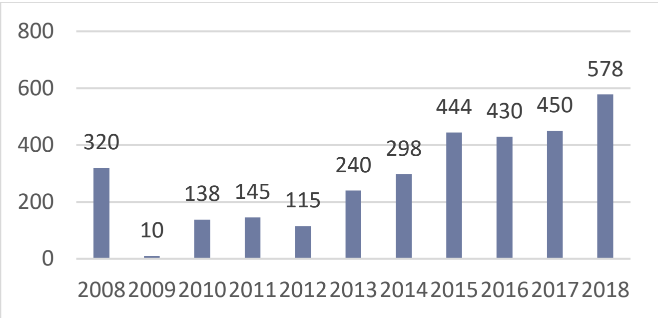
Lithuania

Transaction market

Activity in Lithuania's real estate transaction market has grown rapidly since 2013 and now exceeds pre-financial crisis levels. In 2018 property transaction volume amounted to EUR 578m – an all-time record which is over half of total Baltic investment volume. The high activity is explained by the stable macroeconomic situation in Lithuania, a greater number of newly built properties and positive dynamics in a property market with declining vacancy and growing rent rates. Investors' interest in office sector is additionally supported by an increasing number of shared service centers (SSCs), launched by international firms (See Table 9). The adoption of euro on 1 January 2015 is believed to have provided an additional boost to the investment activity, especially by attracting international investors. Although Lithuanian litas was already a stable currency due to its peg to euro, becoming a full-on member of the euro zone minimized currency risk and increased confidence in the Lithuanian economy.

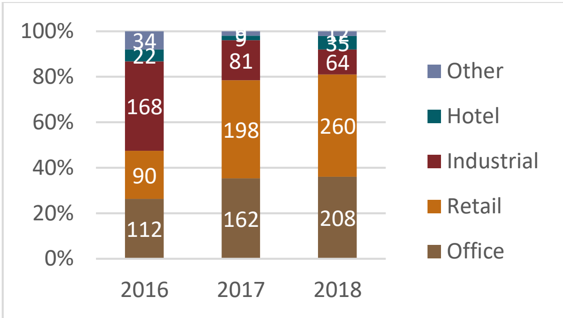
Office and retail sectors are the key focus of investors. Over a 5-year period (2013-2018), they together accounted for more than 70% of total transaction turnover. An exception was 2016 when the industrial sector took the top position accounting for 39% of the transaction volume. That was impacted by a EUR 60m acquisition of Kesko Senukai logistics center (LC) in Kaunas by CPA:17 – Global, a REIT managed by W. P. Carey, an American real estate firm. CPA:17 – Global expanded its portfolio in 2017 by purchasing 11 Kesko Senukai stores and a logistics property in Lithuania (and 7 DIY stores in Latvia and Estonia). Colliers expects that in the coming years office and retail sectors will remain the most favoured by investors. In addition, industrial properties could remain high on their radars as investors are hunting for higher yield while hotel, healthcare and wellness segments could see an increased interest as an option to diversify portfolios.

Figure 8: Property transaction volume in Lithuania, EURm



Source: Colliers

Figure 9: Transaction volume by sector, EURm

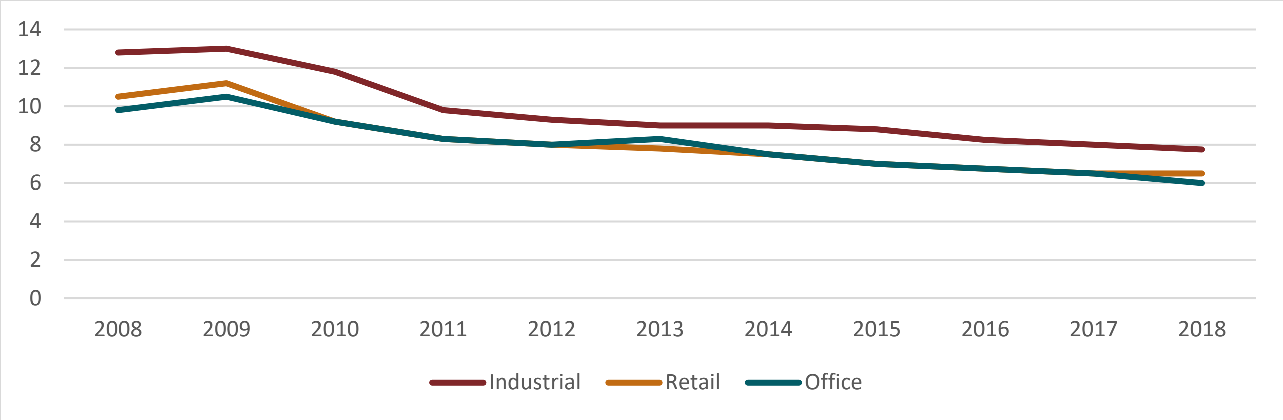


Source: Colliers

Although Lithuanian property transaction market is dominated by Baltic and Nordic players, an increasing number of high-profile international investors has been entering the market – a trend which Colliers forecasts to continue due to positive macroeconomic situation in the country and higher property yields compared to Western markets. NEPI Rockcastle, a property group focusing on Central Eastern Europe with a EUR 5bn real estate portfolio, bought Ozas, one of the largest shopping malls in Vilnius, for EUR 125m in June 2018. W. P. Carey, an American real estate firm, acquired a portfolio of retail and logistics properties of Kesko Senukai, the largest DIY store chain in Lithuania, in 2016-2017. Partners Group, a global private markets investment manager, headquartered in Switzerland, with USD 50bn in assets under management, was another international investor active in Lithuania in recent years. Laurus, a joint-venture set up by Partners Group and Northern Horizon Capital in 2015, purchased a portfolio of 42 properties (anchored by SEB, a Nordic bank) across the three Baltic countries from Geneba, a real estate investment company based in the Netherlands. In 2015 Laurus acquired a 112,000 sqm portfolio of properties from BPT Optima, a fund managed by Northern Horizon Capital, for EUR 163m. The fact that global real estate investment managers are entering the Baltic property market indicates that it offers a compelling risk-return profile in the European context.

Prime yields in Vilnius have been gradually contracting since 2010 on the back of the strengthening economy, improving real estate market fundamentals, declining borrowing costs and convergence to lower yields in other European property markets. At the end of 2018 prime yields stood at 6.5% for retail, 6.0% for office and 7.75% for industrial properties. Colliers see further pressure on yields in the near future on the back of low interest rates and a significant gap versus property yields in Scandinavia and Western Europe. Despite a downward trend, returns in Vilnius (and the Baltics overall) are still substantially higher compared to Western Europe, the Nordics and certain countries in Central Eastern Europe.

Figure 10: Prime yields in Vilnius, %

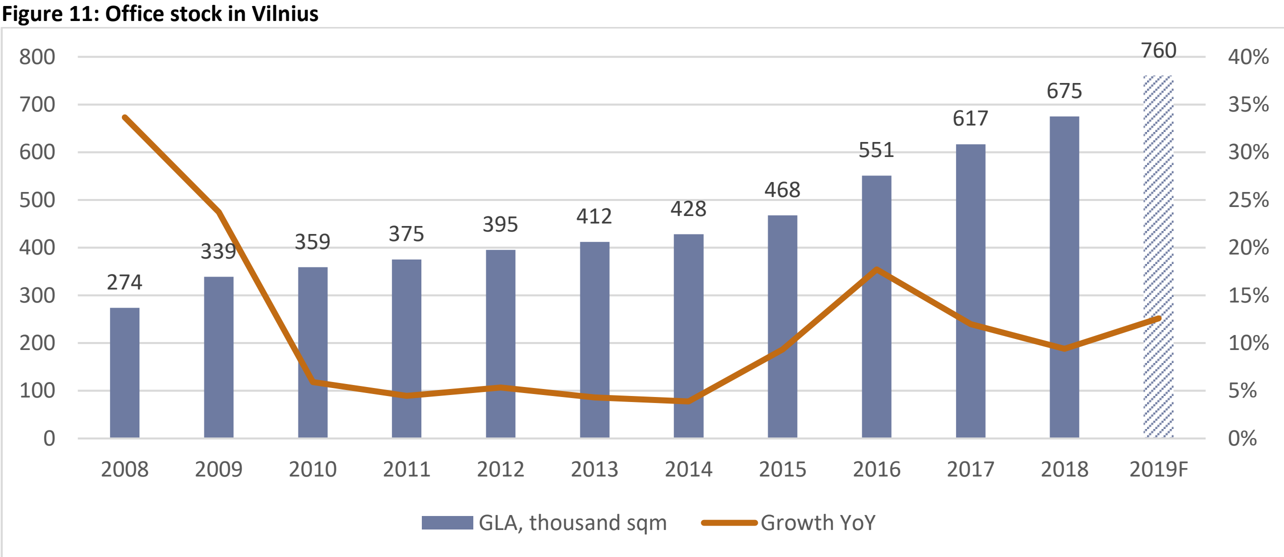


Source: Colliers

Office

Accelerated economic growth in pre-financial crisis Lithuania resulted in a phase of rapid expansion in office supply. During 2007-2009 stock of modern office space almost doubled. After 2009, developers took a more careful approach to investing in new office space that led to normalization in a growth rate. Stock was rising stably by 4-6% per annum over 2010-2014. However, as demand for office space grew faster (illustrated by dropping vacancy rates to almost 4% in 2015), development activity picked-up again. Modern office stock in Vilnius expanded by more than 40% over the last three years reaching 675 thousand sqm of GLA at the end of 2018. Class A offices made up 34% of that amount – the highest share in the Baltic capital cities.

Figure 11: Office stock in Vilnius



Source: Colliers

The development activity remains elevated in Vilnius office market. Colliers estimates that over 84 thousand sqm of new office space will be constructed in 2019. The recent increase in development activity was a response to growing demand for office space indicated by vacancy rates falling close to pre-crisis levels. According to Colliers, there are two main reasons why demand has been strong in Vilnius office market. Firstly, Lithuania's economy has been successfully recovering with real GDP expanding and unemployment falling. Secondly, Lithuania and especially Vilnius has become an attractive location for SSCs of international companies.

Table 9: Largest SSCs of foreign companies in Vilnius

Company	Industry	Country	Functions carried out by SSC	Headcount	Established
Danske Bank	Banking	Denmark	F&A, IT	2,500	2012
Western Union	Payments	USA	IT, accounting, compliance	2,000	2010

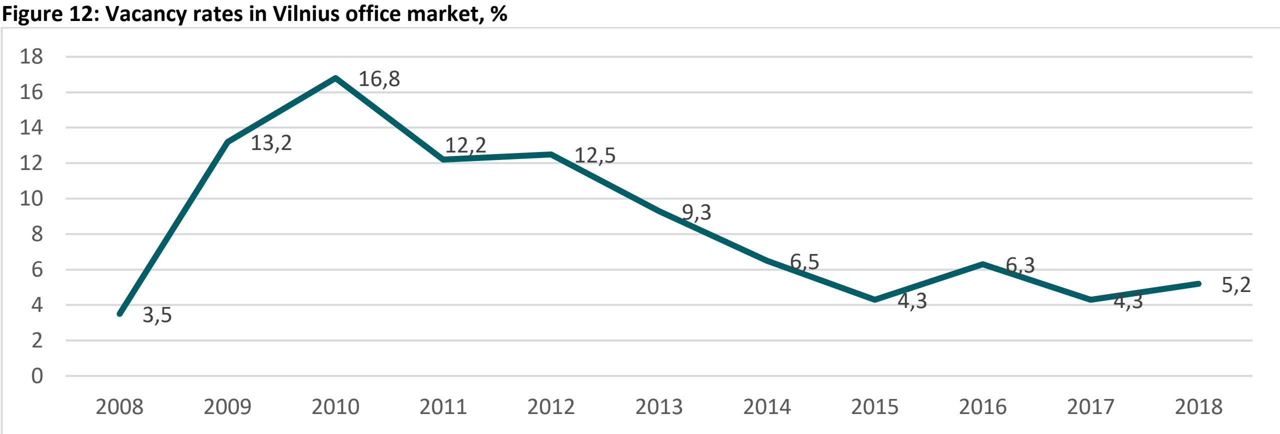
Barclays	Banking	UK	IT	1,200	2009
SEB	Banking	Sweden	IT, F&A, HR operations	920	2008
DXC Technology	IT	USA	IT	400	2007
Citco	F&A	USA	Accounting and legal services	400	2007
Swedbank	Banking	Sweden	IT, F&A, compliance	380	2015
Nasdaq	Stock exchange	USA	IT, F&A and securities operations	310	2015

Source: Invest Lithuania, March 2018

Vacancy in Vilnius office market has declined significantly since 2010 as growth in demand outpaced additions to supply. The drop in vacancy was among the main catalysts that sparked acceleration in development activity in the last several years.

New openings and migration from older to newer buildings increased vacancy rate to 5.2% from 4.3% in the previous year. There is observed a meaningful difference in vacancy rates between class A and B properties. In 2017 class A offices, of which supply is lower, achieved 1.5% vacancy level while class B properties had a higher vacancy at 5.4%. Thus, modernization solutions are to be considered in lower class office buildings to maintain a sustainable occupancy level in the long-term. Colliers projects that the elevated development activity is likely to push the vacancy up in 2018. An ability of the market to take up the new supply will depend on whether Vilnius will continue to attract new international companies to launch their SSCs in the city.

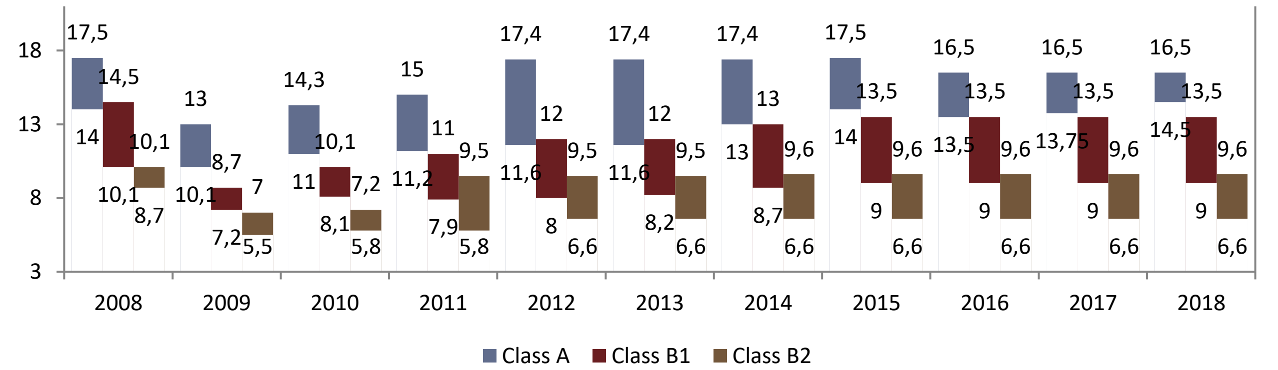
Figure 12: Vacancy rates in Vilnius office market, %



Source: Colliers

Fueled by declining vacancy Vilnius office rent rates were gradually improving since hitting the bottom in 2009. In 2018 landlords were asking for 14.5-16.5 EUR/sqm/month for class A premises, 9.0-13.5 EUR/sqm/month for class B1 and 6.6-9.6 EUR/sqm/month for class B2. Colliers expects that due to increased additions of new supply, market rates could face downward pressure in near future.

Figure13: Asking rent rates in Vilnius office market, EUR/sqm/month (excluding VAT and operating expenses)

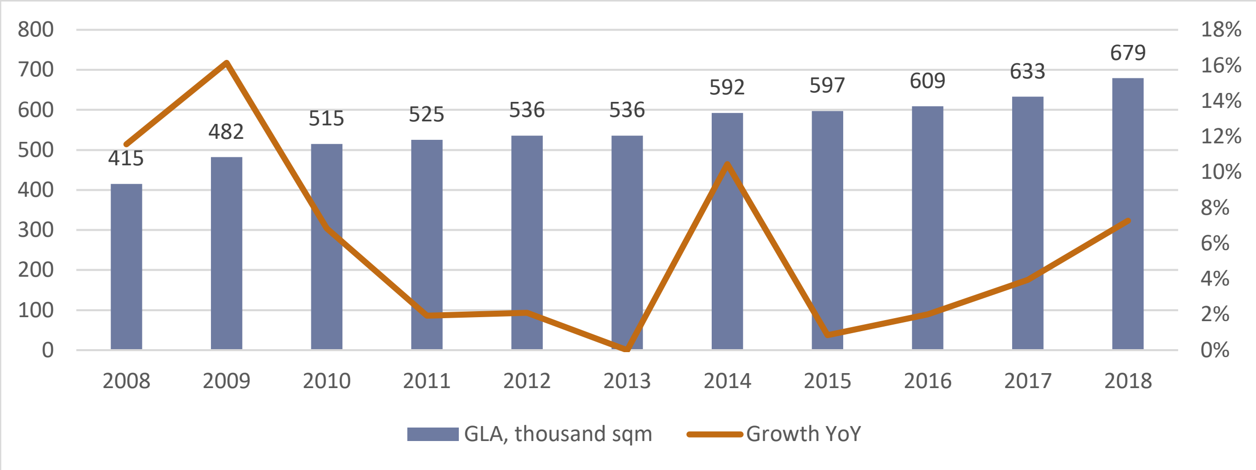


Source: Colliers

Retail

At the end of 2018 supply of retail space in Vilnius amounted to 679 thousand sqm (taking into account properties with at least 5,000 sqm GLA). The three largest shopping malls (Akropolis, Ozas and Panorama) each exceeding 45,000 sqm together represented 31% of the total supply. 10 properties with 15,000-45,000 sqm GLA constituted 36% of the market while SCs with 5,000-15,000 sqm made up the remaining 33%. Growth in Vilnius retail space returned in 2013 when IKEA store, the first in the Baltics, was opened. From 2010 to 2018 the supply of retail space has been expanding by average 3% per annum driven mainly by new neighborhood type SCs where anchor tenants are grocery chains. Developments of this type are expected to remain one of the main forces behind further retail space expansion as the competition among grocery retailers in Lithuania is high. The focus is not only on building new grocery stores but also on refurbishing the older ones to attract more consumers. The grocery market became even more competitive in 2018 with a successful entry of Lidl to Lithuania. Lidl now operates 41 stores across the country, of which 12 are located in Vilnius. The company is also considering entering Estonia and Latvia.

Figure14: Retail space in Vilnius



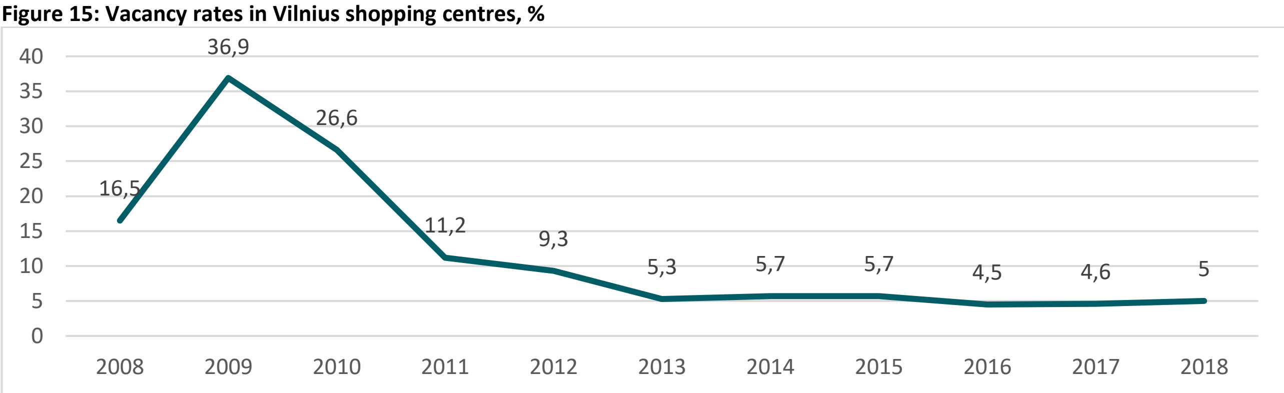
Source: Colliers

In the period 2020-2021, the Vilnius retail market is expected to welcome Vilnius Outlet and a second Akropolis SC, coupled with the planned expansion of panorama SC and further development of VNO Business & Retail Park. Attention from existing larger SCs is on quality improvements as has been the case for several years already. Facing competition from online stores, managers of SCs have been focusing on improving tenants mix and expanding entertainment and leisure activities by adding fitness clubs, restaurants, etc. The goal of SCs, Colliers says, is to offer consumers a wide-ranging experience.

Wellbeing and health remained at the top among trends in Lithuania, as manifested in new sports stored and gym facilities.Three new health club chains either opened in 2018 or announced future openings.

Demand for retail space is strong buoyed by growing private consumption. Over 2011-2018 retail trade (excl. motor vehicles and motorcycles) grew by more than 5% on average per annum in real terms. Successful SCs with high customer flows practically have no vacant space in Vilnius. Overall vacancy in Vilnius SCs stood at 1.4% in 2018. Colliers forecasts vacancy to remain low in the near future thanks to careful planning of new SCs.

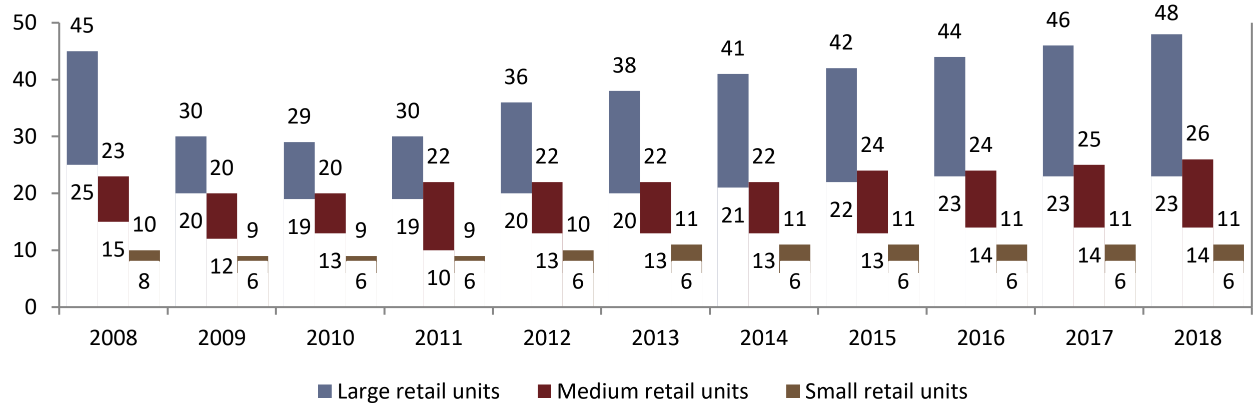
Figure 15: Vacancy rates in Vilnius shopping centres, %



Source: Colliers

Rent rates have been trending upwards since 2010, especially, for small retail units. In 2018 rents grew by around 3% on average. Rents amounted to 23-48 EUR/sqm/month for small spaces (up to 100 sqm), 14-26 EUR/sqm/month for medium-size spaces (150-350 sqm) and 6-11 EUR/sqm/month for large spaces. On the back of a low vacancy and lack of significant new development, Colliers projects rent rates for small and medium retail units to keep rising at a modest pace.

Figure16: Asking rent rates in Vilnius shopping centres, EUR/sqm/month (excluding VAT and operating expenses)



Source: Colliers

Latvia

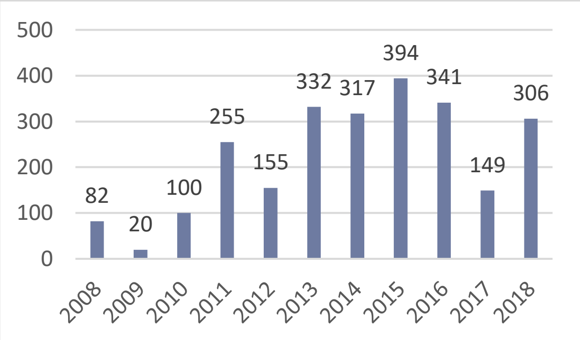
Transaction market

In 2013-2016 transaction volume in Latvia surpassed EUR 300m mark each year. High transaction activity was attributed to strengthening economy, positive dynamics in property market and high demand for cash yielding assets boosted by a low yield environment. Due to a lack of large deals in 2017, the transaction volume fell to EUR 149m. However, development schemes in Latvia were high totaling additional EUR 207m in 2017. In 2018, the investment market has returned to the EUR 300m level in Latvia, marking a twofold increase compared to the previous year and seeing growth in the total number as well as in the number of large-volume transactions.

Retail assets dominated transaction market, especially in 2015 and 2016 comprising 77% and 57% of total volume respectively. The high share of the retail sector was explained by several large deals. In 2015 Blackstone acquired three SCs (Alfa, Mols and Dole) in Riga as a part of its purchase of 10 Nordic real estate funds managed by Obligo Investment Management. This transaction alone constituted 60% of total annual volume. In 2016 there were three large acquisitions of SCs: Riga Plaza by Lone Star Funds, a global private equity firm, Domina Shopping by EfTEN, an Estonia-based manager of private real estate funds, and Galerija Azur by Baltic RED, an investment vehicle of the owner of Lithuanian DIY chain Senukai.

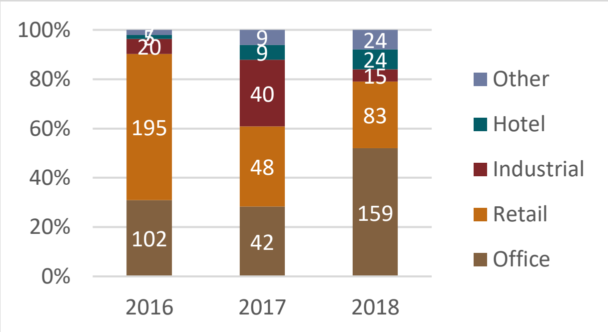
Latvian property transaction market used to be distinguished from Lithuanian and Estonian by the presence of private Russian investors. Yet, tensions between Russia and the EU, the economic downturn in Russia and a significant drop in value of Russian rouble have reduced the enthusiasm of Russian investors. On the other hand, 2015 and 2016 saw an entry of global asset managers into the Latvian property market. An acquisition by Blackstone, the largest alternative asset manager in the world with over USD 400bn in assets under management, of three shopping centres in Riga was its first investment ever in the Baltics. Partners Group bought Olimpia SC in Riga as a part of the acquisition of BPT Optima portfolio in 2015 and a Baltic portfolio of 42 properties of Geneba in 2016. Lone Star Funds purchased Riga Plaza SC for EUR 93m in 2016. W. P. Carey, an American real estate firm, bought retail and logistics properties of Kesko Senukai in Latvia in 2017 as part of its acquisition of Kesko Senukai's Baltic property portfolio. This proves that the Baltic real estate market can be interesting to global institutional investors. Colliers expects interest from international investors to remain high thanks to substantially higher property yields compared to Western European and Nordic countries.

Figure 17: Property transaction volume in Latvia, EURm



Source: Colliers

Figure 18: Transaction volume by sector, EURm

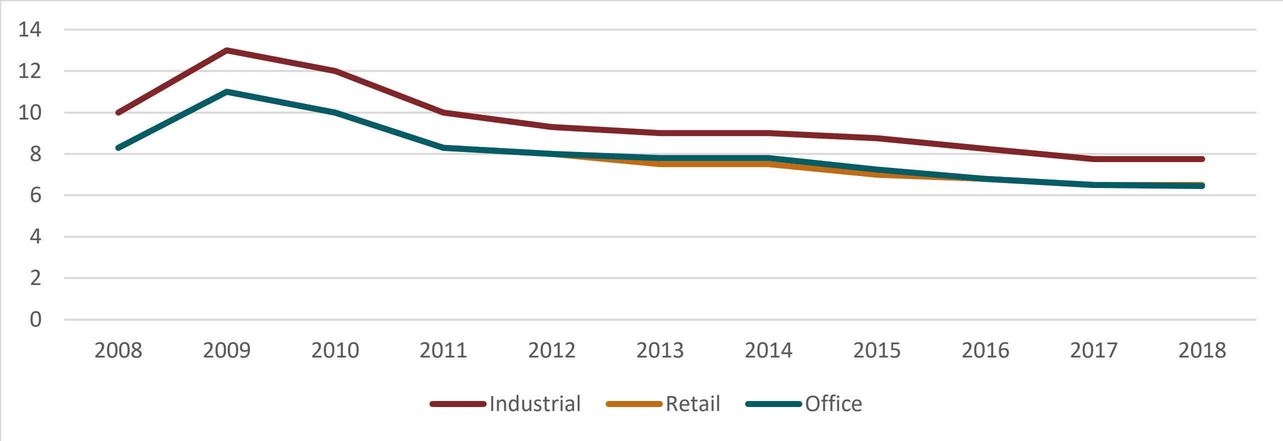


Source: Colliers

Prime yields in Riga property market have compressed from the peak in 2009 owing to the macroeconomic recovery, positive trends in commercial real estate (growing rent rates and low vacancy) and cheaper debt. Regardless of the contraction, prime properties in

Riga can still be acquired at higher prospective returns compared to countries in Western Europe, Scandinavia and even Central Eastern Europe. At the end of 2018 the yield was at 6.5% for retail, 6.45% for office premises and 7.75% for industrial properties.

Figure 19: Prime yields in Riga, %

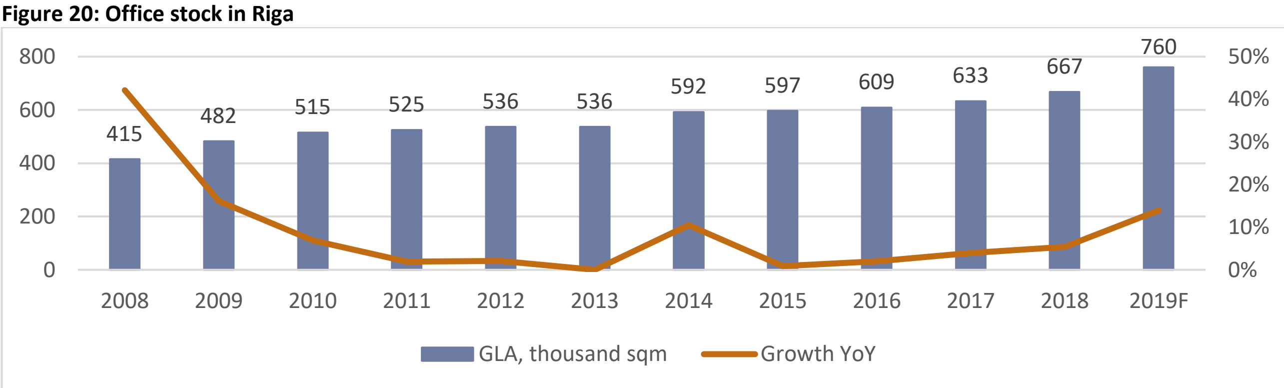


Source: Colliers

Office

A decade ending in 2010 was marked by rapid expansion in Riga's office market. Buoyed by accelerated macroeconomic growth in Latvia, modern office stock increased approximately five-fold over 2004-2010. Since then supply has been rather stable with limited number of new offices constructed. 2014 was an exception – office stock jumped by around 56 thousand sqm which was mainly attributable to a single built-to-suit property – 43,000 sqm new headquarters of State Revenue Service. Growth in office space slightly picked up in 2017 with over 20 thousand sqm commissioned. At the end of 2018 total supply stood at 675 thousand sqm. Class A premises constituted 15% of total – below 38% in Vilnius but equal to 15% in Tallinn. Because of limited development activity in recent years, lagging substantially behind Vilnius and Tallinn, a shortage of large office spaces now exists in Riga. As a result, an increasing number of developers started working on new office projects or relaunched previously initiated ones. Construction pipeline consists of more than 100 thousand sqm of GLA, most of which is expected to be completed in 2019. According to Colliers the promising pipeline of office buildings under consutruction and planning shows that the share of larger scale projects is likely to increase. In addition, market demand for good quality sustainable office buildings (BREEAM and LEED cerftifications) is expected to increase.

Figure 20: Office stock in Riga



Source: Colliers

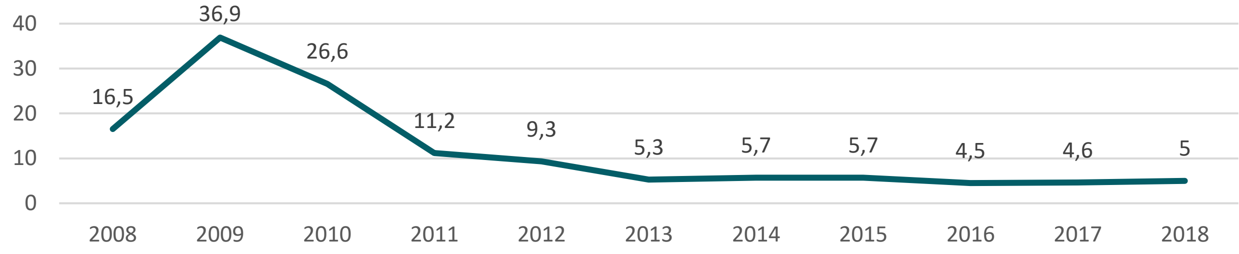
Financial, IT companies and SSCs are the most active in renting office space seeking areas above 1,000 sqm with further expansion opportunities. A new co-working office segment is also showing strong growth. Demand for co-working space is rising boosted by a trend towards more flexible working and lease terms and a boom in start-ups in the Baltics.

In recent years there has been a strong trend that new buildings are pre-leased to tenants before completion of construction. This helped to accelerate development activity because pre-lease agreements increase confidence of developers to invest in new projects and reduce their risk.

Vacancy rates returned to pre-crisis levels in 2013. Vacancy rates in Class A office space experienced a slight increase compared to 2017. This is mainly caoused by the liquidation of ABLV bank and with Rietumu bank reducing its staff and decreasing its need for space in office buildings. Overall vacancy in Riga's office market stood at 5.0% in 2018. Empty space at class A premises amounted to

4.2% while it was only 3.6% in class B properties. Colliers projects that with completion of new office buildings vacancy might slightly increase, especially in class B and lower quality properties.

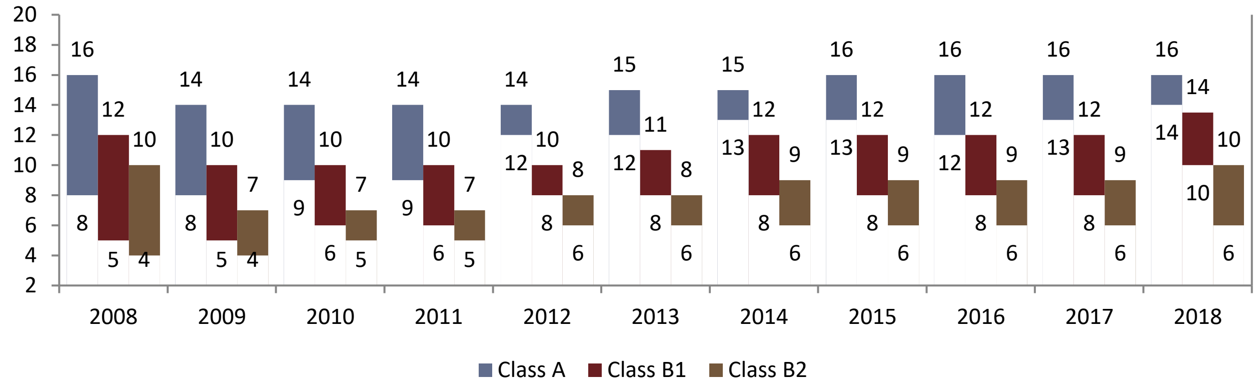
Figure 21: Vacancy rates in Riga office market, %



Source: Colliers

Rent rates have been on the upward trajectory since 2010. At the end of 2017 class A premises demanded 13-16 EUR/sqm/month, followed by 9-12 EUR/sqm/month for class B1 and 6-9 EUR/sqm/month for class B2.

Figure 22: Asking rent rates in Riga office market, EUR/sqm/month (excluding VAT and operating expenses)

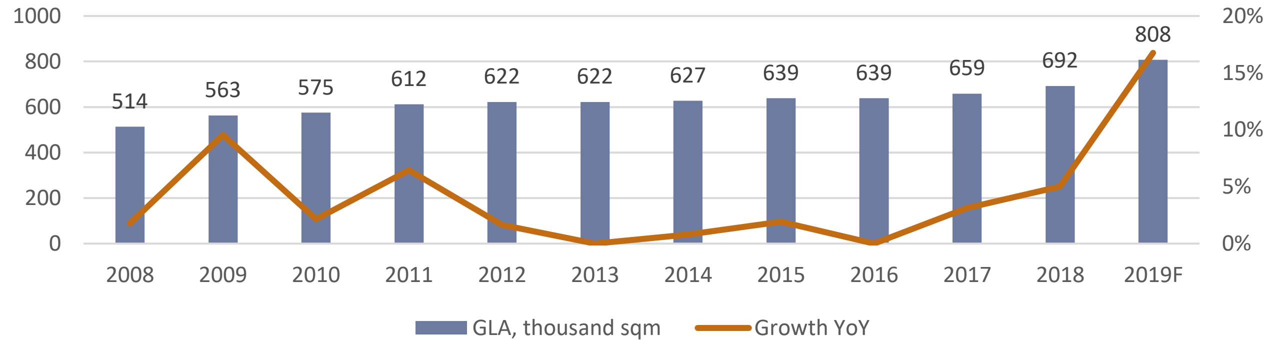


Source: Colliers

Retail

Fundamentals for retail sector have been strong in recent years. Declining unemployment and growing wages (which the EC projects to continue) have been fueling private expenditure. Lower energy costs in 2014-2016 provided an additional boost to consumers. Growing consumer expenditure should keep demand for retail space in Riga at elevated levels.

Figure 23: Retail space in Riga



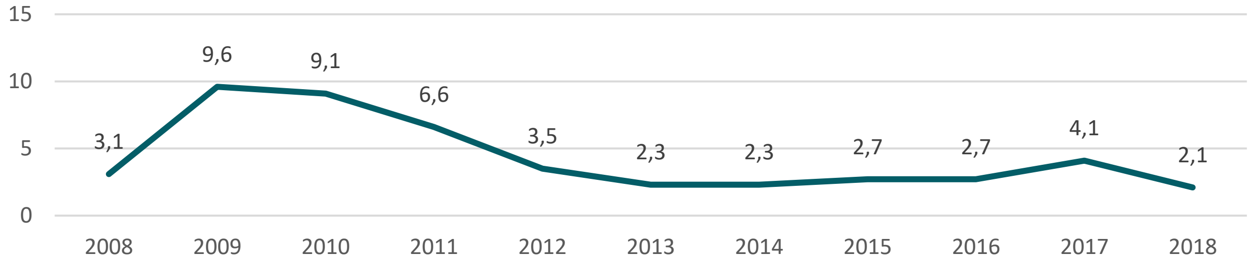
Source: Colliers

Riga's retail stock stood at 692 sqm of GLA in 2018. SCs accounted for the largest share of the total space at around 56%. In 2019 over 116 thousand sqm of new retail space is expected as a number of new large-scale SCs or expansions of existing ones are completed. That would be substantially more than additions in the last couple of years. In the second half of 2018 IKEA opened its store in Riga – the second one in the Baltics (the first one was built in Vilnius in 2013). In 2019 Akropolis Group (held by owners of Maxima retail chain) should commission its 60,000 sqm Riga Akropole whose construction started in 2016. Akropolis is the strongest shopping mall brand in Lithuania with the largest SCs in top 4 (by population) cities.

As vacancy rates are low or close to zero in the most successful SCs, their managers have been concentrating on improving tenant mix. Preference has been towards international well-known brands as well as offering activities other than shopping to visitors (for instance, fitness clubs). International retailers see Baltic States as prospective development area once they fully establish their positions in developed markets. Usually, international retailers enter Baltics via a local franchiser.

Market vacancy in SCs normalised to pre-crisis levels in 2012. It decreased to 2.7% in 2018 from 4.1% in the previous. 2017 increase inb vacancy was driven mainly by the exit of Prisma, a Finnish grocery chain, from Latvia. In 2018 this vacancy was absorbed by Maxima. On the other hand, empty space in the most successful properties (for instance, Spice SC, Spice Home SC and Alfa SC) was non-existent. Vacant space in less successful SCs comprised more than 10%.

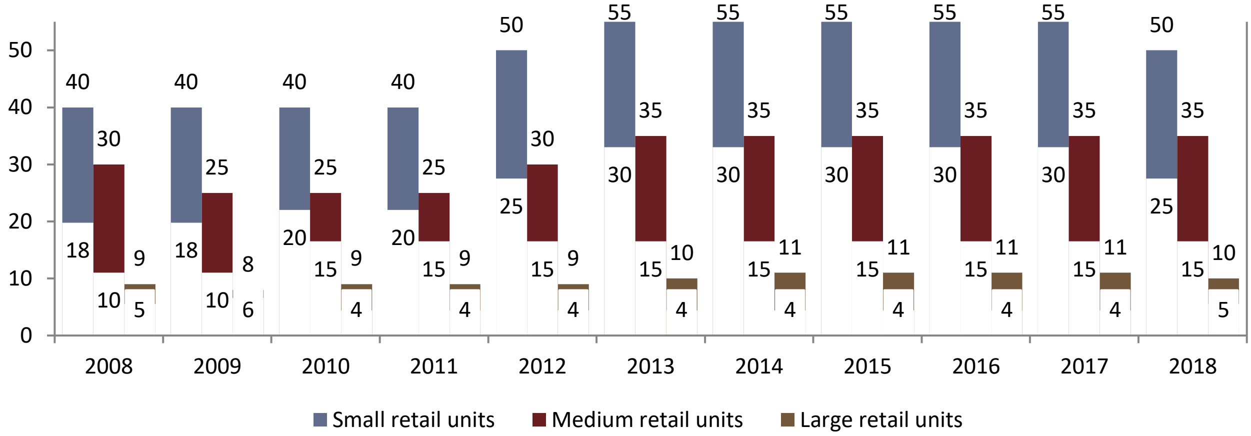
Figure 24: Vacancy rates in Riga shopping centres, %



Source: Colliers

After an accelerated growth in rent rates in 2012 and 2013, they were rather stable in recent years and at the end of 2018 amounted to 25-50 EUR/sqm/month for an up to 100 sqm space and 15-35 EUR/sqm/month for 150-350 sqm unit. Rents for anchor tenants fluctuated in the region 5-10 EUR/sqm/month. Colliers projects rent rates to remain stable in 2019.

Figure 25: Asking rent rates in Riga shopping centers, EUR/sqm/month (excluding VAT and operating expenses)



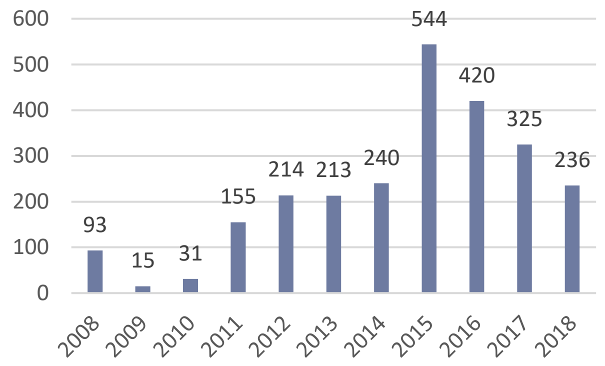
Source: Colliers

Estonia

Transaction market

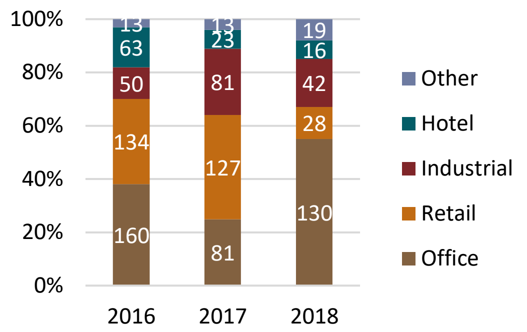
Activity in Estonian transaction market returned in 2011. Since then improving economic and real estate market conditions have supported recovery in transaction turnover. In 2018 it amounted to EUR 236m which was 30% less than in previous year due to lack of large transactions. Office and retail properties has been the primary focus of investors – over the period 2013-2018 the two segments together constituted approximately 60% of total transaction volume. In 2018 55% of total volume constituted of office segments. The elevated level of activity in Tallinn was mainly led by the acquisition of the Luminor HQ, followed by the Marienthal Centre and Kadriorg BC. Local capital was responsible for more than two/thirds of acquisitions in 2018, while traditionally active Nordic investors preferred to sell assets instead. As investors have accumulated significant amounts of capital ready to be deployed, Colliers expects the transaction market to maintain high activity with turnover of approximately EUR 400m in 2018. Retail and office properties, Colliers believes, will be the primary target of investors, yet higher yields at industrial sector might enhance its attractiveness.

Figure 26: Property transaction volume in Estonia, EURm



Source: Colliers

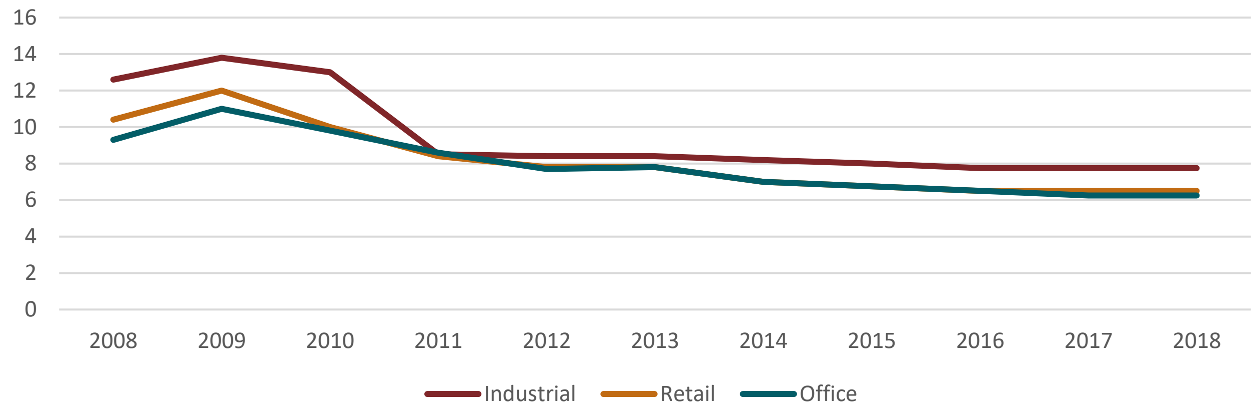
Figure 27: Transaction volume by sector, EURm



Source: Colliers

Prime yields in Tallinn have been trending downwards since 2010. At the end of 2018 prime office properties could be acquired at a 6.25% yield, retail properties at a 6.5% yield and industrial assets at a 7.75% yield. These levels are slightly below ones observed in Vilnius and Riga but substantially above returns in capitals in Western Europe, the Nordics and certain countries in Central Eastern Europe. Yield compression in recent years was attributable to a low cost of debt financing, shortage of investment grade properties, increasing demand for cash flow generating assets and growing presence of international investors that discover Baltic property markets. Colliers believes that the same factors will continue to put downward pressure on the yields in the near future.

Figure 28: Prime yields in Tallinn, %

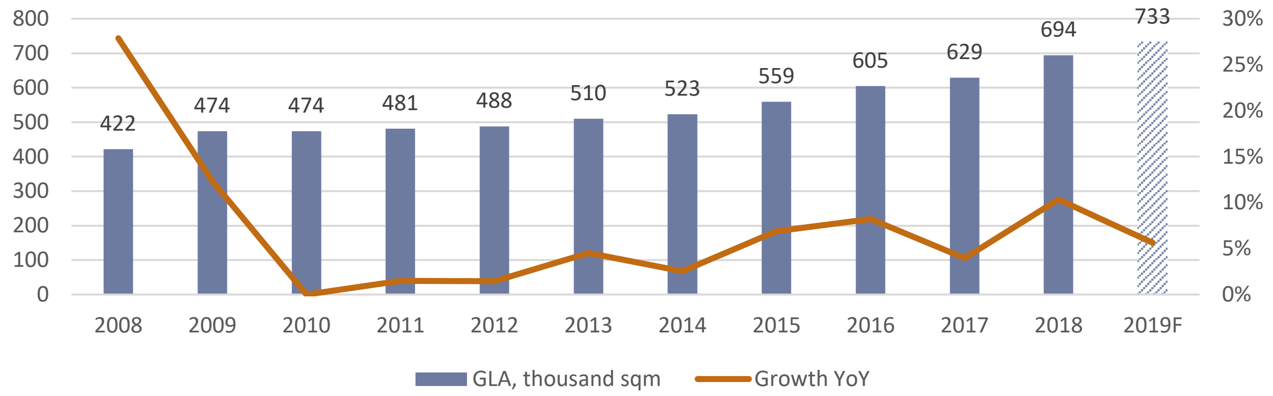


Source: Colliers

Office

Rapid expansion in Tallinn's office space supply fueled by strong pre-crisis economic growth ended in 2010. Over a three year period from 2010 to 2012 office stock barely grew. But with Estonia's economy recovering and both vacancy and rent rates on positive trajectories, the supply started increasing again in 2013. At the end of 2018 Tallinn had 694 thousand sqm GLA of modern office space. Given the current elevated activity in development of new projects, the supply in the next several years is forecast to grow at a higher pace (already observed in 2015 and 2016). Developers are expected to add close to 80 thousand sqm of new offices in 2019.

Figure 29: Office stock in Tallinn

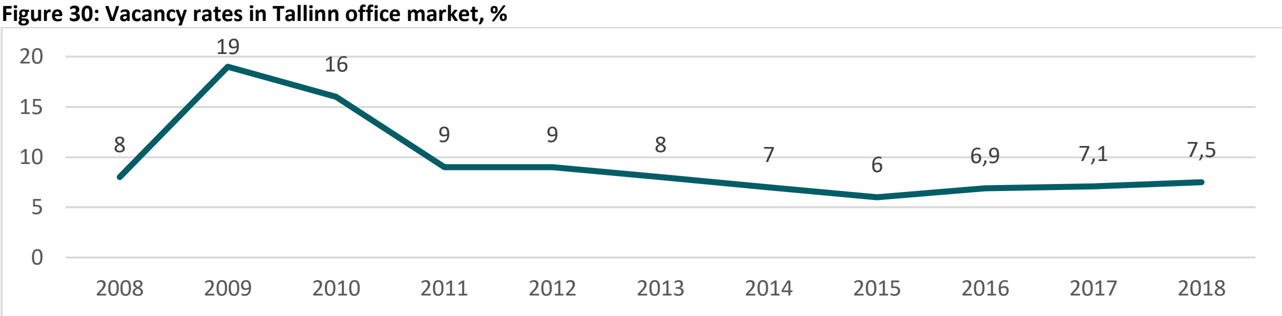


Source: Colliers

The supply of class A offices in Tallinn is relatively low. According to Colliers, at the end of 2018 class A constituted only 15% of total stock which is below Vilnius (30%) and equal to Riga (15%). Class A office space is particularly sought after by foreign companies and their back offices. Location-wise, supply in CBD is also currently relatively low but it should grow materially thanks to a number of developments in the area. Primary tenants of office buildings in CBD are businesses operating in finance and advising fields whereas IT and communication firms, another large group of tenants in Tallinn, normally prefer locations more distant from the city centre.

Vacancy was gradually declining from the peak of 19% in 2009 as demand for office space was growing while additions to the stock were limited (especially, pre 2013). However, due to larger increases in supply since 2016, vacancy rate rose to 7.5% in 2018. An amount of vacant space comprised 5.2% in class A offices and 6.5-9.4% in class B premises. Colliers projects that in 2019 vacancy could somewhat increase but that would mostly affect older and lower quality buildings as tenants would relocate to newer ones. Tenants find the new offices to be advantageous not only because of newer, higher quality work spaces but also due to greater efficiency, for instance, lower utility bills. Owners of older buildings will have to invest in refurbishing them in order to maintain competitiveness against new offerings.

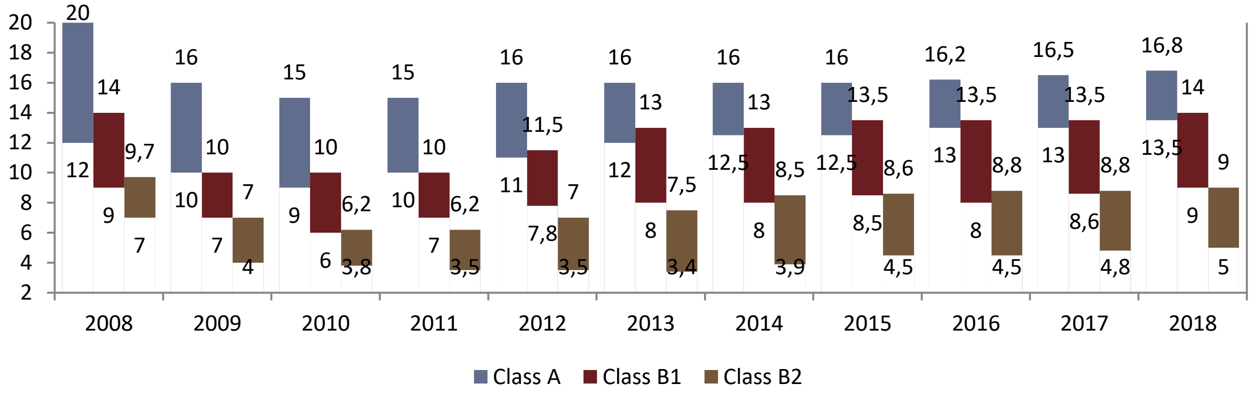
Figure 30: Vacancy rates in Tallinn office market, %



Source: Colliers

Following the trend in vacancy rates, office rents in Tallinn have been improving since 2011. They were stable in 2018, yet the gap between top and bottom rents widened. While rents for class A premises showed an upward trend, tenants of lower quality properties started to be more aggressive in price negotiations. In 2018 the rent prices amounted to 13.5-16.8 EUR/sqm/month for class A offices, 9.0-14.0 EUR/sqm/month for class B1 and 5.0-9.0 EUR/sqm/month for class B2. Colliers forecasts A class rents to increase but B2 class rents to decrease, so the spread between top and bottom rates could expand further while buildings older than 10 years could face downward pressure on rents.

Figure 31: Asking rent rates in Tallinn office market, EUR/sqm/month (excluding VAT and operating expenses)

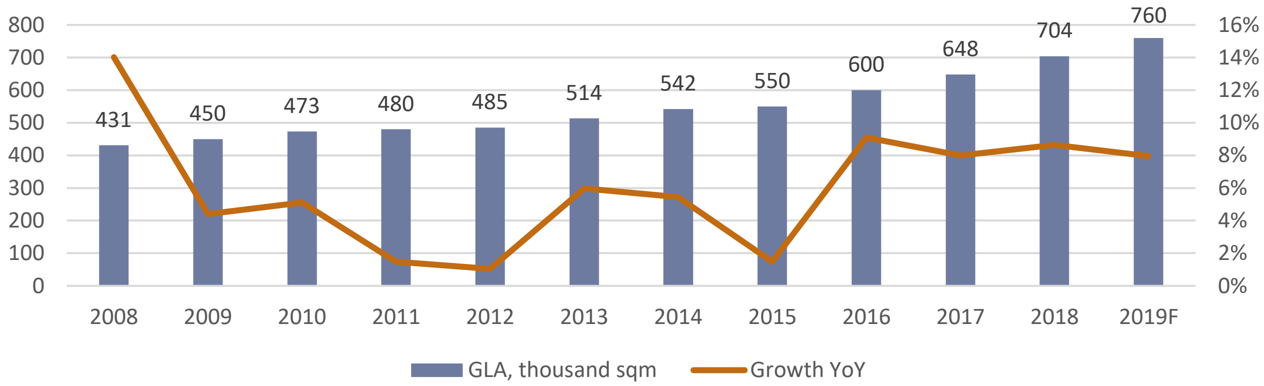


Source: Colliers

Retail

Dynamics in Tallinn's retail sector have been favourable for landlords. Demand for retail space has been growing strongly on the back of expanding consumer expenditure whereas increases in supply were limited in 2011 and 2012. Vacancy rates in SCs have not exceeded 1.0% since 2011. Larger SCs which attract higher customer flows have no available space to offer. Retail trade (excl. cars and motorcycles) growth in Estonia averaged 4.2% in real terms per annum over 2011-2017 outperforming 3.6% average growth in the nation's GDP. As private consumption is expected to remain one of the main drivers of economic growth, retail premises should continue to be in high demand.

Figure 32: Retail space in Tallinn

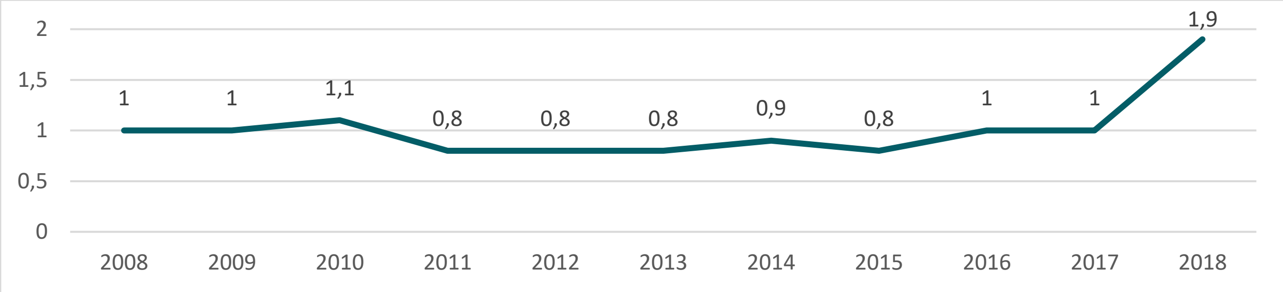


Source: Colliers

After two years (2011-2012) of limited additions to retail stock, supply growth accelerated and surpassed 5% annual pace in 4 of the last 5 years. Tallinn's retail stock stood at 7041 thousand sqm at the end of 2018. Development activity in Tallinn's retail property market is currently elevated. Supply is expected to be supplemented by approximately 56 thousand sqm in 2019. T1 shopping mall with 52.5 thousand GLA (developed by ProKapital, an Estonian real estate group) was commissioned in 2018. Porto Franco, another large-scale SC with 32 thousand sqm of retail space, is under construction which is expected to be completed in 2020. On the other hand, development activity in a grocery sector is starting to slow down after a very active period. In recent years grocery chains (the most active were Maxima, Rimi and Selver) invested heavily in expanding their networks to remain competitive. But now signs of saturation are starting to appear in the Tallinn's grocery sector - retail chains are now more cautious about investing in new stores. Lidl, on the other hand, announced its plans to enter Estonian market after 2020.

Vacancy in Tallinn's shopping centres has been consistently low. Even during the 2008-2009 economic crisis it was at around 1%. At the end of 2018 vacancy surged up to 1.9% due to the opening of the T1 Mall of Tallinn shopping centre, indicating that the market is approaching saturation point. Vacant space is non-existent in larger SCs. Colliers forecasts vacancy at smaller SCs could face upward pressure in 2018.

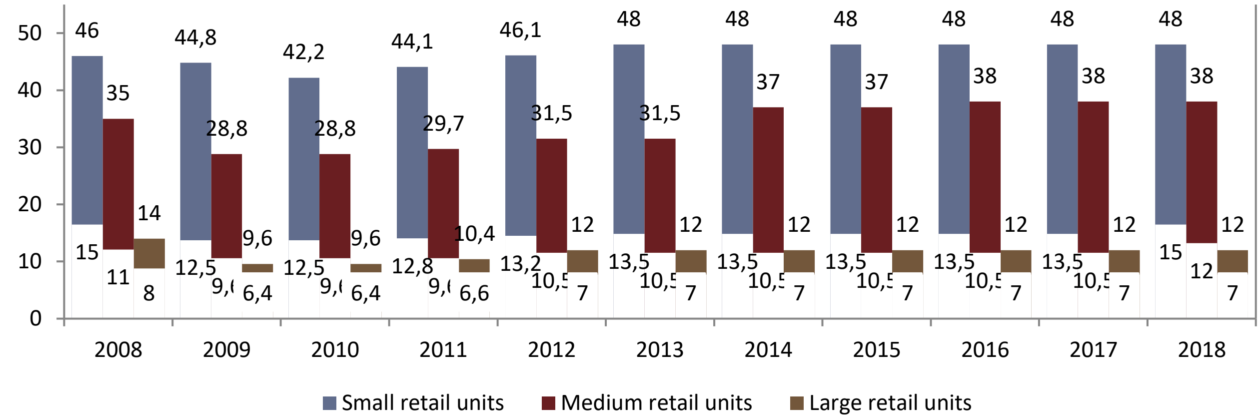
Figure 33: Vacancy rates in Tallinn shopping centres, %



Source: Colliers

Rent rates in shopping centres have been rather stable in the last decade following steady vacancy levels. A growth of 3-5% per annum in average rents was observed over 2012-2014 due to indexation and fewer discounts offered by landlords. In 2015-2018 rates were rather stable which, Colliers forecasts, should continue in 2019. Turnover rents and more flexible leasing arrangements are becoming more common in Tallinn's retail market. At the end of 2018 rent rates stood at 15.0-48.0 EUR/sqm/month for small premises and 12.0-38.0 EUR/sqm/month for larger units. Anchor tenants could pay 7.0-12.0 EUR/sqm/month.

Figure 34: Asking rent rates in Tallinn shopping centres, EUR/sqm/month (excluding VAT and operating expenses)



Source: Colliers

5. THE ISSUER

5.1. SELECTED FINANCIAL INFORMATION

On 30 June 2016, the Issuer merged with BOF and took over all assets and liabilities of BOF. Units of BOF were converted into the Units of the Issuer at a ratio of 1:100 (1 unit of BOF was exchanged into 100 Units of the Issuer). At the time of the Merger, the Issuer had no assets and liabilities of its own. Thus, historical financial and operational performance of BOF prior to the Merger is directly comparable the Issuer´s performance after the Merger. In the Issuer´s audited consolidated financial statements for the year ended 31 December 2016, BOF's financial results prior to the Merger are presented as those of the Issuer. For these reasons, in this Listing Prospectus past results of BOF are presented as results of the Fund.

Tables in this section present selected historical consolidated financial information of the Issuer. The information has been derived as follows:

The consolidated financial information, provided in the following tables, has been derived as follows:

- For the year 2019: the Issuer's unaudited consolidated interim quarterly financial statements for first quarter of 2019 ended 31 March 2019 prepared according to the IFRS;
- For the year 2018: the Issuer's audited consolidated financial statements for the year ended 31 December 2018 prepared according to the IFRS;
- For the year 2017: the Issuer's audited consolidated financial statements for the year ended 31 December 2017 prepared according to the IFRS;

- For the year 2016: the Issuer's audited consolidated financial statements for the year ended 31 December 2016 prepared according to the IFRS.

The information in this section should be read in conjunction with, and is qualified in its entirety by reference to, the aforementioned financial statements and their related notes.

The ratios and indicators set forth in Table 10 are provided to better illustrate the performance and financial situation of the Issuer. These ratios and indicators have been computed using information provided in the audited consolidated financial statements listed above and the Issuer's internal management reports. The ratios and indicators themselves have neither been audited nor reviewed by independent auditors. Some of these ratios and indicators are used by the Management Company to evaluate the Issuer's performance while others are provided for the benefit of investors considering an investment in the Units.

A financial year of the Issuer starts on the 1st of January and ends on the 31st of December.

The Management Company confirms that according to their best knowledge, the annual accounts for the 2018 financial year, prepared according to the IFRS, present a correct and fair view of the assets, liabilities, financial situation and loss or profit of the issuer and the undertakings involved in the consolidation as a whole, and the management report gives a correct and fair view of the development and results of the business activities and financial status of the Issuer and the undertakings involved in the consolidation as a whole and contains a description of the main risks and doubts.

Table 10: Consolidated income statement of the Fund, EUR thousand

	2016	2017 (restated)	2018	Q1 2018	Q1 2019
Rental income	7,874	11,839	15,860	3,606	4,151
Service charge income	2,594	1,921	2,760	585	763
Cost of rental activities	-3,315	-2,992	-3,816	-782	-998
Net rental income	**7,153**	**10,768**	**14,804**	**3,409**	**3,916**
Administrative expenses	-2,190	-2,774	-2,813	-640	-709
Other operating income	97	14	74	6	6
Valuation gains/losses on investment properties	2,737	3,676	2,014	-	-
Operating profit	**7,797**	**11,684**	**14,079**	**2,775**	**3,213**
Financial income	14	47	8	2	2
Financial expenses	-1,253	-1,528	-2,789	-489	-899
Profit before tax	**6,558**	**10,203**	**11,298**	**2,288**	**2,316**
Income tax charge	-798	-759	-1308	-604	-143
Profit for the period	**5,760**	**9,444**	**9,990**	**1,684**	**2,173**
Other comprehensive income that is or may be reclassified to profit or loss in subsequent periods					
Net gains (losses) on cash flow hedges	-113	273	-1,013	-315	-556
Termination of interest rate swap agreement reclassified to profit or loss	-	57	-	-	-
Recognition of initial interest rate cap costs	-	-43	-33	-	-
Income tax relating to net gains (losses) on cash flow hedges	18	-49	97	45	36
Other comprehensive income/(expense), net of tax, that is or may be reclassified to profit or loss in subsequent periods	**-95**	**238**	**-949**	**-270**	**-520**
Total comprehensive income/(expense) for the period, net of tax	**5,665**	**9,682**	**9,041**	**1,414**	**1,653**

Earnings per unit (basic and diluted)[1], EUR	**0.12**	**0.15**	**0.13**	**0.02**	**0.03**

Source: Q1 2019 is based on unaudited interim consolidated financial statements of the Fund for the 3-month period ended 31 March 2019, audited consolidated financial statements of the Issuer for the year 2018, audited consolidated financial statements of the Issuer for years 2016-2017

[1] On 30 June 2016 the Fund merged with BOF and took over all assets and liabilities of BOF. Units of BOF were converted into the Units of the Fund at a ratio of 1:100 (1 unit of BOF was exchanged into 100 Units of the Fund). To ensure the comparability of historical per unit figures, numbers of units prior to the Merger were recalculated by multiplying them by 100 to reflect the effect of the conversion. The recalculated numbers or units were used to compute comparable per unit figures.

Table 11: Consolidated financial position of the Fund, EUR thousand

	31.12.2016	31.12.2017	31.12.2018	31.03.2019
Investment properties	141,740	189,317	245,160	236,566
Investment property under construction	1,580	-	-	-
Derivative financial instruments	-	89	9	7
Other non-current assets	288	146	596	96
Total non-current assets	**143,608**	**189,552**	**245,765**	**263,669**
Trade and other receivables	1,269	1,568	2,734	2,556
Prepayments	178	108	154	316
Cash and cash equivalents	9,883	24,557	12,225	2947
Total current assets	**11,330**	**26,233**	**15,113**	**5,819**
TOTAL ASSETS	**154,938**	**215,785**	**260,878**	**269,488**
Paid in capital	66,224	91,848	93,673	93,338
Own units	-8	-	-335	-
Cash flow hedge reserve	-294	-56	-1,005	-1,525
Retained earnings	10,887	15,184	17,472	17,526
Total equity	**76,809**	**106,976**	**109,805**	**109,339**
Interest bearing loans and borrowings	58,981	96,497	140,401	148,771
Deferred tax liabilities	4,383	5,206	5,844	5,934
Derivative financial instruments	345	88	1,069	1,623
Other non-current liabilities	935	859	905	921
Total non-current liabilities	**64,644**	**102,650**	**148,219**	**157,249**
Interest bearing loans and borrowings	10,191	1,590	106	388
Trade and other payables	2,876	4,202	2,397	2,186
Income tax payable	46	14	-	3
Derivative financial instruments	-	15	-	-
Other current liabilities	372	338	351	323
Total current liabilities	**13,485**	**6,159**	**2,854**	**2,900**
Total liabilities	**78,129**	**108,809**	**151,073**	**160,149**
TOTAL EQUITY AND LIABILITIES	**154,938**	**215,785**	**260,878**	**269,488**

Source: Q1 2019 is based on unaudited interim consolidated financial statements of the Fund for the 3-month period ended 31 March 2019, audited consolidated financial statements of the Issuer for the year 2018, audited consolidated financial statements of the Issuer for years 2016-2017

Table 12: Consolidated statement of cash flows of the Fund, EUR thousand

	2016	2017	2018	Q1 2018	Q1 2019
Operating activities					
Profit before tax	6,558	10,203	11,298	2,288	2,316
Adjustments for non-cash items:					
Value adjustment of investment properties	-2,562	-3,676	-2,014	-	-
Value adjustment of investment properties under construction	-175	-	-	-	-
Change in allowance for bad debts	17	45	143	-	-7
Financial income	-14	-47	-8	-2	-2
Financial expenses	1,253	1,528	2,789	489	899
Working capital adjustments:					
Decrease/-increase in trade and other accounts receivables	-204	-241	-822	-155	251
-Increase/decrease in other current assets	-106	-39	-540	-47	-247
-Decrease/increase in other non-current liabilities	69	-150	-76	15	16
Increase/-decrease in trade and other accounts payable	-398	-100	-522	-623	-105
-Decrease/increase in other current liabilities	-50	-6	702	159	-126
Refunded/-paid income tax	-103	-42	-586	-29	-2
Net cash flow from operating activities	**4,285**	**7,475**	**10,364**	**2,095**	**2,993**
Investing activities					
Interest received	14	8	8	2	1
Acquisition of subsidiaries, net of cash acquired	-20,098	-8,614	-16,935	-181	-
Acquisition of investment properties	-15,454	-14,362	-34,477	-34,477	-17,838
Acquisition of land plot	-	-	-1,661	-	-
Advance payment on investment property	-200	-	-500	-	-
Investment property development expenditure	-1,660	-3,996	-2,237	-1,766	-
Capital expenditure on investment properties	-380	-1,163	-623	-155	-68
Net cash flow from investing activities	**-37,778**	**-28,127**	**-56,425**	**-36,577**	**-17,905**
Financing activities					
Proceeds from issue of bonds	-	-	40,000	-	-
Proceeds from bank loans	8,211	40,566	26,000	25,300	8,705
Repayment of bank loans	-4,722	-24,112	-23,299	-7,157	-74
Proceeds from issue of units	40,550	25,632	2,350	2,350	-
Repurchase of units	-8	-	-860	-	-
Profit distribution to unitholders	-1,091	-5,147	-7,702	-1,781	-2,119
Transaction costs related to loans and borrowings	-127	-223	-380	-51	-7
Interest paid	-1,114	-1,390	-2,380	-446	-871
Net cash flow from financing activities	**41,699**	**35,326**	**33,729**	**18,215**	**5,634**
Net change in cash and cash equivalents	**8,206**	**14,674**	**-12,332**	**-16,267**	**-9,278**

Cash and cash equivalents at the beginning of the year	1,677	9,883	24,557	24,557	12,225
Cash and cash equivalents at the end of the year[2]	**9,883**	**24,557**	**12,225**	**8,290**	**2,947**

Source: Q1 2019 is based on unaudited interim consolidated financial statements of the Fund for the 3-month period ended 31 March 2019, audited consolidated financial statements of the Issuer for the year 2018, audited consolidated financial statements of the Issuer for years 2016-2017

Table 13: Key indicators of the Issuer

	2016	2017	2018	Q1 2018	Q1 2019
Property-related					
Value of investment properties, EUR'000	141,740	189,317	245,160	223,961	263,57
Number of properties, period end	8	10	12	11	13
Rentable area, sqm					
Period end	75,107	96,512	113,934	105,386	122,652
Period average[1]	58,936	83,736	106,620	103,430	116,895
Vacancy rate					
Period end	2.60%	2.20%	1.2%	2.3%	2,5%
Period average[2]	3.20%	2.20%	2.00%	2.20%	2,7%
Net initial yield[3]	6.80%	6.80%	6.5%	6.40%	6,3%
Financial					
EPRA NAV per unit[4,5], EUR	1.48	1.47	1.51	1.47	1.51
NAV per unit[4], EUR	1.34	1.38	1.40	1.38	1.39
Adjusted earnings per unit[4,6], EUR	0.14	0.16	0.13	0.02	0,03
Adjusted ROE[7]	10.80%	11.90%	9.35%	1.45%	2.15%
Adjusted cash earnings[8], EUR'000	4,656	7,122	8,698	1,684	2,173
Adjusted cash earnings per unit[4], EUR	0.1	0.11	0.11	0.02	0.03
Adjusted cash ROE[9]	7.50%	8.40%	7.91%	1.45%	2.15%
Dividends per unit[4,10], EUR	0.05	0.084	0.102	0.090	0.025
Interest coverage ratio[11]	4.4	5.6	4.5	5.9	3.7
LTV[12]	48.80%	51.80%	57.30%	51.9%	56.60%
Weighted average number of units issued[4], '000	47,351	62,271	78,765	78,154	78,497
Number of units issued at period end[4], '000	57,265	77,441	78,753	79,157	78,497

Source: ratios and indicators in the table have been computed using information provided in the Issuer's and BHF's audited consolidated financial statements, unaudited consolidated financial statements and internal management reports. The ratios and indicators themselves have neither been audited nor reviewed by independent auditors.

[1] Computed as average of monthly estimates.
[2] Computed as average of monthly estimates.
[3] Net initial yield = net rental income / value of investment properties. Calculated as average of monthly estimates.
[4] On 30 June 2016 the Issuer merged with BOF and took over all assets and liabilities of BOF. Units of BOF were converted into units of the Issuer at a ratio of 1:100 (1 unit of BOF was exchanged into 100 units of the Issuer). To ensure the comparability of historical *per unit* figures, numbers of units prior to the Merger were recalculated by multiplying them by 100 to reflect the effect of the conversion. The recalculated numbers or units were used to compute comparable *per unit* figures.
[5] EPRA NAV is a measure of long term NAV, proposed by European Public Real Estate Association (EPRA) and widely used by listed European property companies. It is designed to exclude assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value of financial derivatives and deferred taxes on property valuation gains. EPRA NAV = NAV per financial statements + derivative financial instruments liability net of related deferred tax asset + deferred tax liability related to investment property fair and tax value differences. Calculation of EPRA NAV is explained in greater detail in section 5.15 "NAV".
[6] Earnings per unit for 2017 were adjusted to exclude EUR 637 thousand one-off expenses related to public offerings. Earnings per unit for 2016 were adjusted to exclude EUR 938 thousand one-off expenses related to public offerings. No adjustments were performed for year 2015. No adjustments were performed for 9 months 2018. Earnings per unit for 9 months 2017 were adjusted to exclude EUR 434 thousand one-off expenses related to public offerings and EUR 452 thousand one-off deferred tax related to revaluation of Upmalas Biroji's land plot.
[7] Adjusted return on average equity (ROE) = adjusted earnings per unit / average NAV per unit; where average NAV per unit = (NAV per unit at the beginning of the period + NAV per unit at the end of the period) / 2. Estimates for interim periods were annualized.

[8] Adjusted cash earnings = profit before tax - valuation gains or losses on investment properties - net gains or losses on disposals of investment properties - paid income taxes. A figure for 2017 was adjusted to exclude EUR 637 thousand one-off expenses related to public offerings. A figure for 2016 was adjusted to exclude EUR 938 thousand one-off expenses related to public offerings. No adjustments were performed for 2018.
[9] Adjusted cash ROE = adjusted cash earnings per unit / average NAV per unit; where average NAV per unit = (NAV per unit at the beginning of the period + NAV per unit at the end of the period) / 2. Estimates for interim periods were annualized.
[10] With the initial public offering in June 2016 the Issuer started distributing dividends quarterly. A dividend figure for 2016 represents only two quarterly dividends (for Q3 2016 and Q4 2016) while dividend figures for 2017 and 2018 already reflect all four quarterly dividends.
[11] Interest coverage ratio = (operating profit - valuation gains or losses on investment properties - net gains or losses on disposals of investment properties) / interest on bank loans.
[12] Loan-to-value (LTV) = total interest bearing loans and borrowings / value of investment properties. Increase in LTV is related to additional EUR 10 million bond issue used for Duetto II acquistiion in 2019. LTV excluding unused EUR 10 million bond issue would reach 53.2%.

5.2. GENERAL INFORMATION

Regulatory Status of the Fund

The Issuer is a closed-ended contractual investment fund registered in Estonia and acting in accordance with the Estonian Investment Funds Act ("IFA"). A contractual fund is not a legal person, whereas it is the money collected through the issue of units and other assets acquired through the investment of such money, which is owned jointly by the unit-holders. A unit represents the unit-holder's share in the assets of a fund.

The Issuer is a real estate fund investing primarily in real estate, portfolios of real estate, and/or real estate companies. Northern Horizon Capital AS, registry code 11025345, is acting as the management company of the Issuer. Further information on the Management Company is set out in section 6.2 "The Management Company".

Fund Rules were registered with Estonian Financial Supervision Authority on 23 May 2016. The Issuer and the Management Company are regulated and supervised by Estonian Financial Supervisory Authority. The Issuer and the Management Company operate under the laws of Estonia and any disputes regarding rights and obligations under the Fund Rules and regarding the operations of the Management Company thereunder shall be resolved in the courts of Estonia. The Fund Rules are enclosed to the Listing Prospectus as Appendix A.

The Issuer is established without specified term.

The Issuer is a public fund. Units of the Issuer are made available to the public in accordance with the Fund Rules and applicable laws. Units of the Issuer are listed on Nasdaq Tallinn and secondary listed on Nasdaq Stockholm.

A typical investor of the Issuer is either an institutional or a retail investor seeking to have a medium or long term indirect exposure to commercial real estate property. Investors should be ready to accept investment risk generally inherent to real estate markets. Provided that Issuer's investments are made with a long term perspective with a view to gain both from the increase of the property value over economic cycles and through continuous cash flow generation, also investors are expected to invest with a long term view. Furthermore, investors who expect regular distributions out of cash flows (e.g. dividends, interests) should consider an investment in the Issuer. Any investor, who has had no or very little experience in investing in real estate funds or directly in commercial real estate property, should consult their professional adviser in order to learn about the characteristics and risks associated with such investments.

History and developments

On 30 June 2016, the Management Company completed the merger of the Issuer with BOF. BOF was a closed-ended contractual investment fund under the management of the Management Company. As a result of the Merger, the Issuer received all assets of BOF and BOF unit-holders became Unit-holders of the Issuer. Therefore, history of BOF is also history of the Issuer.

In December 2010, BOF closed its first capital raising that amounted to EUR 5.5m. The investment preposition of BOF was to take advantage of a potential post-crisis recovery in Baltic property markets.

BOF made its first investment in July 2011 when Lincona office complex in Tallinn was acquired for EUR 15.4m. As Lincona was generating strong cash flows, in July 2012 BOF distributed its first dividend to unitholders which represented 3.0% yield on invested equity. At the beginning of 2013, BOF significantly expanded its property portfolio by acquiring SKY Supermarket, a neighborhood shopping center in Riga, for EUR 4.5m in January 2013 and Coca Cola Plaza, a cinema complex in Tallinn, for EUR 11.9m in March 2013. Thanks to these acquisitions the value of property portfolio increased from EUR 15.3m at the end of 2012 to EUR 33.1m at the end of 2013 while NLA expanded from 11,356 sqm to 23,270 sqm. A larger size of the portfolio enabled the fund to achieve greater cost efficiencies. Dividend implying 7.0% yield on invested equity were declared for year 2013.

In July 2013, BOF signed a share purchase agreement starting the acquisition process of Domus Pro. It was a 7,500 sqm NLA neighborhood shopping center development project with an optional 3,700 sqm expansion in the second stage. Forward financing of

EUR 2.0m was provided to the project's developer after which the construction of the first stage started. Domus Pro opened its doors in the beginning of 2014. The acquisition was finalized in May 2014 for EUR 12.1m adding the first Lithuanian holding to BOF's property portfolio. At the end of 2014, the portfolio reached a fair value of EUR 46.2m and total rentable space of 30,833 sqm. For year 2014, the fund announced dividend representing 5.0% yield on invested equity.

Construction of the second stage (3,700 sqm) of Domus Pro was initiated in March 2015. All of the new space was fully pre-let to two tenants, a home improvement shop and a fitness club. The first part of the expansion was commissioned in December 2015 and the second in May 2016.

In March 2015, BOF acquired the 5th property in its portfolio – Europa shopping mall in Vilnius CBD for EUR 35.8m. With 16,856 sqm of NLA it is markedly larger than previously acquired buildings. Also in March 2015, BOF completed the disposal of Babycenter, a standalone building of 674 sqm acquired together with Lincona office complex in 2011. It was sold for EUR 1.0m. On 31 December 2015 the value for BOF's portfolio amounted to EUR 86.8m and NLA reached 48,651 sqm. For year 2015, a dividend constituting a 7.0% yield on invested equity was declared.

In June 2016, the Issuer successfully completed an initial public offering raising EUR 21.0m of new equity. On 6 July 2016, its Units started trading on Nasdaq Tallinn. Using the proceeds raised in the initial public offering, the Issuer acquired G4S Headquarters in Tallinn in July 2016 for EUR 15.5m at a 7.5% yield and Upmalas Biroji in Riga in August 2016 for EUR 23.6m at a 7% yield. In November 2016 the Issuer carried out a secondary public offering attracting EUR 19.6m of new equity. On 23 December 2016 the Fund Units were dually listed on Nasdaq Stockholm. In December 2016, a portion of the proceeds from the secondary public offering were used to acquire Pirita in Tallinn for EUR 12.2m at a 7.4% yield. Before the end of 2016, construction of Domus Pro's 3rd stage, a 6-story expansion with 4,380 sqm of NLA, began. The Issuer ended year 2016 with a property portfolio of 8 buildings worth EUR 141.7m in fair value and amounting to 75.1 thousand sqm of rentable area.

In March 2017, proceeds from November 2016 public offering were invested in the second property – Duetto I in Vilnius was purchased for EUR 14.6m at a 7.2% yield. In June 2017, a new secondary public offering of the Fund Units was performed raising EUR 9.4m of additional equity. The construction of 4,380 sqm 3rd stage at Domus Pro was completed in October 2017. In November 2017, further EUR 16.3m of fresh equity was attracted in another secondary public offering. That was shortly followed by a closing of the acquisition of Vainodes I office in Riga for EUR 21.3m at a 7% yield. At the end of 2017, the Issuer's property portfolio, consisting of 10 assets, had a fair value of EUR 189.3m and rentable area of 96.5 thousand sqm. 4 quarterly dividends, declared for 2017 profits, totaled to EUR 0.084 per unit implying a 6.4% annual dividend yield on the Unit market price on Nasdaq Tallinn at the end of 2017 (EUR 1.31).

In February 2018, Postimaja shopping centre in Tallinn was purchased for EUR 34.4m at a 5.4% yield. The property is located next to Coca Cola Plaza which the Issuer has held since March 2013. The Issuer began implementing a development plan to connect Postimaja with Coca Cola Plaza which includes a new exterior design, expansion in existing leasable area and improved functionality between the two buildings. In April 2018, the Issuer further diversified its funding sources by issuing EUR 30m of 5-year unsecured notes with a fixed coupon of 4.25%. These notes were listed on Nasdaq Tallinn. As part of a preparation for placing credit securities, MM3 mid-market evaluation rating from S&P Global Ratings was obtained which corresponds to BB+/BB credit rating. In December 2018 bond issue was increased to EUR 40m by additionally tapping EUR 10m on the same terms. In August 2018, the 12th property in the portfolio was acquired – LNK Centre office in Riga – for EUR 17.3m at a 6.5% yield. At the end of December 2018, the property portfolio had EUR 245.2m in fair value and 113.9 thousand sqm of leasable area. As at the date of this Listing Prospectus, the dividends for the first quarter of 2019 were declared on 17th May 2019. The management company approved cash distribution of approximately 2.23% of the Issuer's first quarter weighted avarage net asset value to its unitholders. Decided dividends for the first quarter of 2019 equals to approximately EUR 2.45m in total an EUR 0.025 per Fund unit, which represents 7.7% annual dividend yield for the past 12 months based on the closing unit prive of the last day of the first quarter 2019 on Nasdaq Tallinn.

The previous 4 quarterly dividends (for 2018) sum up to EUR 0.102 per unit representing an annual dividend yield of 7.8% on the Unit market price on Nasdaq Tallinn on the last day of the fourth quarter of 2018 (EUR 1.307).On 18 December the Issuer signed an agreement to acquire the 13th property in the portfolio – newly built office building Duetto II in Vilnius, Lithuania, situated next to a property already owned by the Issuer – Duetto I. The closing of the transaction took place on 27 February 2019. For more information about the property to be acquired please see section 5.9 – Asset Portfolio.

5.3. INVESTMENT OBJECTIVE AND POLICY

The objective of the Issuer is to combine attractive income yields with medium to long-term value appreciation by identifying and investing primarily in real estate, portfolios of real estate, and/or real estate companies and successfully exiting from these investments. The objective of the Issuer is to provide its unit-holders with consistent and above average risk-adjusted returns by acquiring high quality cash flow generating commercial properties with the potential for adding value through active management, thereby creating a stable income stream of high yielding current income combined with capital gains.

The focus of the Issuer is to invest, directly or indirectly, in real estate located in Estonia, Latvia, and Lithuania, with a particular focus on the capitals - Tallinn, Riga, and Vilnius - and a preference for city centres within or near the central business districts. The Issuer seeks to become the largest commercial property owner in the Baltics. In the longer term it targets to reach a property portfolio size of EUR 1,000m and NAV of EUR 500m in order to maximize unitholder returns through cost efficiencies, increase negotiation power with tenants and sellers of properties and ensure high liquidity of its Units.

The investment strategy of the Issuer aims to take advantage of higher property yields in the Baltics. According to Colliers, prime yields for office and retail properties in the Baltic capitals stood at 6.0-6.5% at the end of 2018 (for more information see section 4.2 “Property Markets”) exceeding yields in Western Europe, the Nordics and certain countries in Central Eastern Europe. Higher property yields enable the Issuer to generate greater cash returns, which are paid out to unitholders as dividends, and also offer a potential for capital appreciation due to possible compression in the Baltic yields. Dividends are targeted to yield 7-9% of invested equity per annum, payable quarterly (see section 5.14 “Dividends and Dividend Policy”).

The focus on the Baltic commercial real estate is also based on positive leasing trends: low vacancy (approximately 5% for offices and 2% for retail at the end of 2018, Colliers), gradually growing rent rates and a significant and still increasing presence of large international tenants. In addition, rising activity in Baltic property transaction market leads to greater availability of potential acquisition targets which is important for the implementation of the Issuer’s investment strategy. The turnover of property transactions, aggregated for all three Baltic countries, reached an all-time record of EUR 1.4bn in 2015 and remained high at EUR 1.12bn in 2018, which is 19% higher than in 2017. This was mainly due to some large transactions in Lithuania and Latvia.

The Issuer’s geographical focus on the Baltics is supported by the stable macroeconomic situation in the region. All three Baltic countries are members of the EU and have euro as a national currency. Their economies have been growing at a higher pace than the EU average. Over the period from 2000 to 2018, annual real GDP growth averaged 4.0% in Lithuania (the 2nd fastest in the EU), 3.6% in Latvia (the 5th fastest) and 3.4% in Estonia (the 8th fastest). In contrast, the overall EU’s GDP expanded by only 1.4% real per annum over the same period. The EC forecasts economic growth in the Baltics to continue outperforming the EU average (see section 9.1 “Macroeconomic Overview”). Furthermore, government debt and private debt levels of the Baltic countries are among the lowest in the EU. Whereas the overall EU had a gross government debt to GDP ratio of 80% at the end of 2018, Estonia’s government debt amounted to only 8,4% of GDP (the lowest in the EU), Lithuania’s 34,2% and Latvia’s 35,9% of GDP (the 6th and the 8th lowest respectively).

Up to 100% of the assets of the Issuer may be invested in real estate and securities related to real estate. The Issuer may invest in all types of real estate properties, including retail, office and logistics properties. Up to 20% of the Issuer’s gross asset value may be invested in other types of properties, such as forward funding development projects and undeveloped land plots. Properties may also include real estate properties experiencing financial or economic distress.

The investments in real estate property are made either directly by acquiring title to the property or indirectly through holding shares in investment vehicles (e.g. special purpose vehicles, joint ventures) that hold title to the property. The Management Company holds investments through a separate investment vehicle for each investment that is made indirectly and aims to hold 100% shares in respective SPV.

The Management Company has, on account of the Issuer, the right to guarantee an issue of securities, provide surety, take a loan, issue debt securities, enter into repurchase or reverse repurchase agreements, and conclude other securities borrowing transactions. Subject to the discretion of the Management Company, the Issuer aims to leverage its assets and targets a debt level of 50% of the value of its assets. At no point in time may the Issuer’s leverage exceed 65% of the value of its assets. Loans may be taken for periods of up to 30 years.

In investing in cash-flow-generating properties, the focus of the Management Company is on properties which hold long-term tenants and have opportunities for active asset management. The Management Company seeks to build and maintain a diversified portfolio of properties across cities, segments and tenants.

Investment objective and policy of the Issuer may only be amended by amending the Fund Rules under the resolution of the General Meeting. See section 5.6. “Governance Structure of the Issuer – General Meeting”.

Although the objective of the Issuer is to generate positive returns to the Unit-holders, the profitability of the Issuer and positive returns for the Unit-holders are not guaranteed.

5.4. INVESTMENT RESTRICTIONS

General

The Issuer is a real estate investment fund and the Management Company aims to have adequate flexibility to pursue the investment opportunities available in the market. In addition to the limitations deriving from the investment objectives and policy of the Issuer, the IFA and the Fund Rules stipulate restrictions for investing the Issuer’s assets.

In general, the weighting of each asset class, type of issuer, region and sector in the assets of the Issuer shall be determined in the course of the everyday management of the Issuer in line with the investment objectives, policy and restrictions. As the purpose of the Issuer is to invest in real estate property the acquisition process of which may be time-consuming, and provided further that new capital is raised to the Issuer via public or targeted offers of the Units, the Management Company aims to invest any new capital raised to the Issuer within a reasonable time period after the new capital is paid in. During that period of time the Issuer may not be in line with the investment restrictions. For example, the requirement to invest at least 80% of the assets in real estate property may not be met immediately after new capital has been raised by the Issuer until the property investment is made. The Management Company aims to raise new capital only when it has identified specific target investments and has achieved reasonable certainty in acquiring the property or properties.

Risk diversification requirements provided for in the Fund Rules may be temporarily exceeded for reasons outside the control of the Management Company. Exercising a right of pre-emption to acquire securities, a bonus issue, a change in the market value of securities and other such reasons are deemed to be reasons outside the control of the Management Company if the objective of the transactions performed on account of the Issuer is to observe the aforementioned requirements, taking into account the interests of the Unit-holders.

In general, in the event of breach of the investment restrictions stipulated in the IFA or in the Fund Rules that have occurred due to reasons outside the control of the Management Company, the Management Company will immediately take action to cure the situation in line with the Fund Rules. The Management Company shall inform investors of any material breach of the investment restrictions and of any actions taken to cure the breach via stock exchange release or by respective notice disclosed on the Website if the Units are not listed on a stock exchange..

Restrictions on Property Investments

In accordance with the IFA and the Fund Rules, at least 80% of the Issuer's assets shall be invested in real estate and securities relating to real estate in accordance with the investment objectives and policy of the Issuer. The following are securities relating to real estate:

- the units or shares of a fund which is deemed to be a real estate fund according to the legislation of Estonia or other states;
- the shares of special purpose vehicles whose main activity is direct or indirect (through subsidiaries) investment in real estate or management of real estate;
- derivative instruments the underlying assets of which are securities specified in above.

Securities of investment vehicles (including but not limited to joint ventures, SPVs, other real estate funds) in which the Issuer may invest may be registered in any jurisdiction provided that the investment strategy of those investment vehicles is not in conflict with the investment policy and restrictions of the Issuer. Shares of SPVs may be registered in other countries than Estonia, Latvia or Lithuania only with prior approval by the Depositary.

The Fund shall meet the following risk diversification requirements:

- up to 50% of the gross asset value of the Issuer may be invested in any single real estate property, or in any single real estate fund;
- the annual rental income from one single tenant shall not form more than 30% of the total annual net rental income of the Issuer.

For more detailed information on the property investments of the Fund, the valuation of the assets and the costs relating to the acquisition and holding of such property see the following sections of this Listing Prospectus – 5.9 "Asset Portfolio", 5.7 "Fees and Expenses", 6.7 "Appraiser".

Restrictions on Other Types of Assets

Up to 20% of the Fund's assets may be invested in the following types of assets:

- deposits with credit institutions;
- shares and other similar tradable rights;
- bonds, convertible bonds and other tradable debt obligations issued;
- subscription rights and other tradable rights granting the right to acquire shares or bonds or similar tradable rights;
- money market instruments;
- tradable depositary receipts;
- derivative instruments.

Transactions with Derivative Instruments

Transactions with derivative instruments may be performed on account of the Fund provided that the requirements set forth in legislation, the internal rules of the Management Company for transactions with derivative instruments, and the Fund Rules are met.

The assets of the Fund may be invested in derivative instruments only for the purpose of hedging the property loan risks. An agreement, which includes a right or an obligation of the Fund to acquire, swap, or sell real estate, such as forward financing or commitment arrangements, shall not be considered to be a derivative instrument.

Other Restrictions

The Issuer may not invest in assets that to a significant degree are used for gambling, pornographic or tobacco producing activities. The Fund shall be considered as having invested into assets that to a significant degree are used for the above activities if the net rental income for the space (square meters) used for the above activities would exceed 10% of the total net rental income of that asset. The Fund shall not solicit new tenants proposing to use the assets for the above activities.

5.5. UNITS AND RIGHTS OF THE UNITHOLDERS

General Information on the Units

The Management Company has the right to issue Units on behalf of the Fund in order to raise capital for investments. Units are issued and held in the registered and book-entry form and no certificates are issued. The Units are registered with the Estonian Register of Securities, with ISIN EE3500110244. Units traded on Nasdaq Stockholm will also be held by Euroclear Sweden.

As at the date of this Listing Prospectus, the Fund has 97,964,044 Units. After the completion of the private placement, the Issuer will issue New Units at the NAV as at 1.3554 in accordance with Fund Rules, taking into account that on 3 June 2019 the Supervisory Board of the Fund approved the issue of new units up to an amount corresponding to EUR 4 million. After the private placement has been completed, the total number of Units will be 100,915,202.The Units have no nominal value.

Units are issued, and the net asset value per Unit is expressed, in euros.

The Issuer has one class of Units and all Units rank *pari passu* without preference or priority among themselves. A Unit represents the unit-holder’s share in the assets of the Issuer. A Unit-holder cannot request that the common ownership of the Issuer be terminated or that the Unit-holder’s share be separated from the Issuer’s assets.

A Unit is divisible. The fractions of Units that emerge from dividing Units are rounded to three decimal points. The following rules are applied for rounding: numbers NNN.NNN0 until NNN.NNN4 are rounded down to NNN.NNN and numbers NNN.NNN5 to NNN.NNN9 are rounded up to NNN.NN(N+1). However, trading in Units on any trading venue where the Units are admitted to trading may occur only in whole number of Units, unless fractions of Units can be traded under the rules of the trading venue. The Management Company aims to issue new Units in a way that an investor can subscribe only for a whole number of Units without fractions, unless otherwise specified in the terms and conditions of the specific issue of Units.

Units are freely transferable and can be freely pledged or otherwise encumbered by a Unit-holder subject to the rules of respective marketplace where the Units are admitted to trading, and also subject to the rules of the Registrar and respective securities account provider of a Unit-holder.

The exchange of Units with fund units of other funds managed by the Management Company is not allowed.

Unit-holders

According to the Register as maintained by the Registrar, as at 28 June 2019 there are approximately 1000 unit-holders. However, the number of ultimate unit-holders (including nominee registered Units) are considered to be more than 4500. The largest Unit-holder of the Issuer is Nordea Bank Abp/ Euroclear Sweden Non-Treaty Clients holding 47.38% of the total number of Units. As the Issuer has one class of Units, there are no differences in voting rights attached to units.

According to the Estonian law, Unit-holders are not subject to notification requirements of their holdings or of the voting rights arising from the Units.

Issue, Redemption and Purchase of Units

Units are not available for subscription at all times. In order to raise new capital to the Issuer, the Management Company may issue new Units through a public offering or a private placement. Units are issued and offered only during specific times determined by the Management Company. Investors and unit-holders may acquire Units through trading on the securities market where the Units have been admitted to trading, or otherwise from other unit-holders.

The issue of new Units may be determined by:

- the General Meeting, or

- the Management Company, if it has received approval from the Supervisory Board and if new Units will be issued at the most recent NAV.

New Units shall be issued in accordance with the Fund Rules and applicable laws and regulations and the terms and conditions of the specific issue. The terms and conditions of the offering are determined by the Management Company. In order to acquire Units, an investor must subscribe for the Units and pay the full subscription price. By submitting the subscription order an investor agrees to the Fund Rules and to the terms and conditions of the specific issue of Units, and undertakes to adhere thereto.

The Units are not redeemable at the request of the Unit-holder. The Units are redeemed upon liquidation of the Issuer. In accordance with regulations or precepts or orders by competent authorities or courts, the Management Company may be obliged to redeem Units. For example, if a Unit-holder is acting in violation of applicable laws and regulations.

In accordance with the Fund Rules, the Management Company is entitled to purchase Units on account of the Fund, provided that:

- such transactions are, or the purchase plan is, approved by the General Meeting. After the Units have been admitted to trading, the Management Company has the right to decide the purchase of the Units on account of the Fund within 1 month for the purposes of stabilisation in accordance with European Commission Delegated Regulation (EC) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures;
- the aggregate number of Units bought back and held by the Fund shall not exceed 10% of the total number of Units at any time;
- Units held by the Fund shall not grant any unit-holder rights to the Fund or to the Management Company;
- any purchase shall be executed in accordance with applicable legislation and with the rules of the trading venue; and
- the Management Company shall either cancel or sell the Units within 3 months after the purchase.

On 19th May 2018 annual general meeting of Issuer´s unitholders approved the establishment of the buy-back program. In that regard, the Issuer has concluded an agreement with SEB Pank AS (Broker) according to which the Broker will to carry out the buy-back program on behalf of the Issuer. The Broker will carry out the buy-back according to the regulations and within the framework of the buy-back program, and will make its trading decisions independently of, and without influence of the Issuer with regard to the timing, size or price of the particular purchases. The duration of the buy-back program will be until 19th June 2019 and the Issuer may acquire up to 5 million units for up to EUR 5 million in the course of the program. The purpose of the buy-back program is to acquire Issuer´s units from the open market as long as the Issuer's units trade at a discount to its most recent NAV. Management Company shall cancel the units acquired during the program within 3 months. The buy-back is carried out via Nasdaq Tallinn stock exchange.

On 19th February 2019 extraordinary general meeting of Issuer´s unitholders approved the issuance of new units by way of private placement. The new units are to be issued at a price corresponding to the weighted average price of Baltic Horizon Fund units on the Nasdaq Tallinn Stock Exchange during the 90 days preceding (as applicable):

- the date of concluding a subscription agreement with an investor; or
- the first day of the subscription period; or
- the date of the subscription order.

The new units will be issued on one or on several occasions in 2019, as decided by the Management Company, based on the funding needs for new acquisitions of real estate properties. The new units will be issued by way of private placement; i.e. no public offering will be made, and no prospectus registered. The new units to be issued represent, over a period of 12 months, less than 20% of the number of Baltic Horizon Fund units already admitted to trading. Under the aforementioned resolution three private placements were carried out: two in April 2019 and one in May 2019. New units issued were registered at ERS and admitted to trading on Nasdaq Tallinn and Nasdaq Stockholm.

Rights of the Unit-holders

The rights and obligations attached to a Unit with respect to a unit-holder shall enter into force upon acquisition of a Unit and shall terminate upon disposal or redemption of a Unit. Each unit-holder is deemed to have agreed to the Fund Rules by subscribing for new Units or upon the Units have been credited to the securities account of the Unit-holder as a result of a trade with a third person.

In accordance with the Fund Rules, a Unit-holder has the following rights deriving from the Units:

- to purchase, sell, pledge or otherwise dispose of the Units;
- to own the share of the Fund's assets corresponding to the number of Units owned by the Unit-holder;
- to receive, when payments are made, pursuant to the Fund Rules, the share of the cash flows of the Fund proportional to the number of Units owned by the Unit-holder;

- to receive, pursuant to the Fund Rules, the share of the assets remaining upon liquidation of the Fund proportional to the number of Units owned by the Unit-holder;
- to convene a General Meeting of Unit-holders in accordance with the Fund Rules and the law;
- to participate and vote in the General Meeting pursuant to the number of votes;
- to propose Supervisory Board member candidates for election in the General Meeting;
- to request that the Registrar issue a certificate or an extract from the Register concerning the Units owned by the Unit-holder;
- to demand that the Management Company compensate for any damage caused by a breach of its obligations;
- to access, at the registered address of the Management Company, the documents and information specified in the Fund Rules and receive, upon respective request, copies of any of the documents specified in the Fund Rules without charge;
- to exercise other rights and take other action as prescribed by law or the Fund Rules.

A Unit-holder must exercise the rights attached to the Units in good faith and in accordance with legislation and the Fund Rules. The objective of exercising the rights of a Unit-holder may not be causing damage to other Unit-holders, the Fund, the Management Company, the Depositary or third persons.

A Unit-holder is not personally liable for the obligations of the Issuer, assumed by the Management Company on account of the Issuer, or for obligations the performance of which the Management Company has the right to demand from the Issuer pursuant to the Fund Rules. The liability of the Unit-holder for performance of such obligations is limited to the Unit-holder's share in the assets of the Issuer.

Register of the Units

Units shall be issued and registered in the Unit-holder's securities account at the Register on the payment date specified in the terms and conditions of respective issue. Units traded on Nasdaq Stockholm are also held by Euroclear Sweden. Such Units will be registered in the Unit-holder's securities account or a custodian account.

A Unit is deemed issued upon registration thereof with the Register and a Unit is deemed redeemed upon cancellation thereof with the Register. Units acquired by an investor shall be registered in the investor's or in a nominee holder's, acting on the account of the investor, registry account in the Register.

The register of the Units is maintained by the Registrar. See section 6.5 "The Registrar".

5.6. GOVERNANCE STRUCTURE OF THE ISSUER

In accordance with the Fund Rules and the IFA, the governance of the Fund is divided among the Management Company, the General Meeting of Unit-holders and the Supervisory Board. The governance of the Fund is based on the Fund Rules and the IFA and its' governance structure is different from a regular company. As the Fund is not a legal person, it is not subject to the corporate governance regime applicable to companies.

The Management Company and the Fund Manager

The Management Company is responsible for the everyday management of the Issuer, including investment activities.

For more detailed description of the Management Company, its responsibilities and the Fund Manager, see section 6.2 "The Management Company".

The General Meeting of Unit-holders

Responsibility

In accordance with the Fund Rules, the General Meeting is entitled to resolve the following matters:

- issue new Units;
- amend the procedure for the making of distributions to Unit-holders;
- approve and recall the members of the Supervisory Board and determine the remuneration of the members;
- change the Management Company at the initiative of the Unit-holders;
- liquidate the Issuer;
- amend the procedure for the redemption of Units;
- increase the Management fee and Depositary fee and other fees and charges payable on account of the Issuer;
- decide on the merger and transformation of the Fund unless otherwise provided by the IFA;
- amend the fundamental principles of the investment policy of the Issuer;
- establish a term for the Issuer and amending the term, if established;
- amend the Fund Rules;

- purchase of Units on account of the Issuer.

In accordance with IFA, new Units of the Fund may be issued with a price different than latest NAV only upon conditions approved by the General Meeting of Unit-holders.

Convening the meeting

The Management Company shall convene the General Meeting at least once a year, after the Management Company has approved the annual report of the Issuer. In addition to the annual meeting, the Management Company shall convene the General Meeting as often as there is a need. The Management Company shall convene the General Meeting within 6 months after the Units have been de-listed and the Management Company has not succeeded in having the Units re-admitted to trading.

The EFSA or Unit-holders whose Units represent at least 1/10 of the votes are entitled to request the Management Company to convene the General Meeting and to propose issues to be included in the agenda of the General Meeting. If the Management Company does not convene the General Meeting within one month after receipt of a request, the EFSA or Unit-holders have the right to convene the General Meeting themselves.

Notice of the General Meeting shall be published at least three weeks in advance. A notice convening a General Meeting is published on the Website and via a stock exchange release. At the same time as the publication of a notice, if the IFA so stipulates, it also shall be published in at least one of the daily national (Estonian) newspapers.

Participation and voting in the meeting

Only a Unit-holder, who is a registered unit-holder in the Register, or a representative of the Unit-holder, who has been granted an authorisation document in writing, may participate in a General Meeting. The participation of a representative shall not deprive the Unit-holder of the right to participate in the General Meeting. To participate in a General Meeting, a Unit-holder is required to have Units registered in its name in the Register as at ten days before the date of the General Meeting.

A list of the Unit-holders participating in a General Meeting including the names of the Unit-holders, the number of votes attached to their Units, and the names of the representatives of the Unit-holders, is prepared at the General Meeting. The list shall be signed by the chair of the General Meeting, the secretary of the meeting, and each Unit-holder or his or her representative participating in the General Meeting. The authorisation documents of representatives shall be appended to the minutes of the General Meeting.

At the General Meeting, Unit-holders may adopt resolutions if more than 1/2 of the votes represented by the Units are present. If there are less than, or equal to, 1/2 of votes represented at the General Meeting, the Management Company may, within three weeks but not earlier than after seven days, convene another General Meeting with the same agenda. The new General Meeting is permitted to adopt resolutions regardless of the number of votes represented at the meeting, unless a higher quorum is required under the Fund Rules.

Each Unit shall carry one vote in the General Meeting.

A resolution of the General Meeting shall be adopted if more than 1/2 of the votes represented at the General Meeting are in favour, unless greater majority requirement is prescribed in the Fund Rules or IFA.

Pursuant to IFA, at least 2/3 of the votes represented by Units at the meeting shall be required to adopt a resolution regarding issue of new Units with a price different than the latest NAV.

More than 3/4 of the votes represented by the Units shall be present and more than 4/5 of the votes represented at the General Meeting shall vote in favour to adopt resolutions in matters related to:

- amending the procedure for the making of distributions to Unit-holders;
- liquidation of the Fund;
- amending the procedure for the redemption of Units;
- deciding on the merger and transformation of the Fund unless otherwise provided by the IFA;
- deciding to amend the fundamental principles of the investment policy of the Fund;
- establish a term for the Fund and amending the term, if established
- amending the Fund Rules.

More than 3/4 of the votes represented by the Units shall be present and more than 4/5 of the votes represented at the General Meeting, excluding votes represented by the Management Company and its related parties, and also excluding votes represented by any Unit-holder holding, directly or indirectly via its related persons, more than 50% of all Units, shall vote in favour to adopt a resolution regarding the change of the Management Company at the initiative of the Unit-holder(s).

In addition, a resolution on amending the procedure for the redemption of Units may only be taken together with a resolution on liquidation of the Issuer.

The Management Company and its related parties who hold Units and are participating in the General Meeting shall abstain from voting in all issues where there is a potential conflict of interest between the Issuer and the Management Company, including but not limited to voting on raising the management fee.

The Supervisory Board

Responsibility

The Supervisory Board acts solely in the advisory capacity and the Management Company shall remain responsible for making the decisions in connection with the fund management. It is the responsibility of the Supervisory Board to consult the Management Company on, and the Management Company shall address to the Supervisory Board, the following matters:

- the approval of an appraiser for the valuation of real estate in the Fund to be appointed by the Management Company;
- the approval of an auditor of the Fund to be appointed by the supervisory council of the Management Company;
- the approval of the depositary bank of the Fund to be chosen by the Management Company;
- the approval of the issue of new Units under the Fund Rules;
- any issues that may involve conflicts of interest related to the Fund;
- any other issues in accordance with the Fund Rules.

The Supervisory Board members fulfill the abovementioned consultation responsibilities collectively.

Supervisory Board members are entitled to remuneration for their service in the amount determined by the General Meeting. As of the date of this Listing Prospectus, the chairman of the Supervisory Board is entitled to an annual remuneration of EUR 16,000 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 Issuer or the Management Company upon termination of their position.

Composition and Term

In accordance with the Fund Rules, members of the Supervisory Board are appointed by the General Meeting. The Supervisory Board shall consist of three to five members. The following principles shall be followed when appointing the Supervisory Board members:

- a member shall have recognized experience in the real estate market(s) in Estonia, Latvia, or Lithuania, an impeccable business reputation, and an appropriate education;
- only one of the members may be related to the Management Company, i.e. the person is a member of the Management Board or Supervisory Council or shareholder of the Management Company or of any other company belonging to the same consolidation group with the Management Company, or is otherwise related to or appointed by the Management Company;
- at least one of the members should represent Unit-holders who are not related to the Management Company and are not related to the ten largest Unit-holders in terms of Units held as of ten days before the date of the General Meeting, or be an independent member not related to any Unit-holder.

The members of the Supervisory Board shall be appointed for a period of at least two years.

At the date of the Listing Prospectus, the members of the Supervisory Board are:

Name	Born	Affiliation	Professional experience	Date of Appointment	Expiration of term of office
Andris Kraujins	1963	*Independent*	Several years of investment and real estate management experience in the Baltics	2 June 2016	unspecified term
Per Møller	1967	*Independent*	Several years of experience in audit services, asset management and real estate investments in the Nordics and the Baltics	2 June 2016	unspecified term
Raivo Vare	1958	*Independent*	Several years of experience in financial, transit and logistics and real estate sectors in the Baltics	2 June 2016	unspecified term
David Bergendahl	1962	*Independent*	Several years of experience in company	11 November 2016	unspecified term

management and real estate
investments
in the Nordics and in Russia

The following table sets out current and past directorships held by the Supervisory Board members over the past five years:

Name	Former positions	Current positions
Andris Kraujins	BOF, Member of the Investment Committee MAK AUTO SIA, Member of Board Cerfs SIA, Member of Board	AKCI SIA, Member of Board, founder MAK AUTO SIA, founder Sievietes veselības centrs SIA, Chairman of board, founder
Per Møller	Dansk Farm Management A/S, Chairman of the Board Ernst & Young, Denmark, CEO Ernst & Young, Baltic's, Managing Partner Altechna UAB, CEO Baltic Assist UAB, founder Infotrust P/S, Member of the Supervisory Board Business Angel Copenhagen, Member of the Board Flextown ApS, Member of the Supervisory Board	70Ventures UAB, Managing Partner Pulsetip UAB (previously Blue Lime Labs UAB), founder VoiceBoxer ApS, Chairman of the Supervisory Board Volt ApS, Chairman of the Supervisory Board Circle Venture Capital UAB, Founder & CEO Opeepl ApS, Chairman of the Supervisory Board
Raivo Vare	AS Eesti Raudtee, Chairman of the Supervisory Board AS SmartCap, Chairman of the Supervisory Board OÜ RVVE Group, Member of the Supervisory Board A/S Trigon Agri, Member of the Board of Directors President's Academic Advisory Board, Member Estonian Cooperation Assembly, Member of the Supervisory Board 3D Technologies R&D AS, Member of the Supervisory Board	Live Nature OÜ, Partner, Member of the Management Board AS Sthenos Grupp, Partner, Chairman of the Supervisory Board Trigon Dairy Farming Estonia AS, Member of the Supervisory Board AS Smart City Group, Member of the Supervisory Board AS Mainor Ülemiste, Member of the Supervisory Board Öpiku Majad OÜ, Member of the Supervisory Board Estonian Business School, Member of the Advisory Council
David Bergendahl	Chairman of Hammarplast A/S Chairman of Hammarplast a/s Chairman of Sarvis OY Chairman of Gosta Widen AB Geveko AB Chief Executive Officer of Pergamon International AB	Chief Executive Officer of Hammarplast AB Chairman of Hammarplast Medical AB Torslanda Property Investment AB (publ), Member of the Board Link Prop Investment AB (publ), Member of the Board

Andris Kraujins. Mr. Kraujins, born 1963, is the member of the Supervisory Board of the Fund. During the last ten years, Mr. Kraujins has acted as a private investor investing into different projects in health care, food processing, financial and hi-tech sectors. He graduated from Riga Technical University, Faculty of Automation and Computing Technique in 1986. In 1991, Mr. Kraujins graduated from Institute of International Relations at the University of Latvia.

Per Møller. Mr. Møller, born 1967, is the member of the Supervisory Board of the Fund. Per Møller is the Managing Partner of 70Ventures, a start-up accelerator based in Vilnius.. He has long-standing experience at Ernst & Young, Denmark, in transaction advisory, restructuring and reorganization as well as assurance/audit with companies in Denmark and the Baltics. Prior to joining Ernst & Young, Mr. Møller acted as the Managing Partner in Arthur Andresen & Co, Baltics. He graduated from Baltic Management Institute, International Executive MBA, in 2000 and from Copenhagen Business School, M.Sc. in Business Economics and Auditing, in 1991.

Raivo Vare. Mr. Vare, born 1958, is the Chairman of the Supervisory Board of the Fund. Raivo Vare is a well-recognised expert in the areas of infrastructure, logistics and corporate strategy. He has had many managerial positions both in private and listed companies.

Mr. Vare graduated from Law Faculty of University of Tartu (summa cum laude) in 1980, and from the Executive MBA programme of Estonian Business School (cum laude) in 2003.

David Bergendahl. Mr Bergendahl, born 1962, is the member of the Supervisory Board of the Fund. David Bergendahl graduated from Göteborgs universitet in 1988 receiving a Bachelor's degree in Economics. Mr Bergendahl is a co-owner and Chief Executive Officer of Hammarplast AB and is a board member in two public real estate investment companies in Sweden.

The Management Company is not aware of any compulsory liquidations of companies in which any of the members of the Supervisory Board has acted as a member of the administrative, management or supervisory body or as a senior manager. The Management Company is not aware of any convictions in relation to fraudulent offences, bankruptcies, receiverships or any official public incrimination and/or sanctions with respect to the members of its Supervisory Board. The Management Company is not aware of any potential conflicts of interest between the duties of the members of its Supervisory Board and their private interests or other duties.

David Bergendahl directly and indirectly holds as at 28 June 2019 854 808 Units of the Issuer, which represent 0.87% of the total amount of the units. Other members of the Supervisory Board do not hold Units of the Issuer.

Meetings of the Supervisory Board

A meeting of the Supervisory Board shall be convened by the Management Company at least once in a quarter. Each member of the Supervisory Board and the Fund Manager(s) has the right to convene a meeting. The Supervisory Board has the right to pass decisions without convening a meeting in case all the Supervisory Board members agree not to convene a meeting.

The Supervisory Board is entitled to pass decisions if more than half of the members take part in the meeting. A decision of the Supervisory Board shall be adopted if more than half of the members present at the meeting vote in favour of the decision. In case the Supervisory Board adopts decisions without convening a meeting a decision shall be adopted if more than half of the members vote in favour of the decision.

Board Practices in the Management of SPVs

In order to make indirect investments in real estate property, the Management Company shall establish a special purpose entity separately for each investment. The Fund owns SPVs that have been established in the form of private limited companies in accordance with local company law (i.e. *osaühing (OÜ)* in Estonia, *sabiedrība ar ierobežotu atbildību (SIA)* in Latvia, and *uždaroji akcinė bendrovė (UAB)* in Lithuania). For more details on the SPVs, see section 5.9. "Asset Portfolio".

The Management Boards of the SPVs are usually composed of two to three members, appointed by the Management Company. Management Board of the SPVs can include a representative from the Fund's property management service provider. See further in section 6.8 "Property Management Service". The everyday management of a SPV and the property will usually be the responsibility of one of the board members or the general director, if appointed. However, in order to ensure adequate risk management and informed decision-making, a Management Board member or the general director of a SPV may represent the SPV only together with another board member.

The Management Board members shall not be paid any remuneration, unless it is mandatory under local legislation. If the remuneration is mandatory under local legislation, a minimum salary under the law shall be paid. There are no, and is not expected to be, benefits foreseen in the service contracts with the Management Board members upon termination of employment or service.

5.7. FEES AND EXPENSES

In accordance with the Fund Rules, a Management fee, a Performance fee, a Depositary fee and certain expenses are paid on the account of the Fund. In addition, a fee for the services of Depositary is paid on the account of the Issuer. The total amount of fees and other expenses paid out of the Issuer (including out of SPVs) shall not exceed 30% of the NAV of the Fund per calendar year. Only the expenses specified in the Fund Rules can be paid on the account of the Isuer.

Management fee and Performance fee shall be calculated by the Management Company and paid in euros in accordance with respective invoice issued by the Management Company. The Depositary fee is calculated by the Depositary and paid in euros in accordance with respective invoice issued by the Depositary. Expenses are paid in currencies in which respective invoice has been issued. Fees and expenses are paid out of the Fund or directly by the SPVs in relation to which such fees or expenses have occurred to the extent that is allowed under applicable legislation. Value added tax (if applicable) is added to the fees and expenses.

The Management Company notes regarding section 15.4.1(r) of the Fund Rules that operational expenses include also accounting costs, due to which Issuer's accounting expenses are borne on the account of the Issuer. Source: Decree No. 12 of the Minister of Finance dated 31.01.2017 "Rules regarding compiling, the content and presenting of the reports of the management company subject to submission to Estonian Financial Services Authority and reporting of the own assets of the management company" Annex 2; and Decree No. 105 of Minister of Finance dated 22.12.2017 „Establishing of the Guidlines for Generally Accepted Accounting Principles"

Annex 2 – Guidance of the Accounting Board No. 2 „Requirements for presenting information in the annual report“. The Unit-holders recognised and shared the understanding of the Management Company at the annual general meeting of the Unit-Holders held on 19 June 2018.

The amounts of fees paid are discussed in section 5.16 – Related party transactions.

Management fee

The Management Company shall be paid a management fee on account of the Fund for managing the Fund (“Management fee”). The Management fee shall be calculated as follows:

- the Management fee shall be calculated quarterly based on the 3-month average market capitalisation of the Fund. After each quarter, the Management fee shall be calculated on the first Banking Day of the following quarter (the ”Fee Calculation Date”). Quarters shall mean 3-month periods that start on 1 January, 1 April, 1 July, and 1 October.

  (Average market capitalisation shall mean the average closing prices of all days in the previous 3 month period multiplied with the respective daily number of the Units outstanding on the marketplace(s) where Units are admitted to trading (the ”Market Capitalisation”)).

- the Management fee shall be calculated 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 Fee shall be calculated after each quarter as follows:

  - the Market Capitalisation as calculated on the Fee Calculation Date, split into the tranches and each tranche of the Market Capitalisation ($MCap_t$) multiplied by
  - respective fee rate (F_n) applied to the respective tranche, then the aggregate of the fees from each tranches multiplied by
  - the quotinent of the actual number of days in the respective quarter ($Actual_q$) divided by 365 days per calendar year, as also indicated in the formula below

$$((MCap_1 \times F_1)+...+(MCap_5 \times F_5)) \times (Actual_q / 365)$$

- 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. In this case, the NAV of the Fund means the average quarterly NAV of the Fund and such Management Fee adjustments shall be calculated and paid annually after the annual report of the Fund for the respective period(s) has been audited.

For periods during which the Units are not traded on any marketplace, the Management fee shall be calculated and paid quarterly based on the average NAVs over preceeding 3 months. Management fee adjustments, if any, shall be made annually after the annual report of the Fund for the respective period(s) has been audited.

The Management Fee shall be paid to the Management Company quarterly within 5 Banking Days after the issue of the invoice by the Management Company.

Performance fee

For each year, if the annual adjusted funds from operations of the Issuer divided by the average paid in capital during the year (calculated on a monthly basis) exceeds 8% per annum, the Management Company is entitled to a performance fee in the amount of 20% of the amount exceeding 8% (“Performance fee”). The adjusted funds from operations shall mean 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 Issuer. New investments and acquisitions and follow-on investments into properties are not considered to be capital expenditures.

The Performance fee is calculated annually by the Management Company and is accrued to the Performance Fee reserve. Once the Performance Fee reserve becomes positive, the Performance fee can be paid to the Management Company. The Performance fee for a year can be both positive and negative. However, the Performance fee for the year shall not exceed 0.4% of the Issuer’s average NAV per year (upper Performance fee limit). Negative Performance Fee shall not be less than -0.4% of the Issuer’s average NAV per year (lower Performance fee limit).

A Performance fee for the first year of the Issuer (i.e. 2016) shall not be calculated. The Performance fee first becomes payable in the fifth year of the Issuer (i.e. 2020) for the period of 2017, 2018, and 2019. After that, the Performance fee shall be payable annually, depending on the accrued Performance fee reserve over the period starting from the second year of the Issuer (i.e. 2017).

The Performance fee shall be paid to the Management Company within 8 calendar days after the issue of the invoice by the Management Company.

Depositary Fee

The annual Depositary fee will be 0.03% of the GAV, but not less than EUR 10 thousand per annum. The Depositary fee shall be calculated monthly and paid to the Depositary on the basis of an invoice submitted by the Depositary. In addition to the Depositary fee, the Depositary shall be paid or reimbursed for fees and out-of-pocket expenses related to the transactions made on account of the Issuer.

Other Expenses

The following other expenses are payable on account of the Issuer:

- fees for property management services;
- fees and costs related to the administration and maintenance of real estate properties belonging, directly or indirectly, to the Issuer;
- costs (including interest costs) relating to borrowing by the Issuer or SPV;
- costs for the valuation of real estate belonging, directly or indirectly, to the Issuer (when related to the regular valuation pursuant to the Fund Rules);
- costs and expenses related to set-up, restructuring, and liquidation of the Issuer, including fees of external consultants;
- the Registrar's fees for registering Units and for other services provided by the Registrar to the Unit-holders (when not payable directly by the Unit-holders);
- remuneration payable to Supervisory Board members;
- costs related to convening and holding General Meetings;
- costs related to convening and holding Supervisory Board meetings;
- costs for translating regular Investor notifications and reports that are required under legislation or the Fund Rules;
- costs for the Issuer’s and SPVs' tax planning/tax structuring and tax advice, unless related to a direct or indirect acquisition of real estate by the Issuer;
- fees for the auditing of the annual reports of the Issuer and SPVs;
- costs of accounting and preparing the quarterly, semi-annual, and annual reports of the Issuer and SPVs, including tax statements and tax returns;
- tenant brokerage fees related to real estate belonging, directly or indirectly, to the Issuer;
- insurance costs and property taxes related to real estate belonging, directly or indirectly, to the Issuer;
- fees for marketing services related to the Fund and real estate belonging, directly or indirectly, to the Issuer, including expenses in relation to the marketing and distribution of the Issuer;
- costs and fees related to the listing of the Issuer pursuant to the Fund Rules;
- all other operational and financial expenses attributable to investments of the Issuer, including but not limited to capital expenditures;
- damages reimbursable in connection with the real estate investments of the Fund and with the management of such property;
- other charges concerning the Issuer and the SPVs associated with the sourcing, acquisition, managing, valuation (including by independent property appraisers), structuring, holding, and disposal of the investments, including costs and expenses related to the formation, maintenance, disposal and/or liquidation of SPVs, and costs and expenses related to contemplated but unconsummated investments (including in SPVs);
- bank fees, commissions, fees associated with depositing or pledging securities, securities account management fees, state duties, advisory services, legal fees, adjudication fees, fees for address services, representation and publicity expenses, delivery of documents, translation, administration and management fees paid to persons not associated with the Management Company, provided that such costs are related to the activities of the Issuer or SPVs;
- salaries (to the extent employment is legally required) related to chief executive officers/directors of any SPV, as long as such salaries are set at the minimum required level;
- the costs of reasonable directors' and officers' liability insurance on behalf of the members of the Supervisory Board and the members of the board of directors of the Issuer’s SPVs;
- the costs incurred in connection with any litigation, arbitration, or other proceedings in relation to the Issuer’s assets, including any such proceedings in relation to assets held by SPVs;
- all expenses related to entering and exiting investments (i.e. expenses related to the acquisition and disposal of real estate as well as shares of SPVs and other assets of the Fund as well as broken deal expenses), including, without limitation, state duties, notary fees, fees for real estate valuations by certified appraisers (when related to entering and

exiting investments), fees for legal, tax, and other due diligence investigations directly related to the acquisition of real estate;

- taxes to be added to costs provided in above.

In addition, the Issuer covers also investment costs related to preserving the value of its real estate properties (including, without limitation, costs related to improvements and repair). Among others, such investment costs include construction costs, development costs and fees, brokerage fees, architects' fees, fees related to detail planning and other consultants' costs. Investment costs are not considered to be expenses, but rather as investments of the Issuer.

5.8. VALUATION

The net asset value of the Issuer shall be determined based on the aggregate market value of the securities (including shares of SPVs), other property and rights belonging to the assets of the Issuer from which claims against the Issuer are deducted (the "NAV"). If it is not possible to determine market value of the assets, the value of the assets shall be determined on the basis of their probable sales price which has been determined reasonably, in good faith and proceeding from the best interests of Unit-holders and for which independent and competent parties would agree to conclude the transaction (fair value). The assets of the Issuer are securities (including shares of SPVs), other things and rights belonging to the Issuer. The NAV of a Unit equals the NAV of the Issuer divided by the number of Units issued and not redeemed as at the point of valuation. The Management Company is responsible for determining NAV of the Issuer and of a Unit. The NAV of the Issuer and of a Unit shall be calculated in euros and they shall be calculated monthly as of last banking day of each calendar month. The NAV of the Unit shall also be calculated as of each day when Units are issued. The valuation is conducted in accordance with the Valuation Policy of the Management Company, Fund Rules and Internal Rules for Determination of the NAV of the Issuer.

The main valuation principles for real estate property belonging to the Issuer are the following:

(i) to determine the market value of real estate property belonging to the Issuer, the Management Company shall ensure appraisal of such property at least once a year as at the end of the financial year and prior to auditing of the Issuer's annual report;
(ii) any real estate belonging to the Fund shall be appraised by one independent real estate appraiser appointed by the Management Company after consultation with the Supervisory Board. See section 6.7 "Appraiser";
(iii) report prepared by the real estate appraiser shall be accompanied with Management Company's internal valuation statement.

The NAV of the Issuer and of a Unit as of each last banking day of each calendar month, and issue price of a Unit shall be made available on the Website, by a stock exchange release disclosed on the website of the trading venue where the Units are admitted to trading, and at the registered office of the Management Company on the 15th day of the month following each calendar month.

In the event of inaccuracies in the NAV, which were caused by miscalculations or errors made in the determination of the NAV, the circumstances that caused the miscalculation or error shall be ascertained. The permitted error margin for the NAV of a Unit is 3% of the correct NAV of the Unit. Damage caused to Unit-holders by an error exceeding 3% in the determination of the NAV shall be compensated to Unit-holders on account of the Issuer either by issuing new Units or in money from the surplus assets of the Issuer.

The Management Company may suspend the determination of the NAV during the existence of any state of affairs which constitutes an emergency as a result of which disposals or accurate valuation of a substantial portion of the assets owned by the Issuer would be impracticable or when, for any other reason, the prices of any investments owned by the Issuer cannot be promptly or accurately ascertained provided the suspension is justified with regard to the interests of Unit-holder. The suspension of the determination of the NAV of the Issuer will be announced on the Website.

5.9. ASSET PORTFOLIO

On the date of this Listing Prospectus, the Issuer held a portfolio of 14 commercial properties (see Table 14) all of which were based in the capital cities of the Baltic States. All buildings in the portfolio were operational and generating rent revenue. In addition, the Issuer owned a 0.87 hectare land plot (Meraki) next to Domus Pro for its further expansion. The total size of the Issuer's property portfolio amounted to EUR 338.5m of fair value (including a land plot for Domus Pro's expansion and newly acquired Galerija) and 142.6 thousand sqm of rentable area. Galerija SC was the largest holding accounting for 22% of the portfolio's value. Europa SC was the second largest asset constituting approximately 12% of the total fair value followed by Postimaja and Upmalas Biroji which accounted for 10% and 8%, respectively. The smallest property – Sky Supermarket – accounted for 2% of the total value.

The property portfolio was well diversified in terms of both sectors and locations. At the beginning on June 2019, retail and office segments constituted 54% and 42% of the total fair value of developed properties respectively. The remaining 4% were attributable to Coca Cola Plaza cinema complex representing a leisure segment. Location-wise, Riga with 5 properties comprised 43% of the total fair value of developed properties followed by Vilnius with 4 properties at 30% and Tallinn with 5 properties at 27%.

Figure 35: Value of developed properties breakdown by sector, 31 March 2019

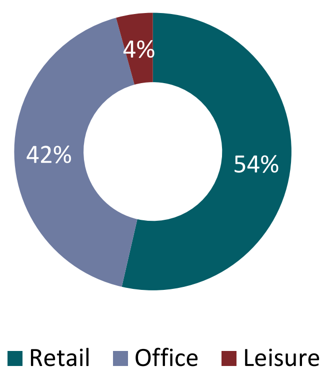
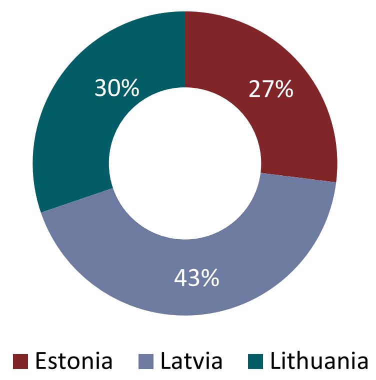


Figure 36: Value of developed properties breakdown by location, 31 March 2019



Low level of vacancy – 2.7% for the overall portfolio in June 2019 – indicated strong demand for space at the Issuer's properties. 7 buildings –Duetto I, Duetto II, Upmalas Biroij, Vainodes I, LNK Centre, Lincona and Coca Cola Plaza– had no vacant space. Effective vacancy rates at Duetto II and Pirita were equal to zero because their sellers provided 2-year (starting from acquisition dates) guarantees of full-occupancy net rental income. Vacant premises in Domus Proand Sky Supermarket comprised less than 2% of their rentable area. Overall vacancy in Riga is 1.1%, Vilnius 1.7% and in Tallinn 5.7%.

Table 14: Details of existing property portfolio, 31 December 2018 (Duetto II as of 28 February 2019 and Galerija Centre as of 13 June 2019)

Property	Acquisition date	Sector	Fair value, EUR'000[3]	Rentable area, sqm	Vacancy	WAULT, years
Vilnius						
Europa SC	2-Mar-2015	Retail	41,100	16,856	3.7%	3.9
Domus Pro	1-May-2014	Retail/ office	24,920	16,078	1.7%	3.9
Duetto I	22-Mar-2017	Office	16,320	8,498	0.0%[1]	3.3
Duetto II	27-Feb-2019	Office	18,323	8,636	0.0%[1]	5.2
Total Vilnius			**100,663**	**50,068**	**1.7%**	**4.0**
Riga						
Galerija Centre	13-June 2019	Retail	75,000[2]	20,073	2.5%	3.09
Upmalas Biroji	30-Aug-2016	Office	25,730	10,458	0.0%	3.0
Vainodes I	12-Dec-2017	Office	21,230	8,052	0.0%	14.9
LNK Centre	15-Aug-2018	Office	17,450	7,453	0.0%	6.6
Sky Supermarket	1-Jan-2013	Retail	5,390	3,254	0.6%	3.7
Total Riga			**144,800**	**49,290**	**1.1%**	**5.0**
Tallinn						
Postimaja	13-Feb-2018	Retail	32,450	9,145	9.1%	6.4
G4S Headquarters	12-Jul-2016	Office	17,240	9,179	9.8%	3.9
Lincona	1-Jul-2011	Office	17,170	10,871	0.0%	4.7
Coca Cola Plaza	8-Mar-2013	Leisure	14,470	8,664	0.0%	4.2
Pirita	16-Dec-2016	Retail	10,020	5,508	10.8%	6.4

Total Tallinn		**91,350**	**43,367**	**5.7%**	**5.0**
TOTAL DEVELOPED PROPERTIES		**336,813**	**142,725**	**2.7%**	**4.7**
Meraki land	16-May-2018	1,670			
TOTAL INVESTMENT PROPERTIES		**338,483**			

[1] Effective occupancy rate is 100% due to a rental guarantee
[2] Galerija Centre fair value is acquisition price
[3] Based on the latest valuation as at 28 December 2018

An average remaining lease term was in line with the Issuer's targets. As of June 2019, the portfolio's WAULT stood at 4.7 years. Of all holdings, Vainodes I, which was acquired in December 2017, had by far the longest remaining lease term of 14.9 years thanks to a long lease contract with its anchor tenant – Latvia's State Forests. LNK Centre had the 2nd longest WAULT of 6.6 years followed by Postimaja and Pirita with 6.4 years. The shortest WAULT was 3.0 years of Upmalas Biroji. Galerija Centre was acquired in June and it is the biggest asset in portfolio with a WAULT on 3.09 years.

Galerija Centrs

Galerija Centrs was acquired on 13 June 2019 with a purchase price of EUR 75 million, which corresponds to an estimated entry yield of 6.7%. It is the largest asset in portfolio, as of 13 June 2019, the property comprised 22% of the portfolio's total fair value.

Galerija Centrs is held by Galerija SPV - TAMPERE INVEST SIA, a special purpose vehicle registered in the Republic of Latvia and holding title to the Galerija Centrs property. Galerija SPV was established in 02.10.1996 and without specific term. Galerija SPV has no subsidiaries or affiliates. The management board of the Galerija SPV has three members: Tarmo Karotam, Algirdas Vaitiekunas and Ausra Stankeviciene. For more details about the management board members of Galerija SPV, please see Section 6.2 – "The Management Compay - Supervisory Council, Management Board and Key Executives".

The only investment and significant asset of Galerija SPV is Galerija Centrs. Galerija Centrs is located in Riga, Latvia and Galerija SPV has no other business activity than owning, developing and managing the investment by managing the lease agreements of the tenants of the property. Galerija SPV only operates in Riga. It has no employees, the property management service was outsourced to a related company of previous owner of Galerija SPV, as of the closing of acquisition property management is outsourced to property management company BPT Real Estate SIA, also managing other properties in Fund´s portfolio. For more details about the property management service, please see Section 6.8 – "Property Management Service".

The Galerija Centrs property is located on Audeju Street 16, 1050 in Riga Old Town, next to the National Opera. As a block of Old Town, the 5-floor property complex consists of two buildings connected with a passage of glass roofed arcade. Originally opened as Army Department Store in 1938, the high street retail centre was last refurbished in 2006 with an added extension. The net leasable area of the property is 20,073 m^2 . The anchor tenants include H&M, RIMI, Massimo Dutti, Douglas, Lindex, Esprit, Gant, Marc O'Polo, Max Mara Weekend and others. The fifth floor houses a healthcare centre, a beauty salon and a fitness club.

Table 15: Details of Galerija Shopping Centre, 13 June 2019

Acquisition date	13 June 2019
Acquisition price	EUR 75,000 thousand
Construction	1938/2006 (renovation)
Type	Shopping center
Location	Audeju Street 16, 1050 Riga, latvia
SPV	TAMPERE INVEST SIA, registry code 40003311422, date of incorporation 02.10.1996, registered address Audēju iela 16, Riga LV-1050, Latvia. The sole shareholder of the company is the Management Company on behalf of and for the benefit of the Fund.
NLA	20.073 sqm
Fair value	EUR 75,000 thousand
Vacancy	2.5%
WAULT	3.09 years
No of tenants	108
Major tenants	H&M (apparel) Rimi (grocery) Sporta Klubs (fitness club) Lindex (apparel) Reserved (apparel)

Europa SC

Europa SC is the second largest asset in the Issuer's property portfolio. As of 31 December 2018, the property comprised 17% of the portfolio's total fair value, as of 13 June 2019, after acquisition of Duetto II and Galerija Centre, Europa SC comprised approximately 12% of Issuer´s property portfolio. With 16,856 sqm of leasable space Europa SC is one of the largest shopping malls in Vilnius. It was built in 2004 together with a connected office tower (known as Europa Business Centre) by Hanner, a Lithuania-based construction and real estate development group, which still owns the adjacent office tower. At the completion of construction, the SC was purchased by BPT Secura AS, a private real estate fund managed by Northern Horizon Capital group, which held the property for more than 10 years. As BPT Secura AS was nearing its fund term, it launched a sale tender process for Europa SC. BOF won the process leading to the acquisition of the property in March 2015.

Compared to other large shopping malls in Vilnius, Europa SC is the most centrally located. Its location in the very heart of CBD means that its catchment area includes surrounding office towers/complexes such as Europa Business Centre, 3 Bures, Vilnius Municipality, Swedbank's Lithuanian headquarters, K29 and Quadrum Business City. In addition, there are three large hotels, Radisson Blu, Best Western and Holiday Inn, closely located enabling Europa to attract tourists.

The location of Europa SC has solid future potential too. The number of people working in its catchment area will continue growing since there is still plenty of undeveloped space around Konstitucijos avenue, the artery of Vilnius CBD. Construction of 30,000 sqm Quadrum Business City was completed in September 2016 bringing Lithuanian headquarters of DNB, the third largest bank in the country, to CBD. In 2018 construction of a 10,000 sqm expansion of Quadrum began. In 2018, Eastnine commissioned a 13,000 sqm office tower, the third one in its 3 Bures complex which is located next to Europa SC. What is more, in 2018 Lords LB began construction of a 12,700 sqm office building, majority of which was pre-leased to SEB, one of the two largest banks in Lithuania. Lords LB is also preparing to build a 19,000 sqm office tower just on the opposite side of Konstitucijos avenue to Europa SC. Development of new office projects is highly positive for the property as they increase a number of potential shoppers in the area.

Europa SC markets itself as a 'City Style Centre'. Fashion products are the key focus. Visitors are offered a wide selection of clothing, footwear, accessories and beauty shops. In recent years the SC has attracted more and more upscale brands such as Michael Kors (flagship store), Karen Millen, MaxMara, etc. The Management Company believes that, of the large shopping malls in Vilnius, Europa now has the most upscale fashion offering. As a result, its target customer group is leaning towards higher income shoppers. This market positioning is supported by Europa's location in CBD where people with generally higher wages are employed.

Europa's anchor tenant is a grocery store of Maxima – a leading Baltic retail chain. In the first quarter of 2014 the lease contract with Maxima was renewed for another 10 years. At the same time a 10-year lease contract was signed with fitness club Lemon Gym which became the third largest tenant in the property. This move reflects the strategy to expand consumer experience in the SC by offering activities alternative to shopping. Apranga, a leading fashion retailer in the Baltics, has 9 stores in Europa SC of which 6 are franchises of upscale international brands including MaxMara and Karen Millen. Confirming the primary focus on fashion offering, in October

2015 Europa saw the opening of a 347 sqm Michael Kors store – the first one in Lithuania. Among the largest tenants, there is also a number of restaurants including one from Vapiano, a global chain. Thanks to its location in CBD, Europa is an important lunch spot.

An expansion project has been drawn up for Europa SC which would add 300-500 sqm of new area by constructing a first floor extension on the south side of the SC. The new premises would be dedicated to restaurants, cafes and stores. The expansion project would also include a renewal of the SC's main entrance and installation of windows to upper facade where restaurants are located. The Management Company estimates the investment to be in the area of EUR 300 thousand.

Table 16: Details of Europa SC, 31 December 2018

Acquisition date	2 March 2015	
Acquisition price	EUR 35,787 thousand	
Construction	2004	
Type	Shopping centre	
Location	Konstitucijos av. 7A, 7B, Vilnius, Lithuania	
SPV[1]	BOF Europa UAB, registered on 6 October 2004, registry code 300059140, registered address at Gyneju st. 16, Vilnius, Lithuania. The sole shareholder of the company is the Management Company on behalf of and for the benefit of the Fund.	
NLA	16,856 sqm	
Fair value	EUR 40,100 thousand	
Vacancy	4.4%	
WAULT	3.9 years	
No of tenants	72	
Major tenants	Maxima (grocery) Apranga (fashion): *MaxMara Karen Millen, Strellson, Marella, etc.* Vapiano (restaurant) Suit Supply (fashion)	Michael Kors (fashion) Douglas (cosmetics) Fortas (restaurant) LPP (fashion) Gerry Weber (fashion) Lemon Gym (fitness club)

Europa SC is situated on two land plots, whereas land plot 1 is in the co-ownership of Europa SPV, Hanner AB and the Republic of Lithuania and land plot 2 is in the co-ownership of Europa SPV and Hanner AB. Co-owners of land plot 1 have entered into the Agreement of Co-owners, which provides for the exact parts of the land plot 1 used by each of the parties. Europa SC occupies also 2,154 m² (comprising 23.7% of the total land area of Europa SC) of the land attributed to the Republic of Lithuania. Therefore, Europa SPV and the Republic of Lithuania are in the process of concluding a lease agreement for such land.

The Issuer also owns 50% of the 7-floor parking house connected to Europa SC which constitutes approx. 500 parking places. The parking house is in co-ownership with Hanner AB.

Postimaja

Postimaja, purchased by the Issuer in February 2018, is the 3rd largest property in the portfolio comprising 13% of its total fair value at the end of December 2018 and approximately 10% at the date of the Listing Prospectus. It is a shopping centre situated in the heart of Tallinn next to Coca Cola Plaza, a cinema property owned by Issuer since March 2013.

One of the key reasons for investing in Postimaja was a development plan to connect it with Coca Cola Plaza. That includes a new exterior design, expansion in existing leasable area and improvement in functionality between the two buildings as well as the Rotermann Quarter, an old industrial part of Tallinn, which has been redeveloped into a modern urban area. The expansion follows social responsibility principles closely cooperating with the city of Tallinn, as it is one of the prime locations of the city. The key goal is to facilitate pedestrian traffic moving from the city center towards the central harbour area and improve the access to Rotermann Quarter. HG Arhitektuur OÜ with its work the "Rotermann Passage" was selected as the partner to work out the architectural solution for connecting Postimaja and Coca Cola Plaza. The expansion would add approximately 5,000 sqm of new space that could be rented out to tenants looking for retail and office premises in the center of Tallinn.

The property is former headquarters of Estonian Post, which in 2013 was completely reconstructed converting it into a modern shopping centre. It currently offers more than 9,000 of retail space across 3 storeys which is occupied by a varied mix of tenants including a grocery, clothing stores, restaurants and a fitness club.

Fashion chains – H&M, New Yorker and NS King – are among major tenants at Postimaja. Another key tenant is Rimi grocery shop (part of ICA Gruppen, a listed Nordic retailer). The Issuer has a well-established relationship with Rimi retail chain as it also leases space at the Issuer's two other properties (Pirita in Tallinn and Domus Pro in Vilnius). Customer experience is supplemented by a fitness club run by MyFitness, the largest network of sports clubs in Estonia, which is also a tenant at Pirita.

Table 17: Details of Postimaja, 31 December 2018

Acquisition date	13 February 2018
Acquisition price	EUR 34,477 thousand
Construction	2013
Type	Shopping centre
Location	Narva road 1, Tallinn, Estonia
SPV	BOF CC Plaza OÜ, registry code 12399823, registered address at Rävala st. 5, Tallinn, Estonia. The sole shareholder of the company is the Management Company on behalf of and for the benefit of the Issuer.
NLA	9,145 sqm
Fair value	EUR 32,450 thousand
Vacancy	4.0%
WAULT	3.3 years
No of tenants	14
Major tenants	H&M (fashion) New Yorker (fashion) Rimi (grocery) MyFitness (fitness club) Estonian Post (post services)

Upmalas Biroji

Upmalas Biroji office in Riga is the second of the two properties (the other one is G4S Headquarters) acquired by investing proceeds from the Issuer's initial public offering in June 2016. Its purchase was closed on 30 August 2016. As of 31 December 2018, Upmalas Biroji was the 3rd largest property on the Issuer's portfolio with EUR 25.7m in fair value or 11% of the total. At the date of the Listing Prospectus the percentage is approximately 8% of the total portfolio and Upmalas Biroji is the 4th largest in Issuer´s portfolio.

Upmalas Biroji is a 5-storey office building located in Southern Riga, 10 minutes away from Riga's center and 15 minutes away from Riga's airport. It was built in 2008 by a German developer Bauplan Nord which continues to act as a property manager for Upmalas Biroji. The building is equipped with modern technological solutions with a clear focus on sustainability and efficiency. In 2013 it won "The Most Sustainable Building in Latvia" award.

Acquisition date	30 August 2016
Acquisition price	EUR 23,573 thousand
Construction	2008
Type	Office
Location	Mukusalas st. 101, Riga, Latvia
SPV	Kontor SIA, registry code 40003771618, registered address at Mukusalas st. 101, Riga. The sole shareholder of the company is the Management Company on behalf of and for the benefit of the Fund.
NLA	10,459 sqm
Fair value	EUR 25,730 thousand
Vacancy	0.0%
WAULT	3 years
No of tenants	9
Major tenants	SEB (banking) Cabot (specialty chemicals) Bosch (engineering and electronics) Johnson & Johnson (pharmaceutical and consumer products) Mylan (pharmaceutical)

Table 18: Details of Upmalas Biroji, 31 December 2018

As of 31 December 2018, the property was leased to 9 tenants and had 100% occupancy. The tenants were mostly comprised of top-class international companies such as SEB, a Nordic bank, Cabot, a US-based specialty chemicals and performance materials company, Bosch, a Germany-headquartered global engineering and electronics group, and Johnson & Johnson, an American multinational pharmaceutical and consumer products company. The tenants use the building primarily for back-office operations. SEB is the largest leaseholder constituting approx. half of property's total annualized rental income (as of 31 December 2018) followed by Cabot comprising approx. a fifth of annualized rental income.

Domus Pro

Domus Pro is the 5th largest asset in the portfolio comprising 10% of its fair value as of 31 December 2018 and approximately 7% as at the date of the Listing Prospectus. The property is a neighborhood shopping center located in Perkunkiemis district in the north eastern part of Vilnius. Perkunkiemis is one of the newest and one of the fastest growing neighborhoods in Vilnius. It is primarily seen as a residential area since a large number of residential projects were developed there in recent years. On the other hand, new office buildings were also constructed as the area attracted the interest of both local and international companies (for instance, Swedbank and Affecto) requiring large office spaces.

Table 19: Details of Domus Pro, 31 December 2018

Acquisition date	SPA signed in July 2013, final closing in 1 May 2014
Acquisition price	EUR 12,087 thousand
Construction	1^{st} stage 2014; 2^{nd} stage 2015/2016; 3^{rd} stage 2017
Type	Shopping centre (1^{st} and 2^{nd} stages) and office (3^{rd} stage)
Location	Bieliunu st. 1, Vilnius, Lithuania
SPV	BOF Domus Pro UAB, registry code 225439110, registered address at Gyneju st. 16, Vilnius, Lithuania. The sole shareholder of the company is the Management Company on behalf of and for the benefit of the Issuer.
NLA	16,078 sqm, of which 11,247 sqm retail and 4,831 sqm office
Fair value	EUR 24,920 thousand, of which EUR 17,460 thousand retail and EUR 7,460 thousand office; In addition, EUR 1,670 thousand value of a land plot for further expansion
Vacancy	1.6%
WAULT	3.9 years
No of tenants	37
Major tenants	**Retail:** Rimi (grocery) Fitus (health and fitness club) Hansa Plyteliu Turgus (home-improvement) MyOutlet (fashion) **Office:** Narbutas (furniture) Pet City (pet store and veterinary clinic) Baltic Consol Line (transportation)

Initially, Domus Pro was a typical neighborhood-type shopping center offering everyday goods and services. However, thanks to its two expansions developed over 2015-2017 the property significantly expanded and diversified its tenants mix and substantially widened customer experience it offers to its visitors. With the completion of the 2^{nd} stage, a large home-improvement store and a fitness club moved in while the 3^{rd} stage added over 4,500 sqm of office space.

Domus Pro is the only asset in the portfolio in which the investment was made while the property was still in a development phase. The acquisition process was initiated in July 2013 by singing a share purchase agreement with Domus Pro project's developer TK Development. It is a Denmark-based real estate development company active in Nordics and CEE and specializing in development of SCs. After signing of SPA, forward financing of around EUR 2.0m was provided to the developer. This led to the start of construction of the first stage (7,500 sqm) of the project. Domus Pro opened its doors in early 2014 and the acquisition was closed in May 2014.

The anchor tenant at the first stage is a grocery store of Rimi retail chain (part of ICA Gruppen, a listed Nordic retailer). Other major tenant is Assorti – an upscale grocery store focusing on more premium and rarer products than a general grocer. Smaller tenants are common to neighbourhood SCs: a pharmacy, a restaurant, a pet shop, etc.

Following the positive performance of the first stage, the option to build the second stage (3,700 sqm) was exercised and construction began in March 2015. New space was fully pre-let to two tenants. The first part of the expansion with 1,500 sqm of rentable space was opened to shoppers in December 2015 and it houses Hansa Plyteliu Turgus home-improvement store. The second part of the new stage was commissioned in May 2016. Its 2,200 sqm is occupied by Fitus, a fitness club with a 25-meter swimming pool, enabling the SC to offer a wider customer experience to its visitors.

The Management Company decided to expand Domus Pro complex further by developing its 3rd stage – a 6 story building with net rentable area of 4,831 sqm. The first floor is dedicated for retail purposes while upper floors house office space. The extension has a 2-story underground parking lot with 50 spaces. The building is planned to be BREEAM-certified indicating high standards of environmental sustainability and efficiency. Development was carried out by TK Development which also worked on the development of the first two stages of Domus Pro. Construction of the 3rd stage began in December 2016 while commissioning took place in October 2017. At the end of December 2018, the new expansion had only 1.6% of vacant space. The largest tenant, occupying around a third of rentable area, is Narbutas, a leading Lithuanian producer of office furniture.

Following successful development of two expansions, in May 2018, the Issuer purchased a 0.87 hectare land plot (Meraki) next to Domus Pro for EUR 1.7m with a goal to expand the property further.

Vainodes I

In December 2017, the Issuer completed the acquisition of the 10th building in its property portfolio – Vainodes I in Riga. The asset comprised 8% of the portfolio's total fair value at the end of December 2018 and at the date of the Listing Prospectus the respective number is approximately 6%.

The property is a 4-storey office complex with 8,052 sqm of leasable area (9,538 sqm of gross area) and 300 onground parking spaces. The full reconstruction and expansion of the property was completed in 2014. There is also significant development potential – the property has building rights for a 17-storey extension with over 18,000 sqm of leasable office space and a 4-storey car park with over 250 places.

The building is located within 10 minute drive from the city centre, next to Karla Ulmana avenue which is one of the main roads in Riga connecting its centre with periphery districts and the airport. The building boasts easy access both by public and private transport.

The newly acquired property is fully occupied and has 3 tenants. The anchor tenant, occupying 92% of total NLA, is Latvia's State Forests – a state-owned enterprise responsible for management of state-owned forests in Latvia. In November 2014, it signed a lease agreement for a 10-year unbreakable term plus another 10-year term with a 2-year break option. The other two tenants include Abbvie, a US-based international pharmaceutical company, and Baltic Restaurants Latvia which operates a restaurant on the 1st floor of the property.

Table 20: Details of Vainodes I, 31 December 2018

Acquisition date	12 December 2017
Acquisition price	EUR 21,296 thousand
Construction	2014
Type	Office
Location	Vainodes st. 1, Riga, Latvia
SPV	Vainodes Krasti SIA, registry code 50103684291, registered address at Agenskalna st. 33, Riga. The sole shareholder of the company is the Management Company on behalf of and for the benefit of the Issuer.
NLA	8,052 sqm
Fair value	EUR 21,230 thousand
Vacancy	0.0%
WAULT	14.9 years
No of tenants	3
Major tenants	Latvia's State Forests (forestry) Abbvie (pharmaceutical) Baltic Restaurants Latvia (restaurant)

LNK Centre

LNK Centre, a Class A office building in Riga, was acquired in August 2018 and was the 12th asset in the Issuer's portfolio. The property is located in Skanste – a growing new central business district that is a few kilometres from Riga's centre and its Old Town. As of 31 December 2018, the building comprised 7% of the total fair value of the Issuer's portfolio and at the date of the Listing Prospectus due to new acquisitions, about 5%.

LNK Centre has approx. 7,500 of NLA across its 8 storeys. It also boasts an underground parking with 64 spaces plus an onground parking with 22 spaces. The office is fully leased to 6 tenants of which two, Exigen Services and LNK Group, occupy approx. 90% of total area. Exigen Services is a leading Latvian IT development company with 280 employees. It is owned by Emergn Global, an international IT firm with offices in the US and Europe. LNK Group is one of the largest real estate and infrastructure development and construction companies in Latvia. As part of the acquisition of the building, LNK Group extended its lease agreement for 10 years. On the 1st floor of the building there is a restaurant.

Table 21: Details of LNK Centre, 31 December 2018

Acquisition date	15 August 2018

Acquisition price	EUR 17,068 thousand
Construction	2006
Type	Office
Location	Skanstes st. 27, Riga, Latvia
SPV	BH S27 SIA, registry code 40103810023, registered address at Skanstes st. 27, Riga. The sole shareholder of the company is the Management Company on behalf of and for the benefit of the Issuer.
NLA	7,453 sqm
Fair value	EUR 17,450 thousand
Vacancy	0.0%
WAULT	6.6 years
No of tenants	4
Major tenants	Exigen Services (IT) LNK Group (construction and real estate)

G4S Headquarters

G4S Headquarters office building in Tallinn was the first of the two properties that were acquired by deploying proceeds from June 2016 initial public offering of the Fund. The Management Company had signed a sale and purchase agreement for the property before the start of the public offering. This ensured that the purchase was closed just 1 day after the listing of Fund Units on the Nasdaq Tallinn. At the date of the Listing Prospectus, the property constitutes approximately 5% of the Issuer´s portfolio value.

Table 22: Details of G4S Headquarters, 31 December 2018

Acquisition date	12 July 2016
Acquisition price	EUR 15,454 thousand
Construction	2013
Type	Office
Location	Paldiski Road 80, Tallinn, Estonia
SPV	BH P80 OÜ, registry code 14065606, registered address at Hobujaama st. 5, Tallinn. The sole shareholder of the company is the Management Company on behalf of and for the benefit of the Fund.
NLA	9,179 sqm
Fair value	EUR 17,240 thousand
Vacancy	0.0%
WAULT	3,9 years
No of tenants	1
Major tenants	G4S (security services)

G4S Headquarters is a 9,179 sqm 9-story office building situated in Western Tallinn next to arterial Paldiski road and 4.5 km away from Tallinn's Old Town. It is a relatively new building, constructed only in 2013. G4S Headquarters features all modern office amenities and efficient layout. The land plot next to the building where a parking lot is now located offers additional development potential of up to 20,000 sqm.

The property is fully leased to G4S – the world's largest security company. The firm operates in 110 countries and employs 623 thousand people. It is listed on London and Copenhagen stock exchanges and has a market capitalization of over GBP 3bn. G4S uses the building as their Estonian headquarters. A lease agreement is effective until 2022. At the time of this Listing Prospectus part of the premises is subleased by G4S.

Lincona

Lincona accounted for 7% of the portfolio's total fair value on 31 December 2018 and approximately 5% at the date of the Listing Prospectus. The property is a complex of three connected office buildings (total NLA of 10,870 sqm) and a parking facility for 378 vehicles. Babycenter, a standalone building of 674 sqm acquired together with the whole complex in July 2011, was disposed in March 2015 for EUR 1.0m with an annualised return of 24%. Lincona was the first asset in BOF's portfolio acquired in 2011.

The property is located in a southern part of Tallinn next to Pärnu road, one of the city's main transport arteries. It is also close to two main street intersection (Tammsaare Road and Järvevana Road) which makes the office easily accessible from all major districts of Tallinn. The first floor premises are used for retail and catering while upper floors are dedicated to offices.

At the end of December 2018, there were 13 tenants at Lincona. An anchor tenant is Swedbank which uses premises for back office operations. Swedbank comprises around a quarter of property's total annualized rental income (as of 31 December 2018). In August 2017, the Issuer successfully renewed a lease agreement with Swedbank for another 7 years until August 2024. The second largest leaseholder is Information System Authority of the Republic of Estonia constituting around a fifth of total annualized rent. It is a public institution responsible for developing Estonia's national information system. Creative Mobile – an independent mobile game developer whose games are in the top charts at Google Play and Apple's App Store – is the third largest tenant at Lincona.

Table 23: Details of Lincona, 31 December 2018

Acquisition date	1 July 2011
Acquisition price	EUR 15,396 thousand (incl. divested Babycenter part)
Construction	2002/2008 (renovation)
Type	Office
Location	Pärnu rd. 139a / Kohila st. 2a, Tallinn, Estonia
SPV	BOF Lincona OÜ, registry code 12127485, registered address at Rävala pst 5, Tallinn. The sole shareholder of the company is the Management Company on behalf of and for the benefit of the Fund.
NLA	10,870 sqm
Fair value	EUR 17,170 thousand (excl. Babycenter which was sold for EUR 1.0m)
Vacancy	1,5%
WAULT	4.7 years
No of tenants	13
Major tenants	Swedbank (banking) Information System Authority (public institution) Creative Mobile (game developer) Muster (interior design) – shop Liewenthal Electronics (IT & engineering)

Duetto I

Duetto I office building in Vilnius is the second of the two properties (Pirita being the other one) acquired using proceeds from the secondary public offering completed in November 2016. It is the newest property in the Issuer's portfolio in terms of construction completion (finished in 2017). As of 31 December 2018, the asset constituted 7% of the portfolio's total fair value and about 5% at the date of the Listing Prospectus due to new acquisitions in 2019.

Duetto I is a newly built 10-story office center with an underground parking lot. It is located in the western part of Vilnius, next to a recently constructed Vilnius western ring road. The property has an A class in energy efficiency and will have a BREEAM certification. Duetto I was developed by a Lithuanian subsidiary of YIT, a listed Finnish real estate and construction company. The seller provided a 2-year (from the acquisition date) guarantee for starting net rental income which at an acquisition price of EUR 14.6m implies a 7.2% annual yield. On 27 February 2019 the Issuer also closed the acquisition of Duetto II, a twin office building.

NLA at the property amounts to over 8,000 sqm. Given the 2-year guarantee of full-occupancy net rental income by the seller, effective vacancy is zero. Any shortage between an actual rent and the guaranteed amount is covered by YIT Kausta on a monthly basis. Actual vacancy amounted to 1.2% in December 2018. At that time Duetto I had 7 tenants. Anchor tenant Intrum is a market leader in credit management services, headquartered in Sweden. The company is a result of a merger between Intrum Justitia and Lindorff in June 2017. It employs 7,750 specialists across 23 European countries. The second largest tenant is Vilniaus Vandenys, a water-utility company servicing the city of Vilnius and nearby counties. It has around 250 thousand of clients and is fully owned by the municipality of Vilnius. At Duetto I, Vilniaus Vandenys has both its headquarters and the main customer service center. The third largest tenant is Pernod Ricard, one of the largest producers of beverages in the world. Its annual sales amount to approx. EUR 9bn. The firm's shares are traded on Paris stock exchange and its market cap is over EUR 35bn.

Table 24: Details of Duetto I, 31 December 2018

Acquisition date	22 March 2017
Acquisition price	EUR 14,642 thousand
Construction	2017
Type	Office
Location	Spaudos st. 8, Vilnius, Lithuania
SPV	BH Duetto UAB, registry code 304443754, registered address at Jogailos st. 9, Vilnius. The sole shareholder of the company is the Management Company on behalf of and for the benefit of the Fund.
NLA	8,498 sqm
Fair value	EUR 16,320 thousand
Vacancy	0.0%[1]
WAULT	3.3 years
No of tenants	7
Major tenants	Lindorff (credit management) Vilniaus Vandenys (water-utility) Pernod Ricard (beverages)

[1] Effective vacancy rate of Duetto I was zero because YIT Kausta, a seller of the property, provided a 2-year (starting from the acquisition date) guarantee of full-occupancy net rental income which implies a 7.2% annual yield on the acquisition price. Any shortage between an actual rent and the guaranteed amount is paid by YIT Kausta to the Fund on a monthly basis. Actual vacancy of Duetto I stood at 2% at the end of 2018.

Coca Cola Plaza

Coca Cola Plaza constituted 6% of the value of the Issuer's property portfolio on 31 December 2018 and about 4% as at the date of the Listing Prospectus. It is the largest cinema complex in Tallinn with 11 screens and 1,967 seats. The property is situated in the heart of Tallinn, next to the eastern edge of the old town. The building is fully let to Forum Cinemas AS, the largest cinema operator in Estonia running three movie theaters in the country (the other two are located in different Estonian cities). Forum Cinemas belongs to AMC, the largest cinema operator in the U.S., Europe and globally, operating over 1,000 cinemas and 11,000 screens across the globe. AMC acquired Forum Cinemas as part of its acquisition of Nordic Cinema Group, the largest cinema operator in Nordic and Baltic regions, completed in March 2017. Movie theatres under Forum Cinemas brand operate in the Baltic States. Coca Cola Plaza is one of the two large-size (more than 1,000 seats) movie theaters in Tallinn. Its main competitor is Solaris cinema with 7 screens and 1,591 seats which opened in 2009. In total 7 cinemas operate in the city.

The property is a 6-story building with underground parking for 43 cars. Forum Cinemas rents the whole complex from the Issuer, hence vacancy is zero. A lease contract was signed in 2013 for a 10-year term. Part of the premises is subleased by Forum Cinemas. As a result, the building also houses catering and retail facilities which together occupy around 1,000 sqm of space.

In February 2018, the Issuer acquired Postimaja shopping centre, located next to Coca Cola Plaza. One of the key reasons for investing in Postimaja was a development plan to connect it with Coca Cola Plaza. That includes a new exterior design, expansion in existing leasable area and improvement in functionality between the two buildings as well as the Rotermann Quarter, an old industrial part of Tallinn which has been redeveloped into a modern urban area. HG Arhitektuur OÜ with its work the "Rotermann Passage" was selected as the partner to work out the architectural solution for connecting Postimaja and Coca Cola Plaza. The expansion would add approximately 5,000 sqm of new space which could be rented out to tenants looking for retail and office premises in the center of Tallinn.

Table 25: Details of Coca Cola Plaza, 31 December 2018

Acquisition date	8 March 2013
Acquisition price	EUR 11,944 thousand
Construction	2001
Type	Cinema
Location	Hobujaama st. 5, Tallinn, Estonia
SPV	BOF CC Plaza OÜ, registry code 12399823, registered address at Rävala pst 5, Tallinn, Estonia. The sole shareholder of the company is the Management Company on behalf of and for the benefit of the Fund.
NLA	8,664 sqm
Fair value	EUR 14,470 thousand
Vacancy	0.0%
WAULT	4.2 years
No of tenants	1
Major tenants	Forum Cinemas (cinema operator)

Pirita

Pirita SC in Tallinn is the first of the two properties purchased using equity raised in the secondary public offering in November 2016. The acquisition was finalized on 16 December 2016 – approximately only two weeks after the completion of the offering proving the Issuer's ability to employ newly raised capital quickly. Pirita was acquired for EUR 12.2m. Its seller provided a 2-year (from the acquisition date) guarantee for full-occupancy net rental income which implies a 7.4% yield on the acquisition price. At the date of the Listing Prospectus, the property accounted for 4% of the total fair value of the Issuer's portfolio.

Pirita is a neighborhood-type SC with NLA of close to 5,500 sqm. The building was completely reconstructed in 2016 for retail purposes. It is situated in Pirita district about 10 min by car away from the center of Tallinn. It is close to Pirita beach – a popular spot among Tallinn residents in summer.

Table 26: Details of Pirita, 31 December 2018

Acquisition date	16 December 2016
Acquisition price	EUR 12,200 thousand
Construction	2016 (reconstruction)
Type	Shopping center
Location	Merivälja rd. 24-2, Tallinn, Estonia
SPV	Pirita Center OÜ, registry code 12992834, registered address at Hobujaama st. 5, 10151, Tallinn. The sole shareholder of the company is the Management Company on behalf of and for the benefit of the Fund.
NLA	5,427 sqm
Fair value	EUR 10,020 thousand
Vacancy	0.0%[1]
WAULT	6.4 years
No of tenants	18
Major tenants	Rimi (grocery) MyFitness (health and fitness club) Südameapteek (pharmacy) Buongiorno (restaurant)

[1] Effective vacancy rate was zero because a seller of the property provided a 2-year (starting from the acquisition date) guarantee of full-occupancy net rental income which implies a 7.4% annual yield on the acquisition price. Any shortage between an actual rent and the guaranteed amount is paid by Matching Holding OÜ to the Fund on a monthly basis. Actual vacancy of Pirita stood at 6% at the end 2018.

The SC is anchored by Rimi, a Baltic grocery chain owned by ICA Gruppen, a listed Nordic retailer. Rimi is also an achor tenant at Domus Pro in Vilnius. A 10-year lease agreement was signed with Rimi. MyFitness, the second largest tenant at Pirita, is the largest network of sports clubs in Estonia. It operates 15 clubs in Estonia as well as 7 clubs in Latvia. In total Pirita had more than 20 tenants on 30 June 2017 including a diverse mix of restaurants.

Sky Supermarket

Sky Supermarket, the smallest holding in the property portfolio, comprises approximately 2% of the portfolio's fair value. It is a neighborhood shopping centre with upmarket grocery chain Sky as an anchor tenant and a number of satellite tenants. The building was built in 2000 and renovated in 2010. In 2017, the Issuer together with the anchor tenant modernized a façade of the property.

The SC is located in the centre of Mežciems residential suburb in the north eastern part of Riga. It has good transport connections with a city centre and suburbs thanks to its location on Bikernieku street – one of the main traffic arteries in Mežciems district connecting it with the centre of Riga.

Anchor tenant Sky comprises approximately a half of the property's annualized rental income (as of 31 December 2018). Sky is an upmarket grocery chain operating 4 shops, all in Riga. It distinguishes itself from larger country-wide retail chains (for example, Maxima and Rimi) by stocking higher quality, more exclusive products. Hence, its target customer group is of higher income than average customer of national retailers. Sky chain is owned by local investors. Satellite tenants in the property are typical to a neighborhood SC including a pharmacy, a restaurant, a pet shop, etc. Only two of them, Cup & Cino (café) and A Aptieka (pharmacy), occupy larger than 100 sqm spaces.

Table 27: Details of Sky Supermarket, 31 December 2018

Acquisition date	1 January 2013
Acquisition price	EUR 4,510 thousand
Construction	2000/2010 (renovation)
Type	Shopping center
Location	Bikernieku st. 120B, Riga, Latvia
SPV	BOF Sky SIA, registry code 40103538571, registered address at Krisjana Valdemara st. 21-20, Riga, Latvia. The sole shareholder of the company is the Management Company on behalf of and for the benefit of the Fund.
NLA	3,254 sqm
Fair value	EUR 5,390 thousand
Vacancy	0.6%
WAULT	3.7 years
No of tenants	18
Major tenants	Sky (grocery) A Aptieka (pharmacy) Cup & Cino (restaurant) ZooZone (pet store) Grenardi (jewellery)

Duetto II

Duetto II is a newly built 10-story office center with an underground parking lot. It is located in the western part of Vilnius, next to a recently constructed Vilnius western ring road. The property has an A class in energy efficiency and will have a BREEAM certification. Duetto II was developed by a Lithuanian subsidiary of YIT, a listed Finnish real estate and construction company. The seller provided a 2-year (from the acquisition date) guarantee for starting net rental income which at an acquisition price of EUR 18.3m implies a 7.1% annual yield. At the date of the Listing Prospectus, Duetto II accounted for approximately 5% of the total fair value of the Issuer's portfolio.

NLA at the property amounts to over 8,500 sqm. Given the 2-year guarantee of full-occupancy net rental income by the seller, effective vacancy is zero. Any shortage between an actual rent and the guaranteed amount is covered by YIT Kausta on a monthly basis. As at February 2019 Duetto II had 6 marketing leading tenants. Main tenants were Rimi Office, Vilnius Heating, Sweco, Astra Zeneca.

Table 28: Details of Duetto II, 28 February 2019

Acquisition date	27 February 2019
Acquisition price	EUR 18,323 thousand
Construction	2018
Type	Office
Location	Spaudos st. 8, Vilnius, Lithuania
SPV	BH Duetto UAB, registry code 304443754, registered address at Jogailos st. 9, Vilnius. The sole shareholder of the company is the Management Company on behalf of and for the benefit of the Issuer.
NLA	8,509 sqm
Fair value	EUR 18,323 thousand
Vacancy	0.0%[1]
WAULT	5.2 years
No of tenants	6
Major tenants	Rimi Office (grocery) Vilniaus Heating (heating-utility) Astra Zeneca (pharmacy)

[1] Effective vacancy rate of Duetto II was zero because YIT Kausta, a seller of the property, provided a 2-year (starting from the acquisition date) guarantee of full-occupancy net rental income which implies a 7.1% annual yield on the acquisition price. Any shortage between an actual rent and the guaranteed amount is paid by YIT Kausta to the Issuer on a monthly basis. Actual vacancy of Duetto II stood at 26 % at the end of Q1 2019.

5.9.1. Tenants, Lease Contracts and Property Management

The Fund outsources daily property management services from a specialized property management services provider. Outsourced property management functions include letting out vacant premises, organising lease contract negotiations with tenants, day-to-day relationship with tenants, marketing of properties (for instance, developing marketing strategies), invoicing tenants and paying property operating expenses. Successful property management is an important value driver for the Fund as it maximizes returns of owned real estate assets. The Management Company closely oversees property managers and reviews their performance on a continuous basis. Representatives of the Management Company in boards of SPVs must sign off all newly negotiated lease contracts with a size of 100 sqm or more. Furthermore, their approval is required for investing in redesigning/adopting premises to tenants' needs. Property management service providers for newly acquired properties are selected via tenders on a property by property basis. For more details on the property managers that are now contracted by the Fund see section 6.8 “Property Management Service”.

Under majority of the Fund's existing lease contracts, rent rates are indexed once a year to Euro area CPI or local CPI (Lithuanian, Latvian or Estonian). When lease agreements are negotiated, the Fund generally seeks lease term to be as long as possible. With anchor tenants the Fund aims to sign 10-year or longer contracts. Regarding smaller tenants, contract lengths of 3-5 years are in line with market practice. The Fund targets WAULT of 5 years for multi-tenant properties. Lease contracts have been concluded on market terms. The Management Company has tried to minimise the tenant risk (failure to pay) and therefore most of the lease contracts include the obligation of the lessee to provide a bank guarantee and/or a deposit. Also, in most of the lease contracts the lessor has restricted its liability to damages caused by gross negligence or intent.

Table 29: Rental concentration of 10 largest tenants, 31 March 2019

No	Tenant	% of total annualized rental income
1	Rimi Baltic	8.3%
2	Latvian State Forestry	6.6%
3	G4S Eesti	6.6%
4	SEB	6.4%
5	Forum Cinemas	5.7%
6	EMERGN AS	5.0%
7	Intrum Global Business Services	3.3%
8	LNK Industries	2.7%
9	Cabot Latvia	2.4%
10	Vilnius heating network company	2.3%
	Total of 10 largest tenants	**49.3%**

The tenant base of the Fund is well diversified. The rental concentration of the 10 largest tenants of the Fund's subsidiaries is shown in table 29 with the largest tenant Rimi Baltic accounting for 8.3% of the annualized rental income and all 10 largest tenants account for 49.3%.

5.10. INVESTMENT PIPELINE

The Issuer aims to grow its asset base by acquiring carefully selected investment properties that best fit the Issuer´s very long-term strategy. Growing by acquiring established properties with long-term tenants allows the Issuer to become more efficient and diversify its risks further across segments, tenants and geographical locations.

Management Company has, given the historically low yields in the present market, considerably increased its focus on creating added value in the already owned investment properties. In addition to CC Plaza and Postimaja expansion, this also includes preparing for the expansion of the Upmalas Biroji complex, Vainodes I and G4S properties and further expansion of Domus PRO complex. The period of these expansions to be completed falls in 2020-2023 and depends on a sufficient level of new tenant interest, some of which is anticipated from expanding tenants in the existing portfolio. The Management Company continues to monitor closely the developments of the property markets and aims to react in case of good investment opportunities, however, this will not be the main focus in the near future.

The Issuer´s investment pipeline is comprised of potential acquisition targets, which fit the investment strategy of the Issuer, offer attractive risk-return profile and are for sale. The investment pipeline also entails expansion investments into current properties owned by the Issuer. Construction of Domus Pro's 3rd stage started in December 2016 and was completed in October 2017. The Management Company also sees expansion possibilities for Coca Cola Plaza, G4S Headquarters and Europa SC properties in the near term.

The Management Company targets investments that are expected to provide a return on equity (ROE) of 12-15%, excluding capital gains from any yield compressions. ROE expectations for investing into expansions of current properties are above 15%. Considering the current low interest rate environment, the Management Company expects to obtain debt financing for new acquistions at interest rates between 1.5-2.0%.

The Management Company sees four property segments as the most attractive for the Issuer in terms of strategic fit and financial profile: premium offices in CBD, premium large-scale shopping malls, B class offices for shared service centers/back-offices of international companies and neighborhood shopping centers.

The Management Company targets to maintain the Issuer's portfolio well-diversified mainly between office and retail sectors and in terms of capital cities.

5.11. CUSTODY OF THE FUND'S ASSETS

The Issuer's assets are generally invested, directly or indirectly, into real estate property or held as deposits with a credit institution. According to the IFA, Issuer's assets do not belong to the bankruptcy estate of the Management Company and, if the assets are safe-kept by the Depositary, the assets do not belong to the bankruptcy estate of the Depositary. In order to clearly distinguish its activities as the fund management company of the Issuer from its own operations, the Management Company clearly identifies in making the investments and transactions with the Issuer's assets that it is acting for the benefit and on account of the Issuer.

Cash and Financial Instruments

All assets that are held either in cash on the bank account or invested into financial instruments in the book-entry form held on the securities account with an investment services provider are kept with the Depositary. Further description on the Depositary, the services provided by the Depositary, and on how the Depositary may delegate its responsibilities to third persons is in section 6.3. “The Depositary”.

Current and securities accounts with the Depositary are held in the name of the Management Company and for the benefit of the Issuer. In opening the account with the Depositary, the Management Company has made reference to the Issuer in the account details. Current and securities accounts of SPVs are held in the name of respective SPVs with credit institution licensed and operating in respective country.

Direct Investments into Real Estate Property

The Issuer has not invested directly into real estate property and holds directly no title any of the real estate property in the Issuer. All investments into real estate property are made indirectly by entities specifically established for holding the title of the real estate property belonging to the Issuer (the SPVs).

Indirect Investments into Real Estate Property

The Issuer holds shares in SPVs. The Management Company, acting in its own name but for the benefit of the Issuer, has been entered into the shareholders’ list of each respective SPV.

SPVs hold either title to or lease rights regarding the real estate property belonging to the Issuer. Where a SPV holds full title to the property it is registered in the respective land registry as the owner of the property. All other rights regarding the property are established by and for the benefit of the respective SPV.

Information on the SPVs and on the real estate property each of them holds is provided in section 5.9. “Asset Portfolio”.

5.12. OPERATING AND FINANCIAL REVIEW

The main events the history of the Issuer and its predecessor BOF were acquisitions of new commercial properties.

Figure 37: Development of rentable area of the Issuer’s property portfolio, thousand sqm

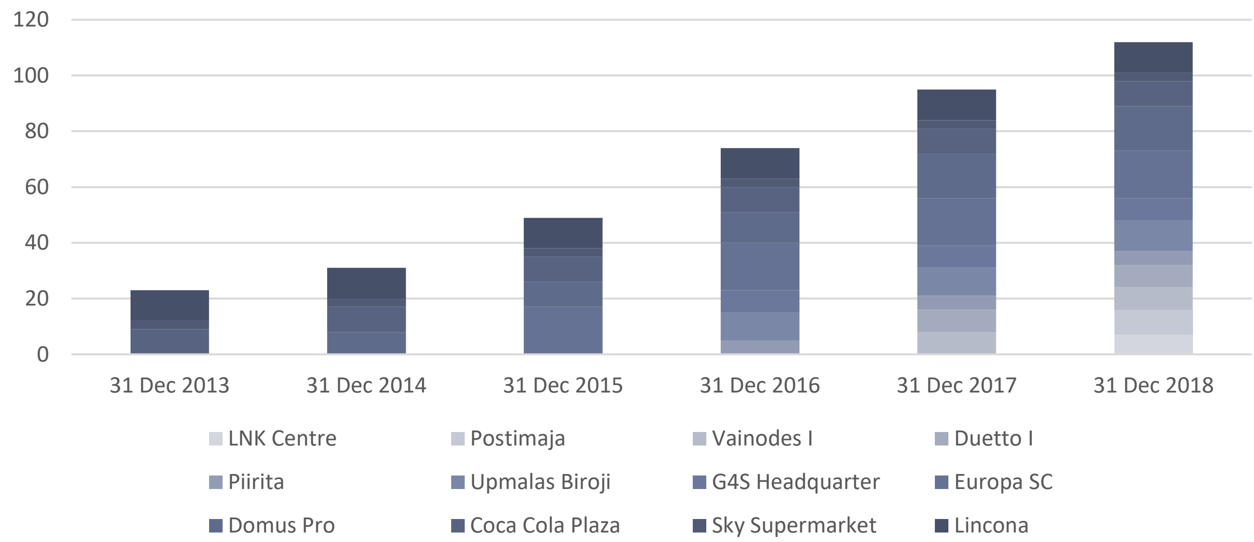


Figure 33 depicts the rapid evolution of the size of the Issuer’s portfolio. At the end of 2013 BOF owned only 3 properties whereas by 31 March 2019 - the most recent reporting date - 10 new real estate assets were added. Since the end of 2013 the property portfolio expanded approx. 5-fold in terms of space and approx. 7-fold in terms of value.

BOF bought its first real estate asset - Lincona office complex in Tallinn - in July 2011. At the end of 2012 Lincona remained the only property in the portfolio and it had a fair value of EUR 15.3m and rentable area of 11.4 thousand sqm.

Acquisitions of Sky Supermarket in Riga and Coca Cola Plaza in Tallinn, completed in January 2013 and March 2013 respectively, more than doubled the size of the portfolio – at the end of 2013 the portfolio’s fair value stood at EUR 33.1m and rentable area amounted to 23.3 thousand sqm.

In May 2014 acquisition of Domus Pro in Vilnius was finalized expanding the portfolio roughly by a third. At the end of 2014, 4 real estate assets constituted a fair value of EUR 46.2m and leasable space of 30.9 thousand sqm.

The last acquisition before BOF was merged into the Issuer took place in March 2015 when 16.9 thousand sqm Europa SC in Vilnius was bought. In 2015 there were also other two events affecting the size of the portfolio. Firstly, in March 2015 Babycenter – a standalone building of 674 sqm acquired together with Lincona – was sold for EUR 1.0m (BOF had not disposed any properties before that). Secondly, in December 2015 1,500 sqm portion of Domus Pro 2nd stage was commissioned. All that included, the portfolio grew further significantly in 2015 and reached EUR 86.8m of fair value and 48.7 thousand sqm of rentable space at the end of the year.

The second phase of Domus Pro 2nd stage was commissioned in May 2016 which added 2,200 sqm of new space. On 30 June 2016 the Issuer merged with BOF taking over all assets and liabilities of BOF including its property portfolio of 5 holdings. Two new buildings were purchased by utilizing proceeds from the Issuer's initial public offering carried out in June 2016: GS4 Headquarters in Tallinn in July 2016 and Upmalas Biroji in Riga in August 2016. Following the secondary public offering in November 2016, Pirita in Tallinn was acquired in December 2016. The Issuer ended 2016 with a property portfolio of 8 buildings worth EUR 141.7m in fair value and with total NLA of 75.9 thousand sqm.

In March 2017 Duetto I in Vilnius was bought while in December 2017 acquisition of Vainodes I office in Riga was finalized. The construction of 4,380 sqm 3rd stage at Domus Pro was completed in October 2017. At the end of 2017 the Issuer held a portfolio of 10 properties with EUR 189.3m fair value and 96.5 thousand NLA.

In February 2018 Postimaja shopping centre in Tallinn, located next to already owned Coca Cola Plaza, was purchased. In August 2018, the 12th property in the portfolio was acquired – LNK Centre office in Riga. On 31 December 2018, the Issuer's property portfolio reached EUR 245.2m fair value and 113.9 thousand NLA.

On 18 December 2018, the Issuer signed a sales and purchase agreement to acquire the newly constructed Duetto II office building in Vilnius, Lithuania, situated next to the already owned Duetto I. On 27 February 2019, the Fund completed the acquisition of the newly constructed Duetto II office building located in Vilnius, Lithuania. The total purchase price for the property was EUR 18.3 million, corresponding to an approximate acquisition yield of 7.1%. The seller provided a 2-year rental guarantee for starting net operating income. The Fund now owns and manages the twin office complex of Duetto I and Duetto II.

On 27 May 2019, the Issuer entered into share purchase agreement with Linstow AS to acquire 100% shares of Tampere Invest SIA, which owns Galerija Centrs Shopping Centre in the heart of Riga. The purchase price was EUR 75 million, which corresponds to an estimated entry yield of approximately 6,7%. The acquisition was completed on 13 June 2019. By this transaction the Issuer acquired so far the largest property into its portfolio and now owns 14 properties in the capital cities of the Baltics.

5.12.1. Results of Operations in Years 2016 – 2018 and Q1 of 2019

On 30 June 2016, the Issuer merged with BOF and took over all assets and liabilities of BOF. Units of BOF were converted into units of the Issuer at a ratio of 1:100 (1 unit of BOF was exchanged into 100 units of the Issuer). At the time of the Merger, the Issuer had no assets and liabilities of its own. Thus, historical financial and operational performance of BOF prior to the Merger is directly comparable the Issuer's performance after the Merger. In the Issuer's audited consolidated financial statements for the year ended 31 December 2016, BOF's financial results prior to the Merger are presented as those of the Issuer. For these reasons, in this Listing Prospectus past results of BOF are presented as results of the Issuer.

This section provides an analysis of the Issuer's financial and operating results in years 2016-2018 based on audited consolidated financial statements. Historical consolidated financial information is derived as follows:

- For the year 2019: the Issuer's unaudited consolidated quarterly financial statements for first quarter of 2019 ended 31 March 2019 prepared according to the IFRS;
- For the year 2018: audited condensed consolidated financial statements for the year ended 31 December 2018 prepared according to the IFRS;
- For the year 2017: the Issuer's audited consolidated financial statements for the year ended 31 December 2017 prepared according to the IFRS;
- For the year 2016: the Issuer's audited consolidated financial statements for the year ended 31 December 2016 prepared according to the IFRS;

The following table depicts consolidated financial results of the Issuer's operations for years 2016, 2017 and 2018 and first quarter of 2019 while detailed discussion of each of the items is provided in the subsequent paragraphs.

Table 30: Highlights of consolidated income statement of the Issuer, EUR thousand

	2016	2017	2018	Q1 2018	Q1 2019	Change		
						2017	2018	Q1 2019
Rental income	7,874	11,839	15,860	3,606	4,151	50%	34%	15%
Service charge income	2,594	1,921	2,760	585	763	-26%	44%	30%
Cost of rental activities	-3,315	-2,992	-3,816	-782	-998	-10%	28%	28%
Net rental income	**7,153**	**10,768**	**14,804**	**3,409**	**3,916**	**51%**	**37%**	**15%**
Administrative expenses	-2,190	-2,774	-2,813	-640	-709	27%	1%	11%
Other operating income	97	14	74	6	6	-86%	429%	0%
Valuation gains/losses on investment properties	2,737	3,676	2,014	-	-	34%	-45%	
Operating profit	**7,797**	**11,684**	**14,079**	**2,775**	**3,213**	**50%**	**20%**	**16%**
Financial income	14	47	8	2	2	236%	-83%	0%
Financial expenses	-1,253	-1,528	-2,789	-489	-899	22%	83%	84%
Profit before tax	**6,558**	**10,203**	**11,298**	**2,288**	**2,316**	**56%**	**11%**	**1%**
Income tax charge	-798	-759	-1,308	-604	-143	-5%	72%	-76%
Profit for the period	**5,760**	**9,444**	**9,990**	**1,684**	**2,173**	**64%**	**6%**	**29%**
Earnings per unit (basic and diluted), EUR	**0.12**	**0.15**	**0.13**	**0.02**	**0.03**	**25%**	**-13%**	**50%**

Source: Q1 2019 is based on unaudited interim consolidated financial statements of the Fund for the 3-month period ended 31 March 2019, audited consolidated financial statements of the Issuer for the year 2018, audited consolidated financial statements of the Issuer for years 2016-2017

(1) Rental income

The Issuer leases space at its properties to customers under agreements that are classified as operating lease. Rental income represents rents charged to customers and is recognised on a straight line basis, net of any sales taxes, over the lease period to the first break option. Rental income does not include supplementary charges to tenants for operating expenses such as utilities (electricity, heating and cooling, water and sewerage, etc.), repairs and maintenance, marketing and property taxes. These charges are reported separately under S*ervice charge income.*

Table 31: Operational details of the property portfolio of the Issuer

	2016	2017	2018	Q1 2019
Number of properties, period end	8	10	12	13
Rentable area, sqm				
Period end	75,107	96,512	113,934	122,652
Period average[1]	58,936	83,736	106,620	116,895
Vacancy rate				
Period end	2.6%	2.2%	1.2%	2.5%
Period average[2]	3.2%	2.2%	2.0%	2.7%

[1] Computed as average of monthly estimates.

[2] Computed as average of monthly estimates.

In the first quarter of 2019 the Issuer's rental income reached EUR 4.1m – an increase of 15% compared to the previous year first quarter attributable primarily to new property acquisitions in the end of LNK Centre in third quarter of 2018 and Duetto II in February 2019. Vacancy of the Issuer's property portfolio averaged at 2.7% in 2019 (see Table 31), which has slightly increased due to ending of rental guarantee agreements in Pirita and Duetto I .

In 2018 the Issuer's rental income reached EUR 15.9m – an increase of 34% compared to the previous year attributable primarily to new property acquisitions. Thanks to full year contribution of two properties, bought in the course of 2018 (Postimaja and LNK Centre), the rental income expanded by EUR 4m. Vacancy of the Issuer's property portfolio averaged at 2.0% in 2018 improving from already low 2.2% in the year before (see Table 31).

In 2017 the Issuer's rental income reached EUR 11.8m – an increase of 50% compared to the previous year attributable primarily to new property acquisitions. Thanks to full year contribution of the three properties, bought in the course of 2016 (G4S Headquarters, Upmalas Biroji and Pirita), the rental income expanded by EUR 2.7m. EUR 0.9m was added by the two properties acquired in 2017 mainly driven by Duetto I (purchased in March 2018) while the acquisition of Vainodes I was completed only in December 2017. Vainodes I will have a sizeable contribution to the Issuer's rental income growth in 2018. Properties, owned by the Issuer at the beginning of 2016, saw a EUR 0.2m increase in their rental income mostly concentrated in Domus Pro and Europa SC. Vacancy of the Issuer's property portfolio averaged at 2.2% in 2017 improving from already low 3.2% in the year before. The decrease in vacancy was predominantly impacted by low vacancies at properties acquired in 2016 and 2017 with G4S Headquarters, Upmalas Biroji, Pirita and Duetto I all recording 100% occupancy or very close to it. What is more, vacancy also slightly improved at previously purchased properties such as Europa SC (to 5.3% from 6.3%) and Lincona (to 5.0% from 6.0%).

In 2016 the Issuer's rental income expanded by 30% to EUR 7.9m driven both by higher income at existing properties and contribution from new properties acquired in 2016. Rental income from the five properties which the Issuer owned at the beginning of 2016 grew by EUR 0.7m while the three newly acquired properties (G4S Headquarters, Upmalas Biroji and Pirita) added EUR 1.1m. Of the existing properties, the largest increases came from Europa SC and Domus Pro. Europa SC's rental income rose by EUR 0.5m as the property contributed for the whole year in 2016 in contrast to only 10 months in the previous year given that it was purchased in March 2015. Domus Pro's rental income expanded by EUR 0.2m thanks to commissioning of its 3,700 sqm 2nd stage (1,200 sqm completed in December 2015 and remaining 2,500 sqm finished in May 2016). Of the new properties, G4S Headquarters, purchased in July 2016, and Upmalas Biroji, bought in August 2016, were the main contributors as each generated approximately EUR 0.5m in rental income over the remaining course of the year. Pirita which was acquired only in December 2016 added EUR 30 thousand. Vacancy of the Issuer's property portfolio averaged at 3.2% in 2016 and was slightly above 2.8% recorded in the previous year. Whereas period-average vacancy rates rose at Europa SC (from 2.9% to 6.3%) and Lincona (from 4.5% to 6.0%), the overall vacancy was maintained at a largely comparable level thanks to newly acquired G4S Headquarters and Upmalas Biroji which were 100% occupied. In addition, Domus Pro also saw its average vacancy improved to 1.4% from 3.0% in 2015 with the completion of the 2nd stage which was fully leased.

(2) Service charge income

Service charge income represents supplementary charges to tenants to cover property operating expenses which may include utilities (electricity, heating and cooling, water and sewerage, etc.), repairs and maintenance, marketing and property taxes. Types of expenses which a tenant covers differ from one lease agreement to another and, in turn, from one property to another. The Issuer typically seeks to pass-through majority of operating expenses to tenants.

In the first quarter of 2019 service charge income increased 30% to EUR 763 thousand compared to EUR 585 thousand in Q1 2018 explained by acquisition of Duetto II in the end of 2018. The Issuer's cost of rental activities coverage ratio (service charge income as % of cost of rental activities) increased to 76.5% in 2019 (see Table 31). As a result, net rental income margin also increased amounting to 94.3% in the first quarter of 2019.

Service charge income increased by 43% to EUR 2.8m in 2018 compared to EUR 1.9m in 2017 (restated) explained by expansion in the Issuer's property portfolio. The three properties, bought in the course of 2016 (G4S Headquarters, Upmalas Biroji and Pirita), received EUR 0.9m more in service charge income thanks to their full year contribution. Duetto I and Vainodes I, both bought in 2017, added EUR 0.2m of service charge income. The Issuer's cost of rental activities coverage ratio (service charge income as % of cost of rental activities) stood at 64,2% in 2017 (see Table 31). As a result, net rental income margin was maintained largely stable amounting to 90.6% in 2017.

In 2016 service charge income grew approximately by a fourth to EUR 2.6m from EUR 2.1m in 2015 owing to the larger size of the portfolio which led to a higher cost of rental activities. The revenue increased by EUR 0.2m at Europa SC due to its full year contribution and by EUR 0.1m at Domus Pro on the back of the completion of its 2nd stage. The three properties acquired in 2016 earned EUR 0.2m of service charge income. The Issuer's cost of rental activities coverage ratio improved to 78.3% from 73.7% in 2015 thanks to higher ratios at the new properties. In turn, net rental income margin gained to 90.8% from 87.9% in 2015.

Table 32: Key ratios related to service charge income

	2016	2017	2018	Q1 2018	Q1 2019
Cost of rental activities coverage ratio[1]	78.3%	64.2%	72.3%	74.8%	76.5%
Uncovered cost of rental activities[2] as % rental income	9.2%	9.4%	6.7%	5.5%	5.7%
Net rental income margin[3]	90.8%	90.6%	93.3%	94.5%	94.3%

[1] Service charge income as % of cost of rental activities.
[2] Cost of rental activities less service charge income.
[3] Net rental income as % of rental income.

(3) Cost of rental activities

Cost of rental activities represent operating expenses related directly to properties. Their breakdown by type is presented in the table below.

Table 33: Breakdown of cost of rental activities of the Issuer, EUR thousand

	2016	2017[1] (restated)	2018	Q1 2018	Q1 2019
Utilities	1,512	294	476	332	402
Repair and maintenance	806	999	1,424	166	178
Property management expenses	383	549	629	123	159
Real estate taxes	252	498	569	42	158
Sales and marketing expenses	250	434	445	89	71
Property insurance	29	56	73	18	20
Allowances for bad debts	17	45	143	-	-7
Other operating expenses	66	117	57	12	17
Total cost of rental activities	**3,315**	**2,992**	**3,816**	**782**	**998**

Source: Q1 2019 is based on unaudited interim consolidated financial statements of the Fund for the 3-month period ended 31 March 2019, audited consolidated financial statements of the Issuer for the year 2018, audited consolidated financial statements of the Issuer for years 2016-2017[1]In 2018, the Group adopted IFRS 15 Revenue from Contracts with Customers, effective from 1 January 2018. As a result, the comparative figures for "service charge income" and "cost of rental activities" were adjusted. The adjustment did not have an impact on the Group's equity. The impact is related to presentation changes in accordance with IFRS 15.

In 2018 the Issuer incurred EUR 3.8m cost of rental activities – EUR 0.8m more than in the previous year. Part of the total cost of rental activities was recharged to tenants: EUR 2,760 thousand during the 12-month period ended 31 December 2018. In the frst quarter of 2019 total cost of rental activities were 27.6% higher than previous year first quarter due to new property acquisitions.

Total cost of rental activities grew by 44% to EUR 4.8m in 2017 as more buildings were added to the Issuer's property portfolio. Costs at the three properties, bought in 2016 (G4S Headquarters, Upmalas Biroji and Pirita), increased by EUR 1.0m due to their full year contribution whereas EUR 0.2m were incurred by the assets, acquired in 2017 (Duetto I and Vainodes I). The composition of the costs by type remained comparable to 2016 – utilities were the largest component comprising 43% of the total (46% in 2016) followed by repair and maintenance at 21% of the total (24% in 2016) and property management expenses at 12% of the total (the same as in 2016). It is important to note that, in contrast to other types of operating expenses, property management expenses (along with allowances for bad debts) are normally not reimbursed by tenants and, thus, represent a direct cost to the Issuer. Property management expenses are comprised of charges paid to a property management firm for such services as finding new tenants and managing existing ones.

In 2016 total cost of rental activities amounted to EUR 3.3m – 19% higher compared to 2015 mainly driven by a larger portfolio size. Of a EUR 0.5m increase, EUR 0.3m were attributable to Europa SC which was owned for the whole year of 2016 and EUR 0.2m were added by the three newly acquired properties. In terms of the cost breakdown by type, the three most prominent groups – utilities, repair and maintenance and property management expenses – together accounted for 81% of the total which was identical to 2015. Weights of other cost types also remained at comparable levels to the previous year.

It is important to note that, in contrast to other types of operating expenses, property management expenses (along with allowances for bad debts) are normally not reimbursed by tenants and, thus, represent a direct cost to the Issuer. Property management expenses are comprised of charges paid to a property management firm for such services as finding new tenants and managing existing ones.

(4) Administrative expenses

The following table provides a breakdown of administrative expenses by type.

Table 34: Breakdown of administrative expenses of the Issuer, EUR thousand

	2016	2017	2018	Q1 2018	Q1 2019
Public offering related expenses	938	637	-	-	-
Management fee	724	1,153	1,391	341	348
Performance fee	81	-	166	-	101
Consultancy fees[1]	139	297	215	39	85
Fund marketing expenses	-	204	222	90	33
Legal fees	156	115	323	63	35
Audit fees	73	83	88	23	20
Supervisory board fees	-	80	50	13	12
Custodian fees	20	31	47	10	14
Other administrative expenses	59	174	311	61	58
Private placement related expenses	-	-	-	-	3
Total administrative expenses	2,190	**2,774**	**2,813**	**640**	**709**

Source: Q1 2019 is based on unaudited interim consolidated financial statements of the Fund for the 3-month period ended 31 March 2019, audited consolidated financial statements of the Issuer for the year 2018, audited consolidated financial statements of the Issuer for years 2016-2017

Table 35: Administrative expenses ratios

	2016	2017	2018	Q1 2018	Q1 2019
Total administrative expenses as					
% of net rental income	30.6%	25.8%	19.0%	18.8%	18.1%
% of period-end NAV	2.9%	2.6%	2.6%	0.6%	0.6%
% of period-end total assets	1.4%	1.3%	1.1%	0.3%	0.3%

In Q1 2019, the Issuer incurred EUR 709 thousand of administrative expenses – 11% more than in the previous year first quarter. The management fee increased 2% to EUR 348 thousand.

In 2018 the Issuer incurred EUR 2.8m of administrative expenses – EUR 0.4m more than in the previous year (see Table 34). In 2017 the Issuer incurred EUR 2.8m of administrative expenses – EUR 0.6m more than in the previous year but a decline from 2.9% to 2.6% of its NAV (see Table 34). The higher expenses in absolute terms is primarily attributable to the management fee which grew by EUR 0.4m as the base for its calculation – NAV before the Merger and market capitalization after the Merger – expanded. The management fee is a charge paid to the Management Company for the management of the Issuer which includes such functions as investment management of the Issuer's property portfolio and provision of all economic and financial information that is necessary for the operation of the Issuer. A current structure of the Issuer's management fee is presented in section 5.7 "Fees and Expenses". Consultancy fees in 2017 increased by EUR 0.2m to EUR 0.3m impacted by high acquisition activity of the Issuer. On the other hand, the said increases were partly offset by a EUR 0.3m drop in one-off public offering related expenses. In relative terms, the Issuer improved its administrative expenses – they decreased to 25.8% of net rental income from 30.6% in 2016, to 2.6% of year-end NAV from 2.9% and to 1.3% of year-end total assets from 1.4%.

In 2016 total administrative expenses grew to EUR 2.2m from EUR 1.0m in the year before. The main reason for the increase was EUR 0.9m one-off expenses related to the preparation and execution of the Issuer's initial public offering in June 2016 and its secondary public offering in November 2016. The management fee rose by EUR 0.1m to EUR 0.7m as the base for its calculation – NAV before the Merger and market capitalization after the Merger – expanded. In 2016 the performance fee stood at EUR 81 thousand and was similar to a previous year's level. Consultancy fees in 2016 increased by EUR 71 thousand to EUR 125 thousand mainly related to higher acquisition activity of the Issuer. Audit fees were higher by EUR 45 thousand due to a larger size of the Issuer and auditors' review of the Issuer's interim 6-month 2016 results. As % of net rental income, total administrative expenses rose to 30.6% in 2016.

(5) Other operating income

In the first quarter of 2019 other operating income amounted to EUR 6 thousand. In 2018 amounted to EUR 74 thousand and in 2017 to EUR 14 thousand – down from EUR 97 thousand in 2016 which was mainly comprised of a received payment from an insurance company for a claim relating to Europa SC.

(6) Net loss on disposal of investment properties

No properties were sold during the period of 2016-2018 and in the first quarter of 2019.

(7) Valuation gains/losses on investment properties

Properties owned by the Issuer are valued at fair value which is approved by the Board of Directors of the Management Company based on independent appraisals. Properties are appraised at market value 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. According to the Fund Rules, independent appraisals are carried out at least once a year. Resulting fair value changes are recognized in the Issuer's consolidated income statement. Appraised value of a property may change due to changes in discount rates, exit yields, new lease contracts signed, changes in market rents, etc. For more details on independent appraisers see section 6.7 "Appraiser".

The table below breaks down valuation gains and losses by each property recorded over 2016-2018.

Table 36: Breakdown of valuation gains/losses by property, EUR thousand

	2016	2017	2018
Duetto I	-	1,292	86
Europa SC	491	1,158	1,288
Domus Pro (Retail)	-34	743	146
Domus Pro (Business centre)	-	-	268
Upmalas Biroji	-61	648	1,438
Vainodes I	-	573	-641
Coca Cola Plaza	350	240	1,230
Lincona	205	226	917
G4S Headquarters	1,346	-233	635
Sky Supermarket	265	-359	-68
Pirita	-	-612	-1,621
Postimaja	-	-	-2,027
LNK	-	-	382
Valuation gains/-losses on investment properties	**2,562**	**3,676**	**2,033**
Meraki (land)	-	-	-19
Valuation gains/losses on investment properties (land)	**-**	**-**	**-19**
Total valuation gains/-losses on investment properties	**2,562**	**3,676**	**2,014**

Source: audited consolidated financial statements of the Issuer for years 2016-2018

In 2018, a EUR 2m total gain in fair value of investment properties was recognized. That translated into EUR 0.2m average gain per property. Key assumptions used by the independent appraisers for valuations of the Issuer's properties are provided in Table 37.

In 2017, a EUR 3.7m total gain in fair value of investment properties was recognized. That translated into EUR 0.4m average gain per property. The largest fair value gains were recorded for Duetto I and Europa SC for each exceeding EUR 1.0m. Gains for Domus Pro, Upmalas Biroji and Vainodes I were in the region of EUR 0.5-1.0m each. For three properties in the portfolio (G4S Headquarters, Sky Supermarket and Pirita) fair value losses were recognized in 2017. . Key assumptions used by the independent appraisers for valuations of the Issuer's properties are provided in Table 37. In 2016, a total gain of EUR 2.7m in a fair value of investment properties was recorded, of which EUR 2.6m was related to operating properties and EUR 175 thousand to properties under construction. Approximately a half of gain in value of operating assets was attributable to the increase in value of G4S Headquarters. In addition, Europa SC's value gained EUR 0.5m, Coca Cola Plaza's EUR 0.4m, Sky Supermarket's EUR 0.3m and Lincona's EUR 0.2m. A EUR 175 thousand valuation gain on investment property under construction was fully attributable to the 3rd stage at Domus Pro whose construction started in December 2016 and was completed in October 2017 (hence, the asset was reclassified to investment property on 31 December 2017).

Property	31 Dec 2016	31 Dec 2017	31 Dec 2018
Europa SC			
Discount rate	7.5%	7.2%	8.2%
Exit yield	7.25%	7.0%	6.5%
Rental growth per annum	0.0-2.4%	0.0-2.4%	1.2-2.3%
Vacancy rate	3.0-5.0%	3.0%	2.0-5.0%
Upmalas Biroji			
Discount rate	7.3%	7.3%	7.8%
Exit yield	7.2%	7.1%	7.0%
Rental growth per annum	0.5-4.4%	2.8-3.4%	1.0-1.9%
Vacancy rate	1.50%	1.0%	2.0 - 5.0%
Domus Pro			
Discount rate	8.075%	7.900%	8.2%
Exit yield	8.0%	7.8%	7.5%
Rental growth per annum	0.0-2.5%	0.0-2.5%	1.7-2.2%
Vacancy rate	2.0-7.0%	2.5-5.0%	2.0-5.0%
Vainodes I			
Discount rate	N/A	8.20%	7.80%
Exit yield	N/A	7.00%	7.0%
Rental growth per annum	N/A	0.0-2.0%	0.0-2.5%
Vacancy rate	N/A	0.0-5.0%	1.0-5.0%
G4S Headquarters			
Discount rate	8.5%	8.2%	8.2%
Exit yield	7.25%	7.25%	7.25%
Rental growth per annum	0.2-2.7%	0.0-3.2%	2.0-3.0%
Vacancy rate	3.0%	2.0%	2.0-5.0%
Lincona			
Discount rate	8.6%	8.6%	8.2%
Exit yield	7.8%	7.8%	7.5%
Rental growth per annum	0.0-2.3%	1.0-2.7%	1.6-1.9%
Vacancy rate	5.0-10.0%	5.00%	5.00%
Duetto I			
Discount rate	N/A	7.90%	8.2%
Exit yield	N/A	7.25%	7.25%
Rental growth per annum	N/A	0.0-2.1%	1.8-2.8%
Vacancy rate	N/A	2.50%	5.0%
Coca Cola Plaza			
Discount rate	8.2%	8.2%	8.2%
Exit yield	7.8%	7.8%	7.5%
Rental growth per annum	0.8-1.5%	1.3-1.9%	1.4-3.0%
Vacancy rate	0.0%	1.5%	2.0-5.0%
Piirita			
Discount rate	9.0%	8.4%	9.0%
Exit yield	7.75%	7.4%	7.5%
Rental growth per annum	2.0-3.1%	0.1-2.0%	1.6-3.0%
Vacancy rate	5.0%	2.0%	2.0-5.0%
Sky Supermarket			
Discount rate	7.9%	7.9%	8.2%
Exit yield	7.75%	7.75%	7.5%
Rental growth per annum	1.4-1.7%	1.4-1.7%	1.7-1.9%
Vacancy rate	1.0%	1.0-3.0%	2.0-5.0%
Postimaja			
Discount rate	N/A	N/A	7.8%

Exit yield	N/A	N/A	6.0%
Rental growth per annum	N/A	N/A	0.0-2.4%
Vacancy rate	N/A	N/A	2.0%
LNK Centre			
Discount rate	N/A	N/A	7.8%
Exit yield	N/A	N/A	6.5%
Rental growth per annum	N/A	N/A	0.0-2.5%
Vacancy rate	N/A	N/A	2.0-5.0%

Source: audited consolidated financial statements of the Issuer for years 2016-2018
N/A – not available because a property was not owned at the time.

(8) Income tax charge

The Issuer pays income tax at SPV level while the parent entity - the Issuer itself - is exempt from income tax. Each property is held by a separate SPV which is registered and, in turn, pays income tax in a country where a property is located.

Table 38: Statutory income tax rates

	2016	2017	2018	2019
Lithuania	15%	15%	15%	15%
Latvia	15%	15%	20%/ 0%	20% / 0%
Estonia[1]	20% / 0%	20% / 0%	20% / 0%	20% / 0%

[1] According to corporate tax regulations in Estonia, profits are taxed only when they are distributed to shareholders. Profits that are not distributed to shareholders are tax exempt.

Table 38 presents statutory income tax rates in the Baltic States over years 2016-2019. In Lithuania and Latvia tax rates were 15% throughout the period 2016-2017, but changed in Latvia in 2018. Estonian income tax rate was 20% on profits distributed to holders whereas non-distributed profits are tax exempt in Estonia. The Issuer's SPVs that hold Estonian properties have not recognised income tax since the inception of BOF in 2010 because they have not distributed dividends.

In July 2017, the Latvian parliament approved a tax reform. According to the new tax model, which is effective starting from 1 January 2018, the following key changes to corporate income tax are introduced:

- New corporate income tax payment procedure whereby the corporate income tax payment may be deferred until the time when the profit is distributed or otherwise spent to cover expense which does not facilitate further development of a company;
- The corporate income tax rate is increased from 15% to 20% of gross distributed profits or 25% of net distributed profits.

Table 39: Breakdown of income tax charge of the Issuer, EUR thousand

	2016	2017	2018	Q1 2018	Q1 2019
Current income tax	135	31	573	467	16
Deferred income tax	663	728	735	137	127
Total income tax charge	**798**	**759**	**1,308**	**604**	**143**

Source: Q1 2019 is based on reviewed interim consolidated financial statements of the Fund for the 3-month period ended 31 June 2019, audited consolidated financial statements of the Issuer for the year ended 31 December 2018, audited consolidated financial statements of the Issuer for years 2016-2017

In Q1 2019 the Issuer's income tax declined substantially from 604 thousand EUR to 143 thousand EUR consisting of 16 thousand current income tax and EUR 127 thousand deferred income tax. Deferred income tax was attributable to fair value gains from external property valuations as well as depreciation of properties' historical cost which is deducted from taxable profits in determining current taxable income. According to corporate tax regulations, taxable profits of properties are reduced by depreciation of their historical cost. This depreciation, on the other hand, is not recognized in the income statement of the Issuer as properties are reported at fair value. The Group's consolidated effective tax rate in respect of continuing operations for the three-month period ended 31 March 2019 was 6,2% (three months ended 31 December 2018: 26.4%).

In 2018 the Issuer's income tax increased by 72% to EUR 1,308 thousand consisting of EUR 573 thousand current income tax and EUR 735 thousand deferred income tax. Deferred income tax was attributable to fair value gains from external property valuations as well as depreciation of properties' historical cost which is deducted from taxable profits in determining current taxable income. According to corporate tax regulations, taxable profits of properties are reduced by depreciation of their historical cost. This depreciation, on the other hand, is not recognized in the income statement of the Issuer as properties are reported at fair value. The Group's consolidated effective tax rate in respect of continuing operations for the 12 months ended 31 December 2018 was 11.6% (12 months ended 31 December 2017: 7.4%).

In 2017 the Issuer's income tax declined by 5% to EUR 759 thousand consisting of EUR 31 thousand current income tax and EUR 728 thousand deferred income tax. Deferred income tax was attributable to fair value gains from external property valuations as well as depreciation of properties' historical cost which is deducted from taxable profits in determining current taxable income. According to corporate tax regulations, taxable profits of properties are reduced by depreciation of their historical cost. This depreciation, on the other hand, is not recognized in the income statement of the Issuer as properties are reported at fair value. No income tax was recognized for SPVs that held Estonian properties since they did not distribute their profits. Due to the aforementioned changes in corporate income tax rules in Latvia (which came into effect on 1 January 2018), a EUR 137 thousand gain relating to a deferred tax reversal at the Issuer's Latvian SPVs was recorded in 2017.

In 2016 income tax decreased by EUR 92 thousand to EUR 798 thousand which was comprised of EUR 135 thousand current income tax and EUR 663 thousand deferred income tax. Income taxes in 2016 were recognized only for properties located in Lithuania and Latvia. Identical to previous years, zero income tax was recorded for Estonian subsidiaries because they did not pay out dividend.

5.12.2. Results of Operations of Galerija Centrs SPV in Years 2016-2018

As of 13 June 2019, the fair value of Galerija SC property constituted approximately 21% of the Fund's total assets and 22% of its property portfolio value. For the benefit of investors, three years of historical financial information of Galerija Centrs SPV are provided in this Listing Prospectus. Financial statements of Galerija Centrs SPV were prepared in accordance with the Law of the Republic of Latvia on Annual Reports and Consolidated Annual Reports. Financial statements for years 2016 - 2018 are provided in Appendices B-D.

Financial results of Galerija Centrs SPV's operations for years 2016, 2017 and 2018 are presented in the table below while detailed discussion of the relevant items is provided in the subsequent paragraphs.

Table 40: Highlights of the income statement of Galerija Centrs SPV, EUR thousand

	2016 (restated)	2017	2018
Sales	5,577	5,519	5,421
Cost of sales	-989	-958	-999
Gross profit	**4,588**	**4,561**	**4,423**
Administrative expenses	-26	-16	-24
Other operating income	3,350	8,416	5,198
Other operating expense	-2,896	-2,531	-2,439
Other interest and similar income	330	339	145
Interest and similar expense	-771	-596	-956
Profit before corporate income tax	**4,574**	**10,173**	**6,346**
Income tax expense	-310	-2,490	-
Profit after corporate income tax	**4,264**	**7,683**	**6,346**
Income or expense from changes in deferred tax assets or deferred tax liabilities	-133	3,612	-
Net profit	**4,129**	**11,296**	**6,346**

Source: audited financial statements of Galerija Centrs SPV for years 2016 - 2018

(1) Sales

Sales of Galerija Centrs SPV are composed of two components: rental income and temporary incentives subject to amortization recognized in the reporting year. Rental income represents rents charged to tenants while temporary incentives correspond to several tenants who have been granted 100% incentives that will be effective for a certain period. The following table provides a split of sales.

Table 41: Breakdown of sales revenue by type, EUR thousand

	2016	2017	2018
Rental income	5,577	5,529	5,426
Temporary incentives subject to amortization recognized in the reporting year[1]	-	-10	-5
Total sales	**5,577**	**5,519**	**5,422**

Source: audited financial statements of –Galerija Centrs for years 2016-2018

[1]Several tenants have been granted 100% incentives that will be effective for a certain period. In this respect, the total rental income is recognized on a straight-line basis over the lease term. Therefore the Issuer recognizes income adjusted on a straight-line basis in the period when the incentives are granted and, accordingly, reports reduction in income over the remaining period.

(2) Cost of sales

Cost of sales reflects expenses related directly to the operation of the property.

Table 42: Breakdown of cost of sales by type, EUR thousand

	2016	2017	2018
Shopping center administration expense	446	442	438
Real estate tax	338	353	353
Depreciation of property, plant and equipment	64	68	84
Repair and maintenance expense	67	33	44
Insurance	18	18	26
Variable costs for idle space	17	16	19
Costs of change of tenants	7	9	15
Lease expense	3	3	3
Other costs	30	16	16
Total cost of sales	**990**	**958**	**999**

Source: audited financial statements of Galerija Centrs SPV for years 2016 - 2018

In 2018 cost of sales were stable at EUR 0.9m. Administrative expenses, the largest component of the cost of sales, were also stable constituting 43% of the total cost. Repair and maintenance, comprising 4% of the total, was higher by EUR 11 thousand compared to 2017.

(3) Administrative expenses

The following table provides a split of general and administrative expenses of Galerija Centrs SPV.

Table 43: Breakdown of administrative expenses by type, EUR thousand

	2016	2017	2018
Professional fees	26	21	49
Donations	4	7	8
Communications expense	7	6	8
Office maintenance expense	9	6	7
Depreciation of property, plant and equipment	4	8	4
Representation expense	3	3	4
Other administrative expense	3	0,7	1
Allocation of administrative expense to other operating expense of the Company	-29	-36	-57
Total administrative expenses	**26**	**16**	**25**

Source: audited financial statements of Galerija Centrs SPV for years 2016 - 2018

In 2018 total administrative expenses amounted to EUR 25 thousand and were 56% higer compared to 2017. The increase was explained predominantly by increased professional fees.

(4) Other operating income

This item includes income from utilities and gain from value adjustment of investment properties.

Table 44: Breakdown of other operating income, EUR thousand

	2016	2017	2018

Income from utility services and security	1,701	1,715	1,658
Income from advertising and marketing services	615	605	572
Income from communications services	20	18	18
Total income	**2,336**	**2,339**	**2,243**
Gain from value adjustment of investment properties	960	6,025	2,914
Penalties	28	24	16
Write-offs of payables	0,5	4	8
Other operating income	26	24	17
Total other operating income	**3,350**	**8,416**	**5,198**

Source: audited financial statements of Galerija Centrs SPV for years 2016 - 2018

In 2018 other interest and similar income fell to EUR 5.2m from EUR 8.4m in 2017 on the back of a lower gain in fair value of Galerija SC property – EUR 2.9m in 2018 versus EUR 6.0m in 2017. The latest independent appraisal of the property was performed by two independent certifies appraisers. In determining the fair value, the discounted cash flow method was applied. The key valuation assumptions used and concluded that the fair value of Galerija SC as at end of 2018 did not differ significantly from those as in end of 2017. In 2018 the discount rate was set to 7%-8.2%, exit yield 6.5% and growth rate at 1.9%-2.5%.

(5) Other operating expense

This item includes tenants' costs directly related to shopping centre operations.

Table 45: Breakdown of other operating expense, EUR thousand

	2016	2017	2018
Tenants' common costs	1,590	1,609	1,574
Advertising and marketing costs	790	691	614
Security costs	131	127	133
Tenants' communications costs	15	16	15
Allowances for doubtful trade receivables	354	22	79
Replacement and write-off costs of property, plant and equipment	13	65	12
Write-offs of receivables	-	-	11
Proportion of VAT allocated to expense	1	1	0,6
Currency exchange loss, net	0,2	0,02	-
Total other operating expense	**2,896**	**2,531**	**2,439**

Source: audited financial statements of Galerija Centrs SPV for years 2016 - 2018

Tenants' costs directly related to shopping centre operations, i.e., utility services and security, advertising and marketing services, as well as communications services totalling EUR 2,3m are covered by income from utility services and security, advertising and marketing services, as well as communications services totalling EUR 2,2 m.

(6) Other interest and similar expenses

The table below provides a breakdown of other interest and gains from changes in the fair value of financial instruments.

Table 46: Breakdown of other interest and similar expenses, EUR thousand

	2016	2017	2018
Interest income on loans issued to related companies	330	289	145
Gain from changes in the fair value of financial instruments, net	-	50	-
Total other interest and similar expenses	**330**	**339**	**145**

Source: audited financial statements of Galerija Centrs SPV for years 2016 - 2018

(7) Interest and similar expenses

The table below provides a breakdown of interest and similar expenses.

Table 47: Breakdown of other interest and similar expenses, EUR thousand

	2016	2017	2018

Interest on bank loans	631	498	490
Interest on loans from related companies	-	-	314
Loss from changes in fair value of financial instruments, net	3	-	54
Other borrowing costs	77	48	48
Realized result from derivatives	42	46	46
Bank charges	18	4	3
Total interest and similar expenses	**771**	**596**	**956**

Source: audited financial statements of Galerija Centrs SPV for years 2016 - 2018

(8) Income tax

A split between current and deferred income tax is presented in the table below. Deferred income tax is attributable to fair value gains from external property valuations as well as depreciation of the property's historical cost which is deducted from taxable profits in determining current taxable income.

Table 48: Breakdown of income tax, EUR thousand

	2016	2017	2018
Current corporate income tax charge for the reporting year	310	2,490	-
Changes in deferred tax	135	915	-
Reversal of deferred tax	-	-4,528	-
Total income tax charge	**445**	**-1,122**	**-**

Source: audited financial statements of Galerija Centrs SPV for years 2014 - 2016

Throughout the period covered by historical financial information, statutory income tax rate in Latvia was 20%. In 2017, deferred tax liabilities were reversed in the statement of profit or loss pursuant to amendments made to the tax legislation of the Republic of Latvia, which entered into force on 1 January 2018.

5.13. NAV

The table below depicts the Fund's NAV per financial statements and EPRA NAV, a measure of long-term NAV, which is presented in order to provide additional information to potential investors. Apart from disclosing NAV figures in interim and annual financial statements, the Fund also reports monthly NAV figures, the most recent of which is for 31 May 2019 (EUR 1.3554).

Table 49: NAV metrics, EUR thousand (unless stated otherwise)

	31 Dec 2016	31 Dec 2017	31 Dec 2018	Q1 2018	Q1 2019
NAV (per financial statements)	**76,809**	**106,976**	**109,805**	**109,805**	**109,339**
NAV per unit, EUR	**1.34**	**1.38**	**1.40**	**1.40**	**1.40**
Reversals:					
Derivative financial instruments	345	14	1,061	1,061	1,616
Deferred tax asset related to derivative financial instruments	-51	2	-56	-56	-92
Deferred tax liability related to investment property fair and tax value differences	7,652	6,763	7,731	7,731	7,896
EPRA NAV	**84,755**	**113,755**	**118,541**	**118,541**	**118,759**
EPRA NAV per unit, EUR	**1.48**	**1.47**	**1.51**	**1.51**	**1.51**
Number of units[1]	57,264,743	77,440,638	78,496,831[2]	78,496,831[2]	78,496,831

Source: Q1 2019 is based on unaudited interim consolidated financial statements of the Fund for the 3-month period ended 31 March 2019, audited consolidated financial statements of the Issuer for the year 2018, audited consolidated financial statements of the Issuer for years 2016-2017

[1] On 30 June 2016 the Fund was merged with BOF with the Fund taking over all assets and liabilities of BOF. Units of BOF were converted into Units of the Fund at a ratio of 1:100 (1 unit of BOF was exchanged into 100 Units of the Fund). To ensure the comparability of historical *per unit* figures, numbers of units prior to the Merger were recalculated by multiplying by 100 to reflect the conversion. The adjusted numbers or units were used to recalculate *per unit* figures.

[2] The number of units excludes 225,969 units acquired by the Fund as part of the unit buy-back program.

The Fund's most recent NAV per financial statements, dated 31 March 2019, stood at EUR 109.3m corresponding to EUR 1.40 per unit compared to EUR 109.8m or EUR 1.40 per unit at the end of first quarter of 2018. Since the Fund targets to pay out majority of generated cash flows in dividends to Unitholders, increases in NAV per unit predominantly reflect gains in fair values of owned properties. Growth in absolute NAV exceeded that of NAV per unit as the Fund carried out a number of equity raisings to finance new property acquisitions. In June 2016, the Fund completed an initial public offering selling 16,962 thousand new Units and raising EUR 21.0m of new equity capital. In November 2016, the Fund carried out a secondary public offering selling 15,286 thousand new Units and attracting EUR 19.6m of new equity. In June 2017, the Fund completed third public offering selling 7,397 thousand new Units and raising EUR 9.4m of additional equity. In November 2017, the Fund completed fourth public offering selling 12,784 thousand new Units and raising EUR 17m of additional equity. In 2018 February, the Fund complited a private placement selling 1,716 thousand new Units and raising 2.3m additional equity in relation to acquisition of Postimaja Shopping Centre. In April 2019, the Issuer completed two private placements of Fund units by which 15,699,366 and 3,139,873 new units corresponding to gross value of EUR 20,5 million and EUR 4,1 million were issued. In May 2019, another private placement of Fund units were completed by which 627,974 new Fund units corresponding to EUR 0,8 million were issued. The proceeds from all of the three last mentioned private placements were and will be used for new investments into real estate properties, including the latest acquisition of Galerija Centrs shopping centre in Riga, acquired in June 2019. As a result of the private placements carried out during Q2 of 2019, the total number of Issuer units registered in the Estonian Register of Securities is 97,964,044.

In April 2018 the Fund completed subscription to 5-year Unsecured Notes of EUR 30 million (30,000 Notes with nominal value of EUR 1,000 each). The Notes were issued on 8 May 2018. The Notes bear a fixed rate coupon of 4,25% to be paid quarterly. And in December 2018 completed subsequent 5-year unsecured notes subscription of 10 million. In May 2019, the Issuer completed another subscription to 5-year unsecured notes worth EUR 10 million. The notes issue was the third and final offering of unsecured notes which completed the full EUR 50 million issue under the terms and conditions of the initial issue of 8 May 2018.

EPRA NAV was computed following the definition and calculation guidelines provided by European Public Real Estate Association (EPRA) in its Best Practices Recommendations (December 2014[2]). EPRA NAV is widely used by European listed property companies as an indicator of long term NAV. According to EPRA, EPRA NAV measure is designed to reflect the fair value of net assets of an entity that invests in real estate with a long-term investment strategy. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value of financial derivatives and deferred taxes on property valuation gains are therefore excluded. The calculation of the Fund's EPRA NAV is explained in Table 48 NAV per financial statements is adjusted to exclude:

1. Derivative financial instruments liability (EUR 1.6m on 31 March 2019) which reflects the fair value of interest rate swap contracts. This liability would materialize only if the contracts were terminated. The Fund, however, intends to keep the contracts until their expiry which will lead to cancellation of the liability.
2. Deferred tax asset related to derivative financial instruments (EUR 0.92 thousand on 31 March 2019). This asset would crystallise only if the interest rate swap contracts (discussed above) were terminated. Maintaining the contracts until expiry will cancel the related tax asset.
3. Deferred tax liability related to investment property fair and tax value differences (EUR 7,806 thousand on 31 March 2019). The tax would have to be paid only if properties were sold. However, the term of the Fund is indefinite and it invests in properties for the long term.

No adjustments are needed regarding the value of investment properties since they are recorded at fair value on the balance sheet of the Fund – in line with the definition of EPRA NAV. The Fund's most recent EPRA NAV, dated 31 May 2019, amounted to EUR 142.6m or EUR 1.4554 per unit.

5.14. DIVIDENDS AND DIVIDEND POLICY

In accordance with the Fund Rules, the Management Company intends to distribute the Issuer's cash flows ("Dividends"). The Issuer targets dividend distributions to its Unit-holders in the range between 80% of generated net cash flow (calculation explained in Table 49) and net profit adjusted for unrealized P&L items[3]. The distribution is based on the Issuer's short-term and long-term performance projections. The Management Company has discretion to distribute lower dividends than 80% of generated net cash flow in case liquidity of the Issuer is endangered. The Management Company targets a 7-9% annual dividend yield on invested equity which is defined as paid-in-capital since listing the Issuer on a stock exchange on June 30, 2016. Dividends are to be paid on a quarterly basis.

Table 50: Generated net cash flow calculation formula

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

[2] Available publicly at http://www.epra.com/regulation-and-reporting/bpr/

[3] Such items include valuation gains/losses on investment properties, net gains/losses on disposals of investment properties and deferred income tax.

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

Table illustrates historical dividend payments. Since the initial public offering in June 2016, the Issuer has distributed dividends each quarter – in line with its strategy to pay dividends quarterly. Until the date of this Listing Prospectus, 11 quarterly dividends in total have been announced: 1 for distributing Q1 2019 profits, 4 for distributing 2018 profits, 4 for distributing 2017 profits and 2 for distributing 2016 profits. The last 4 quarterly dividends (from Q2 2018 to Q1 2019) sum up to EUR 0.103 per unit representing an annual dividend yield of 7.7% on the Unit market price on Nasdaq Tallinn on the last day of the first quarter of 2019 (EUR 1.393).

In 2019, 1 quarterly dividend has been declared on 17th on May 2019. The dividend is 0.025 per unit and represents a yield of 7.7%. In total, the Fund has paid out EUR 8.59 million from the operating results of the last twelve months (EUR 1.98 million from Q2 2018, EUR 2.04 million from Q3 2018, EUR 2.12 million from Q4 2018 and EUR 2.45 million from Q1 2019).

Prior to the Merger, BOF had distributed dividends to its unitholders every year from 2012 to 2015. Dividend of EUR 0.072 per unit was paid in 2015 corresponding to a 6.9% annual yield on year-end paid in capital. Unitholders representing 26.2% of a total number of units elected to convert declared dividend into new units effectively reinvesting in the Issuer. As a result, cash outflow was reduced from EUR 1.8m to EUR 1.3m.

As at the date of this Listing Prospectus, the Issuer's total number of Units amounts to 97,964,044 . Historical dividends adjusted to reflect the current number of Units are presented in Table 50.

Table 51: History of dividend distributions

	2017[1]				2018				2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Per unit									
Dividend per unit, EUR	0.023	0.018	0.020	0.023	0.024	0.025	0.026	0.027	0.025[5]
Trailing 12-month dividend yield[2]	-	6.8%	6.5%	6.8%	7.2%	7.5%	7.8%	7.8%	7.7%
Dividend per unit adjusted for number of units as a the date of this Listing Prospectus[3], EUR	0.017	0.015	0.016	0.023	0.024	0.025	0.026	0.027	0.025
Total, EUR thousand									
Dividends declared	1,317	1,164	1,293	1,781	1,9	1,977	2,044	2,119	2,449
Of which dividends reinvested[4]	-	-	-	-	-	-	-	-	
Dividends paid	1,317	1,164	1,293	1,781	1,9	1,977	2,044	2,119	4,449

[1] After the public offering in June 2016, the Issuer began distributing dividends quarterly.
[2] Computed as: a sum of 4 quarterly dividends per unit over a 12-month period / Unit market price on Nasdaq Tallinn on the last day of the last quarter in a 12-month period.
[3] Calculated as total amount of dividends declared for a period divided by the number of Units as at the date of this Listing Prospectus – 78,496,831 Units.
[4] Prior to the Merger, unitholders of BOF were offered a scrip dividend option. Part of them elected to exchange their right to dividend into new units.
[5] In April and May 2019, the Fund completed several private placements of units. As a result of the new issues of units, the total numbers of units increased to 97,964,044. New unitholders will be entitled to receive a cash distribution. Dividends declared per weighted unit calculation includes newly issued units.

5.15. CAPITAL RESOURCES

On 30 June 2016 the Fund merged with BOF and took over all assets and liabilities of BOF. Units of BOF were converted into units of the Fund at a ratio of 1:100 (1 unit of BOF was exchanged into 100 units of the Fund). At the time of the Merger, the Fund had no assets and liabilities of its own. Thus, historical financial and operational performance of BOF prior to the Merger is directly comparable the Fund's performance after the Merger. In the Fund's audited consolidated financial statements for the year ended 31 December 2016, BOF's financial results prior to the Merger are presented as those of the Fund. For these reasons, in this Listing Prospectus past results of BOF are presented as results of the Fund.

The following sections 5.15.1 "Capital Resources, Borrowing Requirements and Funding Structure", 5.15.2 "Financial Debt Structure" and 5.15.3 "Cash Flows" provide an analysis of capital resources of the Fund using consolidated financial information. The Fund reports its financial results in the consolidated form. The consolidated financial information in the following sections is derived as follows:

- For the year 2019: the Issuer's unaudited consolidated interim quarterly financial statements for first quarter of 2019 ended 31 March 2019 prepared according to the IFRS;
- For the year 2018: the Issuer's audited consolidated financial statements for the year ended 31 December 2018 prepared according to the IFRS;
- For the year 2017: the Issuer's audited consolidated financial statements for the year ended 31 December 2017 prepared according to the IFRS;
- For the year 2016: the Issuer's audited consolidated financial statements for the year ended 31 December 2016 prepared according to the IFRS.

In the audited consolidated financial statements of the Fund for the years 2016-2018 the note on the capital management (presented in the following pages of the annual reports respectively: page 38 (2016), page 44 (2017) and page 47 (2018)) is not fully in line with IAS.1.135, therefore, additional information is provided here. For the purpose of the Fund's capital management, capital included share capital, retained earnings and other equity reserves attributable to the Unitholders. The primary objective of the Fund's capital management was to maximize returns to the Unitholders keeping LTV ratio at the targeted level. The exact composition of the consolidated capital items of the Fund for the periods ended 31 March 2019 and 31 December 2018, 2017 and 2016 is provided in Table 52 under the heading Equity.

5.15.1. Capital Resources, Borrowing Requirements and Funding Structure

The Fund's equity capital grew from EUR 107m at the end of 2017 to EUR 109.8 at the end of 2018 mainly due to a secondary public offering in June and November 2017 when EUR 9.4m and EUR 17m of new equity was raised.

In Q1 2019 the Fund's equity capital was EUR 109.3m and the Fund earned a net profit of EUR 2,173 thousand (EUR 1,684 thousand during Q1 2018). Growth in net profit was positively affected by new property acquisitions at the end of 2018 and the beginning of 2019 (LNK Centre and Duetto II office building).

Net profit of EUR 2.5m earned during the first half of 2017 was offset by EUR 2.7m of dividends distributed (comprised of quarterly dividend payments for Q4 2016 and Q1 2017). On 3 March 2017, the Fund cancelled and deleted 5,900 Units (representing EUR 8 thousand of paid in capital) that it held on its own account. These units had been purchased due to market price stabilization procedures following the initial public offering in June 2016. As of 30 June 2017, the Fund's equity consisted of EUR 75.6m paid in capital, EUR 10.7m retained earnings and EUR -0.1m cash flow hedge reserve. The negative cash flow hedge reserve was related to interest rate swaps that the Fund entered into to hedge exposure to variable interest rates.

On 31 December 2016, the Fund's equity amounted to EUR 76.8m marking a significant increase from EUR 31.7m at the end of 2015 primarily thanks to two public offerings of the Fund Units carried out in 2016. On 29 June 2016 the Fund successfully completed an initial public offering selling 16,962 thousand of new Units and raising EUR 21.0m of new equity capital which was later invested in acquiring two new properties: G4S Headquarters in July 2016 and Upmalas Biroji in August 2016. On 30 November 2016, the Fund completed a secondary public offering selling 15,286 thousand of new Units and attracting EUR 19.6m of new equity which was deployed to purchase Pirita in December 2016 and Duetto I in March 2017.

Table 52: Highlights of capital resources and funding structure of the Fund, EUR thousand

	2016	2017	2018	Q1 2019
CAPITAL RESOURCES				
Equity				
Paid in capital	66,224	91,848	93,673	93,338
Own units	-8	-	-335	-
Cash flow hedge reserve	-294	-56	-1,005	-1,525
Retained earnings	10,887	15,184	17,472	17526
Total equity	**76,809**	**106,976**	**109,805**	**109,339**
Financial debt				

Non-current interest bearing loans and borrowings	58,981	96,497	140,401	148,771
Current interest bearing loans and borrowings	10,191	1,590	106	388
Total financial debt	**69,172**	**98,087**	**140,507**	**149,109**
Cash and cash equivalents	9,883	24,557	12,225	2,974
Net financial debt	**59,289**	**73,530**	**128,282**	**146,135**
KEY INDICATORS				
Interest coverage ratio[1]	4.4	6.22	5.07	3.96
LTV[2]	48.8%	51.8%	57.3%	56.6%
Equity ratio[3]	49.6%	49.6%	42.1%	40.6%
Current ratio[4]	84.0%	425.9%	529.5%	200.7%

Source: Q1 2019 is based on unaudited interim consolidated financial statements of the Fund for the 3-month period ended 31 March 2019, audited consolidated financial statements of the Issuer for the year 2018, audited consolidated financial statements of the Issuer for years 2016-2017.

[1] Interest coverage ratio = (operating profit - valuation gains or losses on investment properties - net gains or losses on disposals of investment properties) / interest on bank loans.

[2] Loan-to-value = total interest bearing loans and borrowings / value of investment properties.

[3] Equity ratio = total equity / total assets.

[4] Current ratio = current assets / current liabilities.

As of 31 March 2019, total financial debt of the Fund stood at EUR 149.1m compared to EUR 140.4m at the end of 2018. Non current portion of financial debt amounted to EUR 148.7m while current portion was EUR 388 thousand. Debt was comprised fully of bank loans.

In the first 6 months of 2017, two new bank loans were obtained while one was fully repaid. In February 2017, an agreement was signed for a EUR 6.7m bank loan for Pirita with a 5-year maturity and in March 2017 an agreement was signed for a EUR 8.0m bank loan for Duetto I with a 5-year maturity. On the other hand, in June 2017, Domus Pro's EUR 7.9m bank loan (originally due in May 2018) was fully repaid in order to effectively utilise higher cash position of the Fund. At the same time, a new bank loan agreement was signed for Domus Pro which enables the Fund to draw down up to EUR 12.9m of credit when it is needed for new property acquisitions. After the last reporting day, in July 2017, the Fund successfully renegotiated the terms of its largest bank loan - Europa SC's EUR 23.0m loan. The Fund prepaid EUR 2.1m of the loan while the bank agreed to extend its maturity by over 4 years from March 2018 to July 2022 and reduce its amortization from EUR 0.9m per annum to zero.

The Issuer uses debt in a combination with equity to finance acquisitions of new properties. As the number of properties in the portfolio increased over years, so did financial debt. For a more detailed analysis of bank loans see the subsequent section 5.15.2 "Financial Debt Structure".

The primary indicator used by the management of the Fund to measure its indebtedness is a loan-to-value (LTV) ratio. The Fund targets LTV of 50% implying equal parts of debt and equity financing. The Management Company believes this level of financial leverage both enhances Unitholder returns and ensures a sizeable safety buffer for when property markets slow down. According to the Fund Rules, at no point in time LTV of the Fund may exceed 65%. As of 31 March 2019, LTV of the Fund stood at 56.6% - slightly lower than 57.3% at the end of 2018.

5.15.2. Financial Debt Structure

The table below provides a detailed breakdown of the structure of the Fund's financial debt as of 31 March 2019. Interest bearing debt was fully comprised of bank loans with a total carrying value of EUR 109.4m and bonds with a carrying value of EUR 39.8 m. 100% of the debt instruments were denominated in euros. Bank loans have been obtained by subsidiaries that hold the Fund's properties and the properties have been pledged as loan collateral. The parent entity holds the 5-year unsecured bonds.

Table 53: Financial debt structure of the Fund, 31 March 2019 (Galerija Centrs as of June 2019)

Property	Maturity	Currency	Carrying amount, EUR'000	% of total	Fixed-rate portion
Lincona	31-Dec-2022	EUR	7,188	4.8%	95%
CC Plaza and postimaja	12-Feb-2023	EUR	17,200	11.5%	100%[1]
Sky	1-Aug-2021	EUR	2,360	1.6%	-%
Europa SC	5-July-2022	EUR	20,900	14.0%	88%

G4S Headquarters	16-Aug-2021	EUR	7,750	5.2%	100%
Upmalas Biroji BC	31-Aug-2023	EUR	11,750	7.9%	90%
Pirita SC	20-Feb-2022	EUR	4,944	3.3%	123%
Duetto I	20-Mar-2022	EUR	7,299	4.9%	99%[2]
Domus Pro	31-May-2022	EUR	11,000	7.4%	66%
Vainodes I	13-Nov-2024	EUR	9,842	6.6%	50%
LNK	27-Sep-2023	EUR	9,405	6.3%	62%
Galerija Centrs	26-May-2022	EUR	30,000	21.5%[4]	0%
Total bank loans		**EUR**	**109,638**	**73.3%**	**84%**
Total bank loans taking into account Galerija Centrs			**139,638**		
Less capitalised loan arrangement fees[3]			-248		
Total bank loans recognised in the statement of financial position			**109,390**		
5 year-unsecured bonds		EUR	40,000	26.7%	100%
Less capitalized bond arrangement fees[3]			-231		
Total bank loans recognised in the statement of financial position		**EUR**	**149,159**	**100%**	**88%**

[1] CC Plaza and Postimaja loan has an interest rate cap at 3.5% for the variable interest rate part.
[2] Duetto loan has an interest rate cap at 1% for the variable interest rate part
[3] Amoritised easch month over the term of a loan/bond
[4] Calculated from Total bank loans taking into account Galerija Centrs

Maturities of existing financial debt cover the period 2021-2024 (see Figure 38).

On 31 March 2019, weighted average time to maturity of total financial debt stood at 3.8 years. As of 31 March 2019, 88% of total debt had fixed interest rates while the remaining 12% had floating interest rates. The Fund fixes interest rates on a portion of its debt by acquiring IRS-type hedging instruments or limits the impact of rising interest rates with interest cap instruments (CAP). The unsecured bonds have a fixed coupon rate of 4.25%

In July 2017, the Fund successfully renegotiated the terms of its largest bank loan - Europa SC's EUR 23.0m loan. The Fund prepaid EUR 2.1m of the loan while the bank agreed to extend its maturity by over 4 years from March 2018 to July 2022 and reduce amortization rate from EUR 0.9m per annum to zero.

Figure 38: Bank loan maturity schedule, carrying amounts as of 31 March 2019, EURm

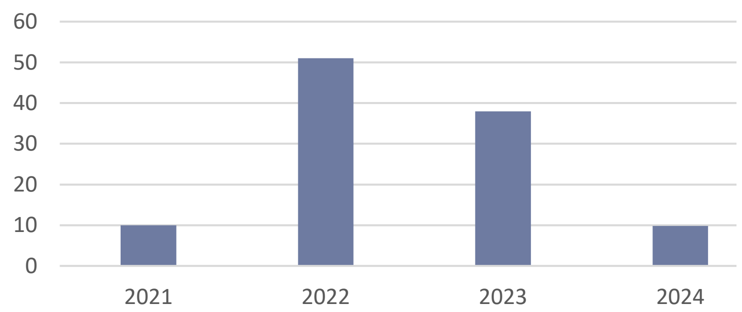
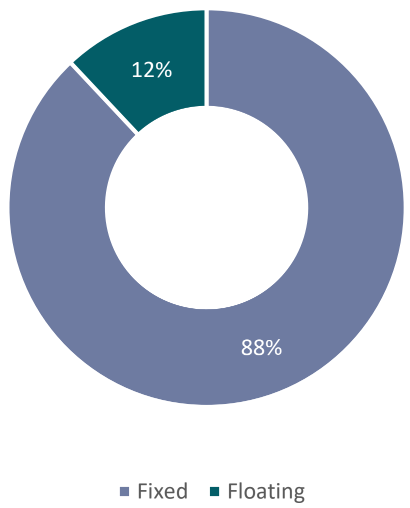


Figure 39: Fixed and floating portions of total bank loans, 31 March 2019



5.15.3. Cash Flows

Cash Flows in Years 2016 – 2018 and Q1 of 2019

The following table summarizes consolidated cash flows over 2016-2018 and first quarter of 2018 and 2019. For the full consolidated cash flow statements see the Fund's consolidated financial statements on Fund website www.baltichorizon.com.

Table 54: Highlights of consolidated cash flows of the Fund for years 2016 – 2018 and Q1 of 2019, EUR thousand

	2016	2017	2018	Q1 2018	Q1 2019
Cash and cash equivalents at the beginning of the period	*1,677*	*9,883*	24,557	24,557	12,225
Cash flow from operating activities	4,285	7,457	10,364	2,095	2,993
Before working capital adjustments	5,077	8,035	12,208	2,775	3,206
Working capital adjustments	-792	-578	-1,844	-680	-213
Cash flow from investing activities	-37,778	-28,127	-56,425	-36,577	-17,905
Cash flow from financing activities	41,699	35,326	33,729	18,215	5,634
Net change in cash and cash equivalents	**8,206**	**14,674**	**-12,332**	**-16,267**	**-9,278**
Cash and cash equivalents at the end of the period	*9,883*	*24,557*	12,225	8,290	2,947

Source: Q1 2019 is based on unaudited interim consolidated financial statements of the Fund for the 3-month period ended 31 March 2019, audited consolidated financial statements of the Issuer for the year 2018, audited consolidated financial statements of the Issuer for years 2016-2017.

In the first quarter of 2019 net cash flow surged to negative EUR 9.3m from negative EUR 12.3m in the previous year last quarter. The Fund ended the year with EUR 2.9m of cash and cash equivalents on hand.

Operating cash flow increased by EUR 0.9m to EUR 3.0m in the first quarter of 2019 caused by decreased working capital adjustments. Working capital adjustments amounted to negative EUR 0.2m from previous EUR 0.6m. Excluding working capital, operating cash flow in 2019 first quarter grew by EUR 0.4m to EUR 3.2m compared to previous year first quarter. This change was mainly affected due to increased net rental income from a larger property portfolio.

Cash flow from investing activities amounted to negative EUR 17.9m in 2019 – substantially lower than negative EUR 36.6m in the previous year first quarter explained by property acquisitions. Postimaja was acquired in February 2018 for 34.4m and Duetto II was bought in February 2019 for 18.3m. There was no expenditure on property development compared to EUR 1.7m in 2018 first quarter. Finally, EUR 0.06m was invested in maintenance of existing properties which was below EUR 0.2 m spent in 2018 first quarter.

In Q1 2019 financing cash flow decreased to EUR 5.6m from EUR 18.2m in 2018 Q1. Change was mainly affected by a bank loan in 2018 in amount of EUR 25.3m compared to loan proceeds in 2019 Q1 (EUR 8.7m). Dividends to Unitholders amounted to EUR 2.1m representing dividend from Q4 2018 profit while dividend from Q1 2019 profit are paid in June 2019 (for more on dividends please see section 5.16 "Dividends and Dividend Policy").

Operating cash flow has increased from years 2016-2018. In 2017 operating cash flow increased by EUR 3.2m to EUR 7.5m from EUR 4.3m in 2016. In 2018 operating cash flow increased by EUR 2.9m to EUR 10.4m from 7.5 in 2017. Working capital adjustments amounted to negative EUR 1.8m from previous EUR 0.6m. Operating cash flows have been mainly affected by new property acquisitions.

Cash flow from investing activities amounted to negative EUR 37.8m in 2016 and negative EUR 28.1m in 2017. In 2019 investing activities rose to negative EUR 56.4m explained by new property aqcuisitions in Tallinn and Riga.

Cash flows from financing amounted EUR 41.7m in 2016 and decresed by EUR 6.4m to EUR 35.3m in 2017. In 2018 cash flow from financing also slightly decreased amounting to EUR 33.7m.

5.15.4. Capital Resources of Galerija Centrs SPV

As of 13 June 2019, the fair value of Galerija SC property constituted approximately 21% of the Fund's total assets and 22% of its property portfolio value. For the benefit of investors, three years of historical financial information of Galerija Centrs SPV are provided in this Listing Prospectus. Financial statements of Galerija Centrs SPV were prepared in accordance with the Law of the Republic of Latvia on Annual Reports and Consolidated Annual Reports. Financial statements for years 2016 - 2018 are provided in Appendices B-D.

Capital Resources, Borrowing Requirements and Funding Structure

Total equity of Galerija Centrs SPV stood at EUR 11.8m in 2018 comprised of EUR 5.4m share capital and 6,3m of profit for the year. Driven by decline in profit and retained earnings, total equity contracted by EUR 36.4m in 2018.

Table 55: Highlights of capital resources and funding structure of Galerija SPV, EUR thousand

	2016 (restated)	2017	2018
CAPITAL RESOURCES			
Equity			
Share capital	5,439	5,439	5,439
Retained earnings	29,874	31,466	-
Profit for the reporting year	4,129	11,296	6,346
Total equity	**39,442**	**48,200**	**11,784**
Liabilities			
Non-current liabilities			
Loans from credit institutions	36,382	35,925	35,443
Payables to related companies	3,612	-	26,412
Other liabilities	41	-	46
Total non-current liabilities	**40,036**	**35,925**	**61,903**
Current liabilities			
Loans from credit institutions	451	457	450
Prepayments received from customers	279	298	339
Trade payables	292	358	201
Payables to related companies	110	115	292
Taxes payable	95	2,210	73
Deferred income	374	378	403
Accrued liabilities	325	282	328
Total current liabilities	**1,927**	**4,097**	**2,089**
Total liabilites	**41,963**	**40,021**	**63,991**
Total equity and liabilities	**81,405**	**88,222**	**75,776**

Source: Galerija Centrs SPV reviewed interim financial statements for the 6-month period ended on 30 June 2017 and audited annual financial statements for 2016-2018

In 2018, total liabilities of Galerija Centrs SPV amounted to EUR 64m which consisted of 2m of current liabilities and 62m of non-current. Interest bearing financial debt amounted EUR 36m. All of financial debt was denominated in euros.

On March 8 2016, the Company and its related company SIA Linstow (as the Borrowers) entered into a loan agreement with AS SEB banka and Danske Bank AS. The loan totals EUR 76 million. The loan was used to refinance the previous loan facility. On 13 April 2018, the loan agreement was amended whereby the loan maturity was set as at 13 April 2023.

By the time of acquisition of Galerija Centrs SPV in June 2019 Galerija Centrs SPV refinanced the loan from AS SEB banka and Danske Bank AS. The new loan facility is from OP Corporate Bank plc Latvia Branch in the amount of EUR 30m and it was fully used to repay the loan from AS SEB banka and Danske Bank AS. The remaining part of AS SEB banka and Danske Bank AS loan was repaid from the funds provided by the Issuer under the loan agreement (see more details in section 5.17 – Intragroup loan agreements).

Cash Flows in Years –2016-2018

The table below summarizes cash flows of Galerija Centrs SPV for years 2016, 2017 and 2018. For the full cash flow statements see Galerija Centrs SPV's audited financial statements for years 2016 - 2018 provided in Appendices B-D.

Table 56: Highlights of cash flows of Galerija Centrs SPV for years 2016 - 2018, EUR thousand

	2016	2017	2018
Cash and cash equivalents at the beginning of the period	*873*	*1,402*	*2,017*
Cash flow from operating activities	3,346	3,685	1,236
Cash flow from investing activities	-174	-178	-54
Cash flow from financing activities	-2,643	-2,893	-2,700
Net change in cash and cash equivalents	**528**	**614**	**-1,518**
Cash and cash equivalents at the end of the period	*1,402*	*2,017*	*499*

Source: audited financial statements of Europa SPV for years 2014 - 2016

In 2018 cash and cash equivalents of Galerija Centrs SPV declined by EUR 1.5m to EUR 0.5m. Operating cash flow amounted to EUR 1.2m marking a 66% decrease compared to 2017. Cash outflow from investing activities decreased by 70% to EUR 0.05m. Financing cash flow was stable at negative EUR 2.7m.

5.16. RELATED PARTY TRANSACTIONS

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 Issuer and the Issuer pays management fees for it.

The Group's transactions with related parties during the twelve-month period ended 31 December 2018, 2017 and 2016 and until the date of the Listing Prospectus were the following:

Euro '000	**01.01.2019- date of the Listing Prospectus[4]**	**01.01.2018-31.12.2018**	**01.01.2017-31.12.2017**	**01.01.2016-31.12.2016**
Northern Horizon Capital AS group				
Management fees	619	1,391	1,153	724
Performance fees	159	166	-	81

The Group's balances with related parties as at 31 December 2018, 2017 and 2016 were the following:

'000 Euro	**31.12.2018**	**31.12.2017**	**31.12.2016**
Northern Horizon Capital AS group			
Management fees payable	354	311	211
Accrued performance fees	166	-	-

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;

[4] The management and performance fees indicated include fees calculated for the period of January-May 2019. The fees for June 2019 are not determined by the date of this Listing Prospectus.

- 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 Issuer. If AFFO divided by paid in capital during the year exceeds 8% per annum, the Management Company is entitled to a performance fee in the amount of 20% of the amount exceeding 8%. The performance fee based on this formula will be calculated starting from 1 January 2017. The performance fee first becomes payable in the fifth year of the Issuer (i.e. 2020).

The Management Company owns, as at 28 June 2019, 11 656 units of the Issuer which represent 0.01% of the total number of Units.

Entities having control or significant influence over the Issuer

The holders of units owning more than 5% of the units in total as of 31 December 2018, 2017 and 2016 are presented in the tables below:

As at 31 December 2018

	Number of units	**Percentage**
Nordea Bank AB clients	34,630,979	43.97%
Clearstream Banking Luxembourg S.A.A clients	16,474,489	20.92%
Skandinaviska Enskilda Banken SA clients	4,565,556	5.80%

As at 31 December 2017

	Number of units	**Percentage**
Nordea Bank AB clients	35,335,740	45.63%
Catella Bank SA on behalf of its clients	17,705,618	22.86%
Skandinaviska Enskilda Banken SA clients	4,766,470	6.15%

As at 31 December 2016

	Number of units	**Percentage**
Nordea Bank Finland Plc. clients	20,141,307	35.17%
Catella Bank SA on behalf of its clients	10,133,884	17.70%
Svenska Kyrkans Pensionskassa	8,061,604	14.08%
Skandinaviska Enskilda Banken SA clients	4,766,470	8.32%

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

5.17. INTRAGROUP LOAN AGREEMENTS

The Issuer has the following intragroup loan agreements with its SPVs:

1. Loan agreement between the Fund and BH SIA Tampere Invest, dated 27 May 2019, regarding a loan facility amounting to EUR 35,000,000 granted by the Fund to BH SIA Tampere Invest for a term expiring on 1 January 2027. The loan shall be repaid in full at maturity. The loan shall bear interest at an annual rate of 3.8 per cent. The annual interest shall be paid once per year on 31 December of the corresponding year.

2. Loan agreement between the Fund and BH Europa UAB, dated 19 July 2016, as the last time amended on 1 May 2018, regarding a loan facility amounting to EUR 12,000,000 granted by the Fund to BH Europa UAB for a term expiring on 1 January 2027. As of 31 December 2018, the principal balance outstanding was EUR 10,847,055. The loan shall be repaid in full at maturity. The loan shall bear interest at an annual

rate of 4.5 per cent. The annual interest shall be paid once per year on 31 December of the corresponding year.

3. Loan facility agreement between the Fund and BH Lincona OÜ, dated 7 July 2011, as the last time amended on 1 May 2018, regarding a loan facility of EUR 5,000,000 granted by the Fund to BH Lincona OÜ for a term expiring on 1 January 2027. As of 31 December 2018, the principal balance outstanding was EUR 3,950,000. The loan shall be repaid in one bullet instalment at maturity and shall bear interest at an annual rate of 4.5 per cent.

4. Loan facility agreement between the Fund and BH Domus PRO UAB, dated 7 August 2013, as the last time amended on 1 May 2018, regarding a loan facility, in total amounting to EUR 18,500,000 granted by the Fund to BH Domus PRO UAB for a term expiring on 1 January 2027. As of 31 December 2018, the principal balance outstanding was EUR 10,193,989. The loan shall be repaid in full at maturity. The loan shall bear interest at an annual rate of 4.5 per cent. The annual interest shall be paid once per year at the end of the calendar year.

5. Loan agreement between the Fund and BOF Sky SIA, dated 23 November 2012, as the last time amended on 1 May 2018, regarding a loan facility amounting to EUR 4,400,000 granted by the Fund to BOF Sky SIA for a term expiring on 1 January 2027. As of 31 December 2018, the principal balance outstanding was EUR 1,575,000. The loan shall be repaid in full at maturity. The loan shall bear interest at an annual rate of 4.5 per cent. The annual interest shall be paid once per year on 31 December of the corresponding year.

6. Loan agreement between the Fund and BH CC Plaza OÜ, dated 6 March 2013, as the last time amended on 1 May 2018, regarding a loan facility amounting to EUR 28,000,000 granted by the Fund to BH CC Plaza OÜ for a term expiring on 1 January 2027. As of 31 December 2018, the principal balance outstanding was EUR 25,932,000. The loan shall be repaid in full at maturity. The loan shall bear interest at an annual rate of 4.5 per cent. The annual interest shall be paid once per year on 31 December of the corresponding year.

7. Loan agreement between the Fund and BH P80 OÜ, dated 7 July 2016, as amended on 1 May 2018, regarding a loan facility amounting to EUR 7,500,000 granted by the Fund to BH P80 OÜ for a term expiring on 1 January 2027. As of 31 December 2018, the principal balance outstanding was EUR 5,470,000. The loan shall be repaid in full at maturity. The loan shall bear interest at an annual rate of 4.5 per cent. The annual interest shall be paid once per year on 31 December of the corresponding year.

8. Loan agreement between the Fund and Kontor SIA, dated 22 August 2016, as amended on 1 May 2018, regarding a loan facility amounting to EUR 6,900,000 granted by the Fund to Kontor SIA for a term expiring on 1 January 2027. As of 31 December 2018, the principal balance outstanding was EUR 4,606,038. The loan shall be repaid in full at maturity. The loan shall bear interest at an annual rate of 4.4 per cent. The annual interest shall be paid once per year on 31 December of the corresponding year.

9. Loan agreement between the Fund and Kontor SIA, dated 29 September 2016, as amended on 1 May 2018, regarding a loan facility amounting to EUR 3,000,000 granted by the Fund to Kontor SIA for a term expiring on 1 January 2027. As of 31 December 2018, the principal balance outstanding was EUR 2,900,000.00. The loan shall be repaid in full at maturity. The loan shall bear interest at an annual rate of 4.4 per cent. The annual interest shall be paid once per year on 31 December of the corresponding year.

10. Loan agreement between the Fund and Pirita Center OÜ, dated 15 December 2016, as amended on 1 May 2018, regarding a loan facility amounting to EUR 8,000,000 granted by the Fund to Pirita Center OÜ for a term expiring on 1 January 2027. As of 31 December 2018, the principal balance outstanding was EUR 7,062,500.00. The loan shall be repaid in full at maturity. The loan shall bear interest at an annual rate of 4.5 per cent. The annual interest shall be paid once per year on 31 December of the corresponding year.

11. Loan agreement between the Fund and BH Duetto UAB, dated 31 January 2017, as amended on 1 May 2018 and 25 February 2019, regarding a loan facility amounting to EUR 23,900,000 granted by the Fund to BH Duetto UAB for a term expiring on 1 January 2027. As of 28 February 2019, the principal balance outstanding was EUR 23,823,500.00. The loan shall be repaid in full at maturity. The loan shall bear interest at an annual rate of 4.0 per cent. The annual interest shall be paid once per year on 31 December of the corresponding year.

12. Loan agreement between Vainodes Krasti SIA and the Fund, dated 1 May 2018, regarding a loan facility amounting to EUR 10,000,000 granted by Vainodes Krasti SIA to the Fund for a term expiring on 1 January 2027. As of 31 December 2018, the principal balance outstanding was EUR 2,436,700. The loan shall be repaid in full at maturity. The loan shall bear interest at an annual rate of 4.5 per cent. The annual interest shall be paid once per year on 31 December of the corresponding year.

13. Loan agreement between BH S27 SIA and the Fund, dated 9 August 2018, as amended on 1 September 2018, regarding a loan facility amounting to EUR 10,500,000 granted by BH S27 SIA to the Fund for a term expiring on 1 January 2027. As of 31 December 2018, the principal balance outstanding was EUR 8,577,918. The loan shall be repaid in full at maturity. The loan shall bear interest at an annual rate of 4.2 per cent. The annual interest shall be paid once per year on 31 December of the corresponding year.

14. Loan agreement between BH Meraki UAB and the Fund, dated 21 August 2018, regarding a loan facility amounting to EUR 5,000,000 granted by BH Meraki UAB to the Fund for a term expiring on 1 January 2027. As of 31 December 2018, the principal balance outstanding was EUR 1,788,490. The loan shall be repaid in full at maturity. The loan shall bear interest at an annual rate of 4.6 per cent. The annual interest shall be paid once per year on 31 December of the corresponding year.

All the loans discussed above are unsecured.

5.18. LEGAL AND ARBITRATION PROCEEDINGS

During the last 12 months period there have not been any governmental, legal or arbitration proceedings which may have, or have had in the recent past significant effects on the Issuer's and/or the Management Company's, acting for the benefit of the Issuer, and/or Galerija SPV´s financial position or profitability.

5.19. SIGNIFICANT CHANGE IN THE FINANCIAL OR TRADING POSITION

Since 31 March 2019 - the last reporting date of the Issuer - the main financial and operational developments have been as follows:

- On 12 April 2019, the Fund announced the issue of new units in a private placement. In total, gross equity of EUR 20.5 million was raised through the transaction. The new units were issued at a price of EUR 1.3067, which was calculated according to the procedure adopted at the general meeting and was equal to the weighted average price of units on the Nasdaq Tallinn Stock Exchange over the period between 27 November 2018 and 24 February 2019. After the transaction, the total number of Fund units registered in the Estonian Register of Securities increased to 94,196,197.
- On 30 April 2019, the Fund announced the issue of new units in a private placement. In total, gross equity of EUR 4.1 million was raised through the transaction. The new units were issued at a price of EUR 1.3160, which was calculated according to the procedure adopted at the general meeting and was equal to the weighted average price of units on the Nasdaq Tallinn Stock Exchange over the period between 29 January 2019 and 28 April 2019. After the transaction, the total number of Fund units registered in the Estonian Register of Securities increased to 97,336,070.
- On 14 May 2019, the Fund announced the issue of new units in a private placement. In total, gross equity of EUR 0.8 million was raised through the transaction. The new units were issued at a price of EUR 1.3197, which was calculated according to the procedure adopted at the general meeting and was equal to the weighted average price of units on the Nasdaq Tallinn Stock Exchange over the period between 12 February 2019 and 12 May 2019. After the transaction, the total number of Fund units registered in the Estonian Register of Securities increased to 97,964,044.
- On 17 May 2019, the Fund declared a cash distribution of EUR 2,449 thousand (EUR 0.025 per unit).
- On 27 May 2019, the Management Company entered into share purchase agreement with Linstow AS to acquire 100% shares of Tampere Invest SIA, which owns Galerija Centrs Shopping Centre in the heart of Riga. The purchase price is EUR 75 million, which corresponds to an estimated entry yield of approximately 6,7%. The purchase price was financed by using the available funds the Issuer had among others as a result of previous capital raisings (three private placements carried out in April and May 2019) and issuance of bonds in May 2019. EUR 30m was financed by bank loan and EUR 4m by issuing units to Linstow AS. The acquisition was completed on 13 June 2019.
- There have been no other significant events after the end of the reporting period.

Since 31 December 2018 – the last reporting date of Galerija SPV – there have been no significant changes in the financial or trading position of Galerija SPV, other than the acquisition of Galerija SPV by the Issuer as described above.

5.20. UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma financial information is presented for illustrative purposes only and relates to the acquisition of Galerija SPV.

On 13 June 2019 the Issuer closed the acquisition of Galerija SPV (i.e. SIA Tampere Invest) and thus acquired the 14th asset into its portfolio.
The following unaudited pro forma financial information is presented as if the transaction had taken place:

- 1 January 2018 with respect to unaudited pro forma income statement, and
- 31 December 2018 with respect to unaudited pro forma statement of financial position.

Because of its nature, the pro forma financial information addresses a hypothetical situation how the income statement of the Issuer would have formed in case the acquisition of Galerija SPV had taken place on 1 January 2018, and how the statement of financial position would have formed, if the acquisition had taken place on 31 December 2018. Therefore, the unaudited pro forma financial information does not represent the Issuer´s actual financial position or results. The unaudited pro forma financial information has been prepared in accordance with the Annex II to the Commission Regulation (EC) No 809/2004, as amended.

Pro forma adjustments are based on the available information and the assumptions made by the Management Company. There is no certainty that the assumptions used on drawing up the pro forma financial information turn out to be correct in the future.

The unaudited pro forma financial statements should be read together with the Issuer´s IFRS financial statements for the year 2018 (incorporated by way of reference and available on Issuer´s website at https://www.baltichorizon.com/reports-and-financialcalendar/).

Auditor´s report on the unaudited pro forma financial information has been presented in Appendix F of the Listing Prospectus.
In the following tables the following pro forma financial information has been presented:

- Unaudited pro forma income statement for the year 2018; and
- Unaudited pro forma statement of financial position as at 31 December 2018.

The pro forma income statement has been based on assumption that the acquisition of Galerija SPV had taken place on 1 January 2018.

The unaudited pro forma financial information has been drawn up in accordance with International Financial Accounting Standards (IFRS) applicable within the European Union. The financial statements of Galerija SPV have been prepared in accordance with the Law of the Republic of Latvia on Annual Reports and Consolidated Annual Reports. Therefore the accounting standards used by Galerija SPV have been corrected in material parts with IFRS principles followed by the Issuer.

Basis of pro forma financial information

Unaudited pro forma financial information is based on financial information derived from the following sources:
- audited financial statements of the Issuer for 2018 which have been incorporated by way of reference and are available on Issuer´s website at https://www.baltichorizon.com/reports-and-financialcalendar/
- audited financial statements of Galerija SPV for 2018 which have been appended to the Listing Prospectus (Appendix B)

In the pro forma income statement and statement of financial position the financial information has been corrected in material parts with IFRS principles followed by the Issuer in order to have comparable data (see explanatory notes 1 and 2 below).

Pro forma income statement for the year 2018

Euro '000	**The Issuer for the year 2018**	**Galerija SPV for the year 2018[5]**	**Harmonisation of accounting policies**	**Acquisition of SPV's shares**	**Private placements of new Fund units**	**New debt arrangements**	**Shareholder debt settlement**	**Bank loan settlement**	**Pro forma Consolidated**
Rental income	15,860	5,422	-	-	-	-	-	-	21,282
Service charge income	2,760	2,244	(1,574)	-	-	-	-	-	3,430
Cost of rental activities	(3,816)	(3,333)	1,574	-	-	-	-	-	(5,575)
Net rental income	**14,804**	**4,333**	**-**	**-**	**-**	**-**	**-**	**-**	**19,137**
Administrative expenses	(2,813)	(57)	-	(134)	-	-	-	-	(3,004)
Other operating income/(expenses)	74	(36)	68	-	-	-	-	-	106
Valuation gains/(loss) on investment properties	2,014	2,914	272	-	-	-	-	-	5,200
Operating profit	**14,079**	**7,154**	**340**	**(134)**	**-**	**-**	**-**	**-**	**21,439**
Financial income	8	145	-	-	-	-	-	-	153
Financial expenses	(2,789)	(953)	55	-	-	(800)	-	(170)	(4,657)
Net financing costs	**(2,781)**	**(808)**	**55**	**-**	**-**	**(800)**	**-**	**(170)**	**(4,504)**
									-
Profit before tax	**11,298**	**6,346**	**395**	**(134)**	**-**	**(800)**	**-**	**(170)**	**16,935**
Income tax charge	(1,308)	-	-	-	-	-	-	-	(1,308)
Profit for the period	**9,990**	**6,346**	**395**	**(134)**	**-**	**(800)**	**-**	**(170)**	**15,627**
Explanatory notes			**(1)**	**(3), (4)**	**(5)**	**(6)**	**(6)**	**(6)**	

[5] The financial information of Galerija SPV as at 31 December 2018 and for the year 2018 is adjusted for consistency of presentation of financial information between the Issuer and Galerija SPV. Please refer to explanatory note no. 2.

Pro forma statement of financial position as at 31 December 2018

Euro '000	**The Issuer as at 31 December 2018**	**Galerija SPV as at 31 December 2018[6]**	**Harmonisation of accounting policies**	**Acquisition of SPV's shares**	**Private placements of new Fund units**	**New debt arrangements**	**Shareholder debt settlement**	**Bank loan settlement**	**Pro forma Consolidated**
Non-current assets									
Investment properties	245,160	74,416	584	-	-	-	-	-	320,160
Derivative financial instruments	9	-	-	-	-	-	-	-	9
Other non-current assets	596	244	(244)	-	-	-	-	-	596
Total non-current assets	**245,765**	**74,660**	**340**	**-**	**-**	**-**	**-**	**-**	**320,765**
Current assets									
Trade and other receivables	2,734	434	-	-	-	-	-	-	3,168
Prepayments	154	183	-	-	-	-	-	-	337
Cash and cash equivalents	12,225	499	-	(8,259)	24,546	39,860	(26,705)	(36,063)	6,103
Total current assets	**15,113**	**1,116**	**-**	**(8,259)**	**24,546**	**39,860**	**(26,705)**	**(36,063)**	**9,608**
Total assets	**260,878**	**75,776**	**340**	**(8,259)**	**24,546**	**39,860**	**(26,705)**	**(36,063)**	**330,373**
Equity									
Paid in capital	93,673	5,439	-	(5,439)	24,546	-	-	-	118,219
Own units	(335)	-	-	-	-	-	-	-	(335)
Cash flow hedge reserve	(1,005)	-	(46)	-	-	-	-	-	(1,051)
Retained earnings	17,472	6,346	386	(6,820)	-	-	-	(170)	17,214
Total equity	**109,805**	**11,785**	**340**	**(12,259)**	**24,546**	**-**	**-**	**(170)**	**134,047**
Non-current liabilities									
Interest bearing loans and borrowings	140,401	35,443	-	-	-	39,860	-	(35,443)	180,261
Payables to related companies	-	26,413	-	-	-	-	(26,413)	-	-
Deferred tax liabilities	5,844	-	-	-	-	-	-	-	5,844
Derivative financial instruments	1,069	46	-	-	-	-	-	-	1,115
Other non-current liabilities	905	-	-	-	-	-	-	-	905
Total non-current liabilities	**148,219**	**61,902**	**-**	**-**	**-**	**39,860**	**(26,413)**	**(35,443)**	**188,125**
Current liabilities									
Interest bearing loans and borrowings	106	450	-	-	-	-	-	(450)	106
Trade and other payables	2,397	603	-	4,000	-	-	-	-	7,000
Payables to related companies	-	292	-	-	-	-	(292)	-	-
Other current liabilities	351	744	-	-	-	-	-	-	1,095
Total current liabilities	**2,854**	**2,089**	**-**	**4,000**	**-**	**-**	**(292)**	**(450)**	**8,201**

[6] The financial information of Galerija SPV as at 31 December 2018 and for the year 2018 is adjusted for consistency of presentation of financial information between the Issuer and Galerija SPV. Please refer to explanatory note no. 2.

Total liabilities	**151,073**	**63,991**	**-**	**4,000**	**-**	**39,860**	**(26,705)**	**(35,893)**	**196,326**
Total equity and liabilities	**260,878**	**75,776**	**340**	**(8,259)**	**24,546**	**39,860**	**(26,705)**	**(36,063)**	**330,373**
Explanatory notes			**(1)**	**(3), (4)**	**(5)**	**(6)**	**(6)**	**(6)**	

Pro forma explanatory notes

1. The unaudited pro forma financial information has been prepared and presented on the basis of accounting policies followed by the Issuer. The following financial information of Galerija SPV has been corrected in order to have comparable data:

    a. Property, plant and equipment are measured by the Issuer under the revaluation model compared to the cost model adopted by Galerija SPV. According to accounting policies followed by the Issuer, property, plant and equipment were reclassified to investment property in the amount of EUR 0.24 million. Based on the fair value of the investment property (EUR 75 million) as determined by the share purchase agreement, an increase of EUR 0.34 million has been recognized.

    b. As a result of property, plant and equipment reclassification to investment property an adjustment of EUR 0.1 million has been recorded to decrease other operating expenses and increase of EUR 0.1 million valuations gains on investment properties as depreciation is not calculated under the revaluation model.

    c. The Issuer has adopted IFRS 15 "Revenue from contracts with customers" and determined that it acts in the capacity of an agent for certain transactions. For the purpose of the preparation of the unaudited pro forma financial information IFRS 15 requirements and accounting policies followed by the Issuer were applied to Galerija SPV historical financial information. The Issuer determined that Galerija SPV acted as an agent for certain transactions and partially offset (EUR 1.6 million) company's service charge income and cost of rental activities.

    d. The Issuer applies hedge accounting for all interest rate swap contracts (cash flow hedges). Gains or losses from changes in the fair value of interest rate swap contracts are recognized in other comprehensive income if they are effective, whereas under Galerija SPV accounting policy gains or losses from changes in the fair value are recognized in profit and loss. As a result, an adjustment of EUR 0.05 million has been recorded to reduce financial expenses and increase cash flow hedge reserve.

2. The following presentation adjustments have been made to ensure consistency of presentation of financial information between Issuer and Galerija SPV:

    a. Galerija SPV's property, plant and equipment have been presented under other non-current assets (EUR 0.24 million);

    b. Galerija SPV's other receivables and prepaid expense have been presented under prepayments (EUR 0.18 million);

    c. Galerija SPV's accrued income have been presented under trade and other receivables (EUR 0.1 million);

    d. Galerija SPV's other liabilities have been presented under non-current derivative financial instruments (EUR 0.05 million);

    e. Galerija SPV's prepayments received from customers and deferred income have been presented under other current liabilities (EUR 0.74 million);

    f. Galerija SPV's accrued liabilities and taxes payable have been presented under trade and other payables (EUR 0.29 million);

    g. Galerija SPV's cost of sales (EUR 0.08 million) have been presented under other operating expenses;

    h. Galerija SPV's administrative expenses (EUR 0.02 million) have been presented under cost of sales;

    i. Galerija SPV's administrative expense (EUR 0.04 million) have been presented under other operating expenses;

    j. Galerija SPV's other operating income (EUR 2.24 million) have been presented under service charge income;

    k. Galerija SPV's other operating income (EUR 2.91 million) have been presented under valuation gains/(loss) on investment properties;

    l. Galerija SPV's other operating expenses (EUR 2.43 million) have been presented under cost of rental activities.

3. According to the share purchase agreement dated 27 May 2019, the Issuer has agreed to acquire 100 percent of the outstanding shares of Galerija SPV (EUR 5.4 million) for a cash consideration amounting to EUR 13.1 million (the total agreed price of the transaction was EUR 75.6 million and included refinancing of existing

bank loans and shareholder loans as explained in note 6 below). In accordance with IFRS 3 "Business Combinations", this acquisition is treated as an asset deal. The purchase price is based on the individual identifiable assets and liabilities on the basis of their relative fair values at the date of proposed acquisition of the Galerija SPV. For the purpose of the preparation of the unaudited pro forma financial information calculation of the fair value of the consideration has been recalculated, as if the acquisition had taken place at 31 December 2018. The actual fair value of the consideration will be determined upon completion of the acquisition, which consequently may result in a financial effect.

Euro '000	**Acquired assets and liabilities at fair value**
Investment properties	75,000
Total non-current assets	**75,000**
Trade and other receivables	434
Prepayments	183
Cash and cash equivalents	499
Total current assets	**1,116**
Total assets	**76,116**
Interest bearing loans and borrowings	35,443
Payables to related companies	26,413
Derivative financial instruments	46
Total non-current liabilities	**61,902**
Interest bearing loans and borrowings	450
Trade and other payables	603
Payables to related companies	292
Other current liabilities	744
Total current liabilities	**2,089**
Total liabilities	**63,991**
Total estimated purchase consideration	**12,125**

The Issuer and the seller of Galerija SPV have agreed that the purchase price is paid partly in cash and as a part of the transaction the seller of Galerija SPV undertook to subscribe Fund Units in the amount corresponding to EUR 4 million.

4. The Issuer incurred transaction costs (legal and professional fees) of approximately EUR 0.1 million in relation to the acquisition of Galerija SPV. Transaction costs directly attributable to the Galerija SPV transaction have been recognised in profit or loss. This adjustment will not have a continuing impact.

5. The Issuer has decided to undertake three private placements of new Baltic Horizon Fund units in April and May 2019 with the aim to use proceeds for Galerija SPV acquisition. In total, the net value of newly issued units corresponded to EUR 24.5 million. For the purpose of the preparation of the unaudited pro forma financial information it has been assumed that private placements would have been fully subscribed (EUR 24.5 million) if held prior to acquisition on 31 December 2018.

6. The Issuer has agreed on new financing arrangement in order to acquire Galerija SPV, consisting of (a) 5-year unsecured bonds amounting to EUR 10 million at an effective interest rate of 4.25% per annum and (b) 3-year Galerija SPV bank loan amounting to EUR 30 million at an effective interest rate of 2.75% per annum. These obligations are classified as non-current debt. In the unaudited pro forma statement of financial position the drawdown of EUR 30 million under bank loan and subscription of EUR 10 million bonds has been recorded net of transactions costs of EUR 0.1 million, the fees has been capitalised and presented as non-current debt.

   Pursuant to the share purchase agreement, the Issuer has agreed to settle outstanding shareholder loan in full amount upon acquisition of Galerija SPV. As at 31 December 2018 outstanding Galerija SPV shareholder loan amounted to EUR 26.6 million including interest payable. Repayment of shareholder loan will be funded from newly raised equity and external debt.

   The Issuer intends to refinance outstanding Galerija SPV bank loans upon acquisition of Galerija SPV. As at 31 December 2018 outstanding liabilities towards banks amounted to EUR 35.9 million. Refinancing of outstanding Galerija SPV will be funded from newly raised equity and external debt. Capitalized prepaid expense related to the original loans from the banks (EUR 0.2 million) have been recognized in profit and loss after refinancing.

Financial expenses has been adjusted for additional finance costs of (a) EUR 0.4 million relating to issuance of bonds and (b) EUR 0.4 million relating to drawdown of bank loan used to refinance outstanding Galerija SPV bank loans. Interest expenses relating to original Galerija SPV bank loans have been excluded from pro forma financial information.

Prior to share purchase agreement property and asset management services were carried out by the seller, but the agreement was terminated upon closing of Galerija SPV. As at 31 December 2018 Galerija SPV had EUR 0.1 million intercompany trade payables related to property and asset management services. It has been assumed that outstanding intercompany trade payables would have been paid in full amount at closing date.

6. SERVICE PROVIDERS

6.1. GENERAL INFORMATION

The main service providers for the Issuer are the Management Company, the Depositary, the Registrar, the Fund Administrator, auditors and property management service providers.

The Management Company is not informed of any actual or potential conflicts of interest which any of the service providers to the Issuer may have as between their duty to the Issuer and duties owed by them to third parties and their other interests. For the purposes of efficient identification and management of actual and potential conflicts of interest situations, the Management Company has established Conflicts of Interest Policy that applies to its activities in managing the Issuer. The Management Company shall consult with the Supervisory Board of the Issuer on any issues that may or do involve conflicts of interest in relation to the Issuer.

Swedbank AS and other financial institutions belonging to the same consolidation group with it provide different services to the Issuer (e.g. the fund depositary service, certain supporting services of fund administration). Swedbank AS maintains and operates effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent potential conflicts of interest in its activities, especially those potentially affecting the independence of its activities as the Depositary.

6.2. THE MANAGEMENT COMPANY

General Information

Northern Horizon Capital AS, a public limited company (in Estonian: *aktsiaselts*) registered in the Estonian Commercial Register under the registry code 11025345 acts as the fund management company of the Issuer. The majority shareholder of the Management Company is Northern Horizon Capital A/S, a public limited company registered in the Central Business Register of Denmark with the registry code 27599397, holding 125,000 shares in the Management Company which amounts to approximately 90% of the votes. Northern Horizon Capital JIC OÜ, a limited liability company (in Estonian: *osaühing*) registered in the Estonian Commercial Register under the registry code 14341220, holds 13,899 shares in the Management Company, amounting to approximately 10% of the votes. Northern Horizon Capital JIC OÜ is established in order to enable key managers of the Management Company to acquire shares in the Management Company with majority of the shares held by Northern Horizon Capital A/S and minority by the key executives of the Management Company.

The contact details of the Management Company are the following:

Tornimäe 2 (24th floor)
Tallinn, 10145 Estonia
Phone: +372 674 3200

On 23 May 2016, the EFSA issued the Management Company a license to operate as an alternative investment fund manager, as defined in § 3 (5) of the IFA. Prior to obtaining the alternative investment fund manager license, the Management Company held the investment fund management license issued by the EFSA on 14 October 2009.

As at the date of this Listing Prospectus, the Management Company acts as the fund management company only for the Issuer. No other services are provided to any other person or fund, except for the services provided to SPVs of the Issuer. No other person provides investment advice or investment management service to the Issuer in relation to the assets of the Issuer.

The Management Company was established in 2004. After receiving investment fund management license in 2009, the Management Company managed only BOF with EUR 89.7 million under management in total as of 31

December 2015 and from 23 May 2016 also the Issuer (while from 30 June 2016 only the Issuer remained as the merger of the Issuer and BOF was completed).

The Management Company is a member of leading ESG (Environmental, Social and Governance) frameworks such as the UN Principles of Responsible Investment (PRI) and the Global Real Estate Sustainability Benchmark (GRESB). It is committed to integrating ESG factors into all of its operations. To govern the sustainability efforts, the Management Company has defined nine guiding ESG principles and operational instructions to ensure an effective implementation. The guiding principles and operational instructions form the Responsible Investment Policy which can be found on the Management Company's webpage www.nh-cap.com.

Personal Data Processing

The Management Company processes the personal data of all investors, including the Holders in accordance with the privacy policy and data protection notices published and accessible on the Website.

Key Responsibilities of the Management Company

The Management Company is responsible for the investment management, administration and marketing of the Issuer. In performing its obligations, the Management Company acts in accordance with the IFA, the Fund Rules and its internal rules.

The Management Company makes the investment and divestment decisions regarding the Issuer's assets in accordance with the investment policy and restrictions set out in Fund Rules. The Management Company is also responsible for arranging risk management in connection with the investment management. See sections 5.3 "Investment Objective and Policy" and 5.4 "Investment Restrictions".

In addition to the investment management, the Management Company is also responsible for the following tasks:

- account keeping of the Issuer's assets and arranging the accounting of the Issuer and SPVs;
- arranging the issue and redemption, if required by law, of the Units;
- calculation of the Issuer's net income and arranging the distribution of the cash flows to the unit-holders in accordance with the Fund Rules;
- arranging sales and marketing of the Units;
- determining the NAV of the Issuer;
- preparing information on the Issuer and SPVs to be reported to the authorities and disclosed to the unit-holders of the Issuer;
- monitoring compliance of the activities of the Management Company itself and the Issuer with legislation;
- any other activities directly related to the above tasks and necessary for management of the Issuer.

In accordance with the Fund Rules, the Management Company may delegate its responsibilities to third party service providers. As at the date of this Listing Prospectus the Management Company has delegated certain of its responsibilities to third parties as is described in more detail in section 6.5 "Registrar", 6.4 "Fund Administration" and 6.8 "Property Management Service" below. The Management Company remains liable to the Unit-holders for the services that are provided by third party service providers.

For the purposes of covering potential professional liability risks resulting from its activities as the management company, the Management Company has additional own funds which are appropriate to cover potential liability risks arising from professional negligence.

For description of the fees payable to the Management Company, and expenses to be reimbursed, on account of the Issuer, see section 5.7 "Fees and Expenses".

Supervisory Council, Management Board and Key Executives

Supervisory Council

As at the date of the Listing Prospectus, the Management Company's Supervisory Council is composed of three members. The table below sets forth the names, positions, appointment date, and terms of office of the current members of the Supervisory Council as at the date of the Listing Prospectus.

Name	Position/Function	Date of Appointment	Expiration of term of office
Milda Dargužaitė	Chairman of the Supervisory Council	9 July 2018	9 July 2023

Nerijus Žebrauskas	Member of the Supervisory Council	20 March 2019	20 March 2024
Daiva Liubomirskiene	Member of the Supervisory Council	5 September 2017	5 September 2022

The following table sets out current and past directorships held by the Management Company's Supervisory Council members over the past five years:

Name	Former positions	Current positions
Milda Dargužaitė	Northern Horizon Capital Oy, Member of the Board BIG Klaipėda UAB, Member of the Board	BGO Property Management GmbH, Managing Director Northern Horizon Capital A/S, CEO Northern Horizon Capital GmbH, Managing Director Northern Horizon Capital AIFM Oy, Member of the Board and CEO Northern Horizon Capital UAB, General Director Northern Horizon Capital AB, Member of the Board NH-CAP A/S, Member of the Board
Nerijus Žebrauskas		Northern Horizon Capital UAB, Member of Board Northern Horizon Capital JIC OÜ, Member of Board Northern Horizon Capital AS, Member of the Supervisory Board Laurus Gene UAB, Member of the Board BH Europa UAB, Member of the Board
Daiva Liubomirskiene	Northern Horizon Capital Oy, Member of the Board Northern Horizon Russia Partners I Oy, Member of the Board Northern Horizon Healthcare II Partners Oy, Member of the Board EPI Russia I Holding Oy, Member of the Board Northern Horizon Capital Health Care Denmark K/S, Member of the Board	NH-CAP A/S, Member of the Board Northern Horizon Capital UAB, Member of the Board Northern Horizon Nordic Aged Care S.a.r.l, Member of the Board Northern Horizon Capital AIFM Oy, Chairman of the Board Northern Horizon Capital AB, Member of the Board Laurus S.a.r.l., Member of the Board Nordic Aged Care Holding 1 S.a.r.l, Member of the Board Nordic Aged Care Holding 2 S.a.r.l. Member of the Board Northern Horizon Capital JIC OÜ, Member of the Board

Milda Dargužaitė. Ms. Dargužaitė, born 1976, is the member of the Supervisory Council of the Management Company. Ms. Dargužaitė has extensive experience in investment management and investment banking having previously worked at Donaldson, Lufkin & Jenerette and Goldman Sachs in New York. She also worked for the Government of Lithuania as the adviser to the Minister of Economy, CEO of State Investment Agency "Investuok Lietuvoje" and as the State Chancellor. Ms Dargužaitė previously served on the board of NHC A/S and has recently joined as the CEO at NHC group level. She holds bachelor's degree from Middlebury College and Master's degree from Princeton University in the U.S (2004).**Nerijus Žebrauskas**. Mr. Žebrauskas, born in 1980, is the member of the Supervisory Council of the Management Company. Since joining Northern Horizon Group in 2007, Nerijus has worked in Northern Horizon Group as Fund Controller and as Head of Fund Controlling. Currently he is working as Group Finance Manager and Risk Manager. Before joining Northern Horizon Group, Nerijus worked in the audit and assurance field at EY (2001-2004) and KPMG (2005-2006) locally and abroad. Nerijus Žebrauskas. In 2001, he graduated from Stockholm School of Economics in Riga with a B.Sc. in Economics and Business Administration and in 2003 Vilnius University with an MBA in Economic Analysis and Planning.

Daiva Liubomirskiene. Ms. Liubomirskiene, born 1975, is the member of the Supervisory Council of the Management Company. She holds MA degree in Faculty of Law from University of Vilnius (2001). She acts as a General Legal Counsel to Northern Horizon Capital Group since 2017. Before joining Northern Horizon Capital Group she was working as an attorney at Sorainen Law Firm.

Management Board

As at the date of the Listing Prospectus, the Management Company's Management Board is composed of three members. The table below sets forth the names, positions, appointment date, and terms of office of the current members of the Management Board as at the date of the Listing Prospectus.

Name	Position/Function	Date of Appointment	Expiration of term of office
Tarmo Karotam	Chairman of the Management Board Fund Manager	17 April 2014	30 April 2022
Ausra Stankevičienė	Member of the Management Board	17 April 2014	30 April 2022
Algirdas Vaitiekunas	Member of the Management Board	29 January 2016	29 January 2020

The following table sets out past and current directorships held by the Company's Management Board members over the past five years:

Name	Former positions	Current positions
Tarmo Karotam	Baltic Opportunity Fund, Fund Manager Estonian Academy of Sciences Male Choir, Chairman of the Board Northern Horizon Capital JIC OÜ, Member of the Board	Euro-Products OÜ, Member of the Board Estonian Academy of Sciences Male Choir, Member of the Board Member of the board at the following SPV´s: BOF Sky SIA, Kontor SIA, BH Europa UAB, BH Health OÜ, BH Domus Pro UAB, BH Lincona OU, BH CC Plaza OU, BH P80 OU, BH Duetto UAB, Pirita Centre OU, ZM Development SIA, BH Meraki UAB, BH S27 SIA, SIA Tampere Invest as well as CEO at BH Domus Pro UAB.
Ausra Stankevičienė	Cromary Investments Sp. Z o.o.	Board member of the following companies: BOF Sky SIA, Kontor SIA, BH Europa UAB, BH Domus Pro UAB, Laurus Holding UAB, Hobujaama Kinnisvara OU, Laurus Gene UAB, Northern Horizon Nordic Aged Care S.a.r.l., Nordic Aged Care Holding 1 S.à r.l., Nordic Aged Care Holding 2 S.à r.l., BH Lincona OU, BH CC Plaza OU, BH P80 OU, BH Duetto UAB, Pirita Centre OU, Real Invest SIA, ZM Development SIA, SIA Tampere Invest. Northern Horizon Capital UAB, Fund Service Director

Algirdas Vaitiekunas	BPT Secura A/S, CEO, Fund Manager	Northern Horizon Capital UAB, Chairman of the Board, Business Development Director Koalos Investicijos UAB, General Director DMGL UAB, General Director Seimyniskiu verslo centras UAB, Board member SVC Holdingas UAB, Board member Vainodes Krasti SIA, Board member ZM Development SIA, Board member BH Duetto UAB, General director Kontor SIA, Board member BOF Sky SIA, Board member Meraki UAB, General Director SIA Tampere Invest, Board member

Tarmo Karotam. Mr. Karotam, born 1981, is the member of the Management Board of the Management Company. Mr. Karotam has been a long-time member of Northern Horizon Capital investment management team and has acted as the Fund Manager for BOF, which is the predecessor fund for the Fund, from the beginning. Mr. Karotam is a member of RICS (MRICS). He graduated from Eçole Hôtelière de Lausanne (B.Sc.) in 2005.

Ausra Stankevičienė. Mrs. Stankevičienė, born 1974, is the member of the Management Board of the Management Company. Prior to joining Northern Horizon Capital group as fund treasurer and later as head of fund administration and from 1 March 2019 as Fund Service Director, she has worked at Swedbank Lithuania. She holds a Chartered Financial Analyst (CFA) credential. She graduated from Vilnius University (MBA) in 1998. In addition to holding board member positions in Northern Horizon Nordic Aged Care S.a.r.l. and Northern Horizon Capital A/S, she also serves as a board member in the SPVs belonging to the Issuer, the Laurus Fund and Nordic Aged Care Fund

Algirdas Vaitiekunas. Mr. Vaitiekunas, born 1963, is the member of the Management Board of the Management Company. Prior to joining Northern Horizon Capital group, he has held senior positions at PwC in Melbourne, Hong Kong and Vilnius. He is Chairman of RICS Baltics being also a Fellow member (FRICS), and a member of the CAANZ, Institute of Chartered Accountants in Australia and New Zealand. He graduated from University of Melbourne (B.Sc.) in 1984 and again from the same university (B.Com.) in 1988.

The Management Board members and General Directors, in jurisdictions where applicable, are the only personnel of the SPVs, there are no other employees.

Other information on the Management Board, Supervisory Council and key executives

The business address of the members of the Supervisory Council and the Management Board is the Management Company's principal place of business at Tornimäe 2, 10145 Tallinn, Estonia.

Management Board member Algirdas Jonas Vaitiekunas directly and indirectly holds as at 28 June 2019 28 685 Units in the Issuer, which represent 0.03% of the total amount of units. Management Board member Tarmo Karotam directly and indirectly holds as at 28 June 2019 10 915 Units in the issuer, which represent 0.01% of the total amount of units. Other Management Board and Supervisory Council members of the Management Company do not hold Units in the Issuer at the date of this Listing Prospectus.

The Management Company is not aware of any compulsory liquidations of companies in which any of the members of its Supervisory Council or Management Board has acted as a member of the administrative, management or supervisory body or as a senior manager. The Management Company is not aware of any convictions in relation to fraudulent offences, bankruptcies, receiverships or any official public incrimination and/or sanctions with respect to the members of its Supervisory Council or Management Board. The Management Company is not aware of any potential conflicts of interest between the duties of the members of its Supervisory Council or Management Board to the Management Company and the Issuer, and their private interests or other duties.

6.3. THE DEPOSITARY

Pursuant to the IFA, the Issuer shall have a depositary. Swedbank AS, a public limited company registered in the Estonian Commercial Register under the registry code 10060701, with a registered address at Liivalaia 8, 15040 Tallinn, Estonia, acts as the depositary for the Issuer. The Depositary holds a credit institution license issued by the EFSA on 26 January 1993.

In accordance with the IFA and the depositary agreement entered into between the Management Company and Swedbank AS on 3 June 2016 for an unlimited period (the "Depositary Agreement"), the Depositary provides the following services:

- safekeeping of the Issuer's assets; and
- monitoring and overseeing the Management Company's activities in managing the Issuer in the following aspects:
    - ensuring that the sale, issue, repurchase, redemption, and cancellation of Units are carried out in accordance with the IFA and the Fund Rules;
    - ensuring that the NAV of the Units is calculated in accordance with the IFA and the Fund Rules;
    - carrying out the instructions of the Management Company, and assessing their compliance with the IFA, and with the Fund Rules;
    - ensuring that in transactions involving the Issuer's assets, any consideration is remitted to the Issuer in full and within the usual time limits;
    - ensuring that the income of the Issuer is applied in accordance with the IFA and the Fund Rules;
    - ensuring that the cash flows of the Issuer are properly monitored, and, in particular, that all payments made by or on behalf of Unit-holders, upon the subscription of Units, have been received, and credited to the Issuer account.

In accordance with the Depositary Agreement, the Depositary safekeeps financial instruments that are eligible for safekeeping with the Depositary (e.g. instruments in book-entry form recorded on securities accounts). Regarding other types of assets of the Issuer the Depositary shall verify the ownership of the Issuer or the Management Company acting on behalf of the Issuer of such assets and shall maintain a record of those assets for which it is satisfied that the Issuer or the Management Company acting on behalf of the Issuer holds the ownership of such assets. A description of the custody arrangements and the Issuer's assets is provided in sections 5.11 "Custody of the Issuer's Assets".

The Depositary may delegate its tasks to third party service provider, provided however, that (i) the intention of delegation is not to avoid the requirements of IFA; (ii) there is an objective reason for the delegation; (iii) the Depositary has exercised all due skill, care and diligence in the selection and the appointment of any third party to whom it wants to delegate parts of its tasks, and keeps exercising all due skill, care and diligence in the periodic review and ongoing monitoring of any third party to whom it has delegated parts of its tasks and of the arrangements of the third party in respect of the matters delegated to it; (iv) the Depositary ensures that the third party has the structures and the expertise that are adequate and proportionate to the nature and complexity of the assets of the Issuer, or the Management Company acting on behalf of the Issuer, which have been entrusted to it, and the third party is subject to effective prudential regulation, including minimum capital requirements, and supervision in the jurisdiction concerned and; (v) the third party is subject to an external periodic audit to ensure that the financial instruments are in its possession. The third party may sub-delegate its tasks only if that other third party meets the same requirements as applicable to the Depositary.

Depositary is liable to the Issuer and the Unit-holders for any damages due to a breach of its obligations under IFA and the Depositary Agreement. The Depositary shall be liable to the Issuer or to the Unit-holders, for the loss of the Issuer's assets safe-kept by the Depositary or a third party to whom the custody of financial instruments held in custody has been delegated. In the case of such a loss of a financial instrument held in custody, the Depositary shall return a financial instrument of identical type or the corresponding amount to the Issuer or the Management Company acting on behalf of the Issuer without undue delay. The Depositary shall not be liable if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

For description of the fees payable to the Depositary on the account of the Issuer, see section 5.7 "Fees and Expenses".

6.4. FUND ADMINISTRATION

Fund administration services in relation to the Issuer are provided by the Management Company.

Certain supporting services of fund administration have been outsourced to Swedbank AS and Northern Horizon Capital UAB (registry code 300022971), Sporto Str 18, Business Centre PREMIUM, LT-09238 Vilnius, Lithuania. Swedbank AS is among other services providing the Management Company the service of calculating the net asset value and gross asset value of the assets and the unit of the Issuer. For the purpose of clarity, the Management

Company has not delegated the function of determination of net asset value and gross asset value of the assets and the unit of the Issuer to Swedbank AS.

6.5. REGISTRAR

Nasdaq CSD SE Estonian branch, registered in the Estonian Commercial Register under the registry code 14306553 keeps the Register of the Units (the "Registrar"). In accordance with the Securities Register Maintenance Act of Estonia units of a fund that is registered in Estonia and the units of which are traded on a regulated securities market must be registered at the Register kept by the Registrar. The Register is kept in accordance with the Securities Register Maintenance Act of Estonia. Further information on the Registrar and the Register is available at the website of the Registrar – www.nasdaqcsd.com.

The Register and the registration of the Units is described in more detail in section 5.5 "Units and Rights of the Unit-holders".

6.6. EUROCLEAR SWEDEN

Euroclear Sweden AB, a public limited liability company registered with the Swedish Companies Registration Office with the registration number 556112-8074, is a central securities depositary in Sweden. Units Listed on Nasdaq Stockholm (the "Swedish Registered Fund Units") will be held by Euroclear Sweden. Euroclear Sweden is a subsidiary within the Euroclear group of companies and is authorised and regulated by the Swedish Financial Supervisory Authority (*Finansinspektionen*) as a central securities depository within the meaning of the Swedish Financial Instruments Accounts Act (1998:1497) and as a clearing organisation within the meaning of the Swedish Securities Markets Act (2007:528).

6.7. APPRAISER

In accordance with the Fund Rules, the Management Company, after consultation with the Supervisory Board, appoints a licensed and independent real estate appraiser. Only a person with high repute and sufficient experience in appraising similar property and operating in a country where any relevant real estate property is located may appraise the real estate belonging to the Issuer. The Management Company will assess different valuation service providers and carefully select the service provider for the Issuer prior to every valuation of the Issuer's property.

The most recent external property valuations were performed in December 2018 for all the properties held by the Fund. The property valuation of Galerija Centrs was performed also in December 2018. Condensed valuation reports for each property are provided in Appendix E. All appraisals were performed by licensed appraisers at Newsec.

For the purposes of appraising Postimaja, G4S Headquarters, Lincona, Coca Cola Plaza and Pirita properties in Tallinn, the valuation reports were prepared by licensed appraisers of Newsec Valuations OÜ, a private limited company registered in the Republic of Estonia under the registry code 11930446. Newsec Valuations OÜ is established and operates under the laws of the Republic of Estonia. The registered address of Newsec Valuations OÜ is Rooseni 7, Tallinn 10111, Estonia, and telephone number in the registered office is +372 664 5090.

For the purposes of appraising Upmalas Biroji, Vainodes I, LNK Centre and Sky Supermarket properties in Riga, the valuation reports were prepared by licensed appraisers of Newsec Valuations LV SIA, a private limited company registered in the Republic of Latvia under the registry code 40103216919. Newsec Valuations LV SIA is established and operates under the laws of the Republic of Latvia. The registered address of Newsec Valuations LV SIA is Vilandes 1-16, Riga 1010, Latvia, and telephone number in the registered office is +371 6750 8400.

For the purposes of appraising Europa SC, Domus Pro (and a land plot for Domus Pro's further expansions),Duetto I and Duetto II properties in Lithuania, the valuation reports were prepared by licensed appraisers of Newsec Valuations UAB, a private limited company registered in the Republic of Lithuania under the registry code 126212869. Newsec Valuations UAB is established and operates under the laws of the Republic of Lithuania. The registered address of Newsec Valuations UAB is Konstitucijos av. 21C, Vilnius 08130, Lithuania, and telephone number in the registered office is +370 5 252 6444.

For the purposes of appraising Galerija Centrs in Latvia, the valuation report was prepared by licenced appraiser of CPB Real Estate Services SIA, a private limited company registred in the Republic of Latvia under the registry code 40003945157. CPB Real Estate Services SIA is established and operates under the laws of the Republic of Latvia. The registered address of CPB Real Estate Services SIA is Mukusalas iela 71, Riga 1004, Latvia, and telephone number in the registered office is +371 6793 0013.

6.8. PROPERTY MANAGEMENT SERVICE

Successful management of properties with a property management partner is an important value driver for the Issuer as it maximises returns of owned real estate assets. Renting out vacant spaces and renegotiating expiring lease agreements result in higher rent revenue, cash flows and, in turn, property value. Therefore, the Management Company puts high emphasis on selecting a strong property management company to partner in managing day-to-day operations for its properties.

For the purposes of arranging the day-to-day management of the property investments of the Issuer, the Management Company has procured the property management service from the following persons:

- BPT Real Estate AS, a public limited company registered under the laws of the Republic of Estonia under the registry code 12203487, with a registered address at Rävala pst 5, Tallinn 10143, Estonia, and telephone number +372 6 309 420. As at the date of the Listing Prospectus, BPT Real Estate AS provides services to the following properties located in Tallinn: Lincona, Coca Cola Plaza, G4S Headquarters, Pirita and Postimaja.
- BPT Real Estate SIA, a private limited company registered under the laws of the Republic of Latvia under the registry code 40003674473, with a registered address at 21 K. Valdemara Street, Riga LV 1010, Latvia, and telephone number +371 6 735 7392. As at the date of the Listing Prospectus, BPT Real Estate SIA provides services to Sky Supermarket, Vainodes I and Galerija Centrs in Riga.
- BPT Real Estate UAB, a private limited company registered under the laws of the Republic of Lithuania under the registry code 302702539, with a registered address at Gediminas ave 20, LT-01103 Vilnius, Lithuania, and telephone number +370 5 268 3337. As at the date of the Listing Prospectus, BPT Real Estate UAB provides services to Domus Pro and Europa SC in Vilnius.
- Bauplan Nord SIA, a private limited company registered under the laws of the Republic of Latvia under the registry code 40003697298, with a registered address at 101 Mūkusalas street, Riga LV-1004, Latvia, and the telephone number +371 6 707 9223. As at the date of the Listing Prospectus, Bauplan Nord SIA provides services to Upmalas Biroji in Riga.
- YIT Kausta AB, a private limited company registered under the laws of the Republic of Lithuania under the registry code 133556411, with a registered address at Naglio st. 4A, 52600, Kaunas, Lithuania, and telephone number +370 374 52348. As at the date of the Listing Prospectus, YIT Kausta AB provides services to Duetto I and Duetto II in Vilnius.
- Colliers International Advisors, SIA (reg. No. 40103255403), 21 Kr.Valdemara street | LV1010, Riga, Latvia provides service to BH S27 SIA, owning LNK office building.

BPT Real Estate companies have operated in the property management and administration field in the Baltics for more than ten years. BPT Real Estate was owned by the Management Company until September 2015 when its shareholding was fully sold to Baltcap, a Baltic private equity firm.

Property management service entails mostly the following services regarding the real estate property of the Issuer:

- managing tenant and owner relationships;
- marketing and letting activities management;
- organising lease agreement negotiations;
- coordination of services provided in the building (cleaning, security, maintenance, utilities, etc.);
- coordination of repair and construction works;
- arranging of utility agreements (water, electricity, gas, etc.);
- bookkeeping of property turnover and expenditures, invoice issuing and reporting;
- budgeting on a property level;
- arranging the good standing of respective SPV;
- property business planning.

Property management service providers for newly acquired properties will be selected via tenders on a property by property basis. The Management Company prioritizes property management firms with extensive experience in Baltic property markets, strong track record of managing properties and long term relationships with major tenants.

6.9. STATUTORY AUDITORS

Pursuant to the IFA, the Issuer shall have an auditor and the annual report of the Issuer must be audited. In accordance with the IFA, the Supervisory Council of the Management Company appoints the auditor of the Issuer.

The auditor of the Issuer is the audit company KPMG Baltics OÜ, Narva mnt 5, 10117 Tallinn, Estonia. KPMG Baltics OÜ is a member of the Estonian Board of Auditors.

The financial information of the Issuer for the years ending 31 December 2018, 31 December 2017 and 31 December 2016 were audited by auditors of KPMG Baltics OÜ.

The auditor of Galerija SPV is a licenced audit company SIA "Ernst &Young Baltic", Muitas iela 1A, Riga LV-1010, Latvia. SIA "Ernst &Young Baltic" is a member of Latvian Association of certified auditors. The financial information of Galerija SPV for the years ending 31 December 2018, 31 December 2017 and 31 December 2016 were audited by auditors of SIA "Ernst &Young Baltic".

7. THE PRIVATE PLACEMENT

7.1. GENERAL INFORMATION

The Management Company has completed the private placement on 28 June 2019. In the course of the private placement 2,951,158 New Units were offered by the Management Company and subscribed by the investor. The offer price per New Unit was equal to the NAV of the Unit as at 31 May 2019 i.e. EUR 1.3554. None of the existing Unit-holders sold any Units during the private placement. The Issuer received net proceeds of EUR 4m. The Fund incurred approximately EUR 0.03m of fixed expenses related to consultancy services in conjunction with the private placement.

The Listing Prospectus will cover both the New Units issued during the private placement completed on 28 June 2019 as well as Fund units issued during the following private placements: (i) private placement completed and market announcement made on 12 April 2019 by which 15,699,366 new Fund units were issued; (ii) private placement completed and market announcement made on 30 April 2019 by which 3,139,873 new Fund units were issued; (iii) private placement were completed and market announcement made on 14 May 2019 by which 627,974 new Fund units were issued.

The Private Placement offering consisted offering of New Units to Investors in and outside Estonia in reliance on certain exemptions available under the laws of each jurisdiction where the offer to Investor was made.

The registration of the New Unit offering with the EFSA was not required due to the fact that the New Units were offered to fewer than 150 Retail Investors in Estonia and/or in another Contracting Party to the EEA Agreement (the "Contracting State"). Thus, the offering of New Units constitutes as non-public offering within the meaning of section 12(2)(1) of the Securities Market Act of Estonia.

The Management Company is not aware of any conflicts of interests related to the private placement.

The Issuer has one class of Units and all Units rank pari passu without preference or priority among themselves. A Unit represents the unit-holder's share in the assets of the Issuer. Units are freely transferable and can be freely pledged or otherwise encumbered by a Unit-holder subject to the rules of respective marketplace where the Units are admitted to trading, and also subject to the rules of the Registrar and respective securities account provider of a Unit-holder. For more detailed information about the rights attached to the Units please see Section 5.5 "Units and Rights of the Unitholders".

All New Units will be registered with the Estonian Register of Securities, with ISIN EE3500110244. Units traded on Nasdaq Stockholm are also held with Euroclear Sweden. Units are issued in euros. Units listed on Nasdaq Stockholm are nominated in SEK.

7.2. REASONS FOR THE PRIVATE PLACEMENT

The purpose of the three private placements carried out in April and May 2019 was to raise new equity capital to the Issuer which will be used to acquire new properties on account of the Issuer and thus achieve wider diversification of the investments. The Issuer was established with the aim to become the largest publicly listed property group in the Baltics and to generate its investors attractive returns by investing into commercial, primarily office and retail, properties located in the capital cities of the Baltic States. Reason for the private placements in April and May 2019 was to raise capital in order to finance new acquisition, Galerija Centrs Shopping Centre in Riga.The private placement of 2,951,158 New Units took place in connection with and to finance the acquisition of the newest property of the Issuer - Galerija Centrs Shopping Centre in Riga.

7.3. USE OF PROCEEDS

The Management Company will use the net proceeds of the Issuer from the private placements to acquire commercial properties comprising the Fund's investment pipeline (see section 5.10 "Investment Pipeline"). The Management Company estimates that the investment pipeline has an aggregated value of approximately EUR 240-260m and in aggregate assets could be acquired at an average yield of 6.5-7.0%. It consists of commercial properties located at central and strategic locations in the capital cities of the Baltic States. The target properties are fully operational and cash flow generating (except for 1 property which is under construction) with attractive risk-return profile, high-quality tenants mix, low vacancy rates and long lease maturities. 4 properties with an aggregated value in the range of EUR 110-120m represent a priority pipeline. Negotiations and preparations for their acquisitions are well-advanced. The proceeds received from the private placements carried out in April and May 2019 were used to acquire the newest property of the Issuer – Galerija Centrs shopping centre in Riga.

All proceeds from this private placement will be used to finance the acquisition of the newest property of the Issuer – Galerija Centrs shopping centre in Riga.

To the extent the net proceeds of the Private Placement are not used according to the purposes stated above, they will otherwise be used for the general purposes of the Fund in accordance with the Fund Rules.

The Management Company will issue 2,951,158 New Units. The gross proceeds from the private placement are estimated to be approximately EUR 4.0m. After deducting the expenses the Issuer is estimated to receive net proceeds of approximately EUR 3.97m.

7.4. LOCK-UP

As of the date of this Listing Prospectus, no Fund Units are under lock-up agreements.

7.5. DILUTION

Immediately after the completion of the Private Placement and issuance of the New Units, the New Units will amount to 2.92% of the total number of Units of the Fund.

7.6. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

Listing

At the date this Listing Prospectus, the Fund is admitted to trading on Nasdaq Tallinn under the symbol "NHCBHFFT" and ISIN code EE3500110244 and commenced trading on 6 July 2016. The Fund Units are issued under Estonian law, and are traded on the Nasdaq Tallinn in EUR.

The Fund is secondary listed on on the Alternative Investments Funds market on Nasdaq Stockholm under the symbol NHCBHFFS and the ISIN code EE3500110244 (the "Listing in Stockholm"). On Nasdaq Stockholm, the Fund Units are traded in SEK and settled in SEK. The trading with Fund Units on Nasdaq Stockholm commenced on 23 December 2016.

The purpose of the private placement was also to add the New Units on Nasdaq Tallinn and Nasdaq Stockholm. For that purpose the Management Company is going to file an application to list additional Units with Nasdaq Tallinn, additional units will be also listed on Nasdaq Stockholm. It is expected that the trading of the New Units on Nasdaq Tallinn will start on or about 19 July 2019 and on Nasdaq Stockholm on or about 22 July 2019. After the private placement and successful Listing, 100,915,202 Units will be listed altogether on Nasdaq Tallinn and on Nasdaq Stockholm.

Registration with Euroclear Sweden

In respect of the Swedish Registered Fund Units, the Fund will appoint one or more issuer agent(s) acting on its behalf in Sweden. The Swedish Registered Fund Units listed for trading on Nasdaq Stockholm will also be issued in Estonia and registered with the Register and will be mirrored with the Swedish central securities depositary, Euroclear Sweden. Euroclear Sweden will hold all interests in relation to the Swedish Registered Fund Unites for the sole purpose of enabling clearing and settlement of such interests in uncertified and dematerialised book-entry form in the records maintained by Euroclear Sweden, for the benefit of the ultimate beneficial owners. No beneficial owner is entitled to transfer (and Euroclear Sweden will not allow such transfer) any such Swedish Registered Fund Units directly to the register of another settlement system and thereby removing such Swedish Registered Fund Units from the records of Euroclear Sweden.

Euroclear Sweden is a subsidiary within the Euroclear group of companies and is authorised and regulated by the Swedish Financial Supervisory Authority (*Finansinspektionen*) as a central securities depository within the meaning of the Swedish Financial Instruments Accounts Act (1998:1497) and as a clearing organisation within the meaning of the Swedish Securities Markets Act (2007:528).

Beneficial interests in the Swedish Registered Fund Units will be held in uncertificated and dematerialised book-entry form and all transactions relating to the beneficial interests in the Swedish Registered Fund Units (such as issuance, sale and transfer, pledge arrangements and other dispositions and redemptions) are executed as computerised book-entry registrations in accordance with the Swedish Financial Instruments Accounts Act and all such other Swedish laws, regulations and operating procedures applicable to and/or issued by Euroclear Sweden (the “CSD Rules”). Consequently, in order to affect such entries, beneficial owners must establish a book-entry account through a Swedish bank or an investment firm acting as an account operator with Euroclear Sweden. Beneficial interests in Swedish Registered Units shown in the records of Euroclear Sweden will be treated as negotiable instruments and not subject to any restrictions on free negotiability under Swedish Law.

Beneficial interests in the Swedish Registered Fund Units shown in the records of Euroclear Sweden will be transferable only in accordance with the CSD Rules. Title to such beneficial interest in the Swedish Registered Fund Units shall pass in the record maintained by Euroclear Sweden in accordance with the CSD Rules. Subject to the CSD Rules, the Fund and Management Company, acting on behalf of the Fund, are entitled to receive the records from Euroclear Sweden and thereby entitled to receive information about the Unit-holders and their respective holdings.

Dividend procedure

Each holder of beneficial interests in the Swedish Registered Fund Units must observe Euroclear Sweden’s interest in the Swedish Registered Fund Units, for its share of the payments made by the Issuer. Euroclear Sweden does not assume the obligations of the Issuer and is only obliged to distribute payments it has received in its capacity of Swedish central securities depository in respect of the Swedish Registered Fund Units.

It is expected that payments in respect of the Swedish Registered Fund Units will be received by holders of the beneficial interests in the Swedish Registered Fund Units no later than the seventh business day (as defined by the (then) applicable CSD Rules) after the date on which such payment becomes due and payable in accordance with the Fund Rules.

Pursuant to the CSD Rules, payments in respect of any such beneficial interest shall be made to the holders shown as such holder on the record date (as defined by the (then) applicable CSD Rules) before the due date for such payment.

Trading between the two markets

Only Units held with Euroclear Sweden will be subject to trading on the Nasdaq Stockholm following the Listing. A securities account or a custodian account with a Swedish bank or an investment firm is required in order for the Units to be held with Euroclear Sweden. Holders of Units listed on the Nasdaq Tallinn are entitled to instead have those Units held with Euroclear Sweden in order to trade their Units on Nasdaq Stockholm. In order to trade Units on Nasdaq Stockholm, Unit-holders are advised to contact their bank or investment firm.

8. TAXATION

The following provides a general overview of taxation principles in Estonia, Finland, Denmark and in Sweden as in effect on the date of this Listing Prospectus, and subject to changes in such laws, including changes that could have a retroactive effect. The Listing Prospectus contains only a summary of the main taxation principles, and does not address the specific aspects that apply to taxation of the Unit-holder income. This Swedish taxation overview does not cover situations in which Units are held as inventory in business operations or are held by a trading partnership, investment company or investment fund. Tax consequences that are not described below may become applicable to certain categories of taxpayers. Contact professional tax adviser with specific questions. The Management Company does not act as an adviser on tax matters for the Unit-holders, and this applies even if the Management Company has referred to a particular aspect of taxation in the Fund's documents or other informative materials. The legislation concerning tax application may change over time and the tax system’s applicability to a particular Unit-holder depends on the Unit-holder's residence, legal form and other circumstances.

ESTONIAN TAXATION

The following information is of a general nature only and is based on the laws in force in the territory of Estonia at the date of this Listing Prospectus. The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in Estonia and does not address all the tax consequences applicable to all categories of investors, some of which (such as look-through entities, undertakings for collective investment in transferable securities or holders of the bonds by reason of employment) may be subject to special rules. Prospective purchasers of the Fund units are advised to consult their own tax advisors as to the tax consequences, under the tax laws of the country in which they are resident, of a purchase of Fund units.

The information contained within this section is limited to certain Estonian tax issues and prospective investors in the Fund units should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Estonian tax law, to which they may be subject. Application of a specific tax treaty concluded between Estonian and investor's tax residency state may lead to different taxation as described under the headings of "Non-resident Holders".

Where in this summary English terms and expressions are used to refer to Estonian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Estonian concepts under the Estonian law. The expressions of resident/non-resident refer to tax residency. References to double tax treaties do not determine what tax rate is applicable in other jurisdictions besides Estonia but just describes the division of taxing rights between jurisdictions.

Overview on Estonian tax system

Rules on personal income taxation (in Estonian: *füüsilise isiku tulu maksustamine*), corporate income taxation applicable to legal entities and permanent establishments of non-residents (in Estonian: *tulumaksu maksmise erijuhud*) and taxation of non-residents' income (in Estonian: *mitteresidentide tulu maksustamine*) are provided in Estonian Income Tax Act of 15 December 1999 currently in force, as amended (in Estonian: *Tulumaksuseadus*, hereinafter "EITA"). Estonian tax residents are taxed under the principle of world-wide income, while only limited taxation is applied to non-residents.

The Estonian income tax system encompasses corporate income tax ("CIT") which is levied on a deferred basis. This means that the CIT falls due only at the moment of making a profit distribution or deemed profit distribution in the form of dividend payments and other profit distributions; non-business payments or costs; hidden profit distributions in the form of loans to related entity; fringe benefits; gifts and donations; costs related to entertainment of guests. No CIT is due on received, retained and reinvested business income. An exception applies to credit institutions which pay advance payments of CIT at the rate of 14 percent on a quarterly basis.

Special regulation applies to real estate related profits earned by contractual investment funds which are treated as tax payers in a number of limited cases. In case of making payments subject to withholding tax, the tax is withheld by the fund manager.

The CIT rate is 20 percent (of the gross amount). The reduced CIT rate of 14 percent (of the gross amount) is applicable to profit distributions that qualify as "regular profit distributions". This reduced rate will partially be available for payments made from January 1, 2019 onwards and will take full effect from January 1, 2021. The amount of "regular dividends" subject to reduced rate is calculated based on the taxable profit distributions made within last three years before the profit distribution under question (specific calculation method is applied during the transition period in 2019 and 2020).

An additional 7 percent personal income tax ("PIT") is applied (withheld) to regular profit distributions taxed under a reduced rate, provided the distribution was made to a natural person (both resident and non-resident). The applicable double tax treaty may limit such withholding for tax non-residents of Estonia. No additional 7 percent tax applies if the dividend is distributed to corporate shareholders (except tax transparent legal entities, such as trust funds (in Estonian: usaldusfond)).

Estonia applies transfer pricing rules that are based on the Organization for Economic Co-operation and Development ("OECD") Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. Under this, transactions between related entities not made under the arm's length conditions may result in income tax liabilities.

Estonian tax resident individual taxpayers are generally subject to PIT at the flat rate of 20 percent, including tax on interests and capital gains. Yearly income tax allowance of €6,000 is decreasing if the annual income exceeds

€14,400 and will be calculated under the formula of 6,000 – 6,000 / 10,800 × (annual income – 14,400), while the allowance cannot be lower than zero.

A natural person is an Estonian tax resident for income tax purposes if his or her place of residence is in Estonia or if he or she stays in Estonia for at least 183 days over the course of a period of 12 consecutive calendar months. A legal person, excluding a trust fund which is tax transparent entity, is a resident if it is established pursuant to Estonian law. European public limited companies (SE) and European associations (SCE) whose registered office is registered in Estonia are also residents. A non-resident is a natural or legal person which does not meet the definitions of residency above. The provisions concerning non-residents apply also to a foreign association of persons or pool of assets (excluding contractual investment fund) without the status of a legal person, which pursuant to the law of the state of the incorporation or establishment thereof is regarded as a legal person for income tax purposes. Please note that depending on the specific facts the double residency may emerge and application of double tax treaty may lead to allocation of residency regardless of meeting the definition above.

Value-added tax is regulated under the Estonian Value-Added Tax Act of 10 December 2003 currently in force, as amended (in Estonian: *Käibemaksuseadus*, hereinafter "EVTA"). EVTA is based on the European Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax.

Withholding Tax

Non-resident Holders
According to the EITA, interest payments made by the Issuer to Estonian non-resident Holders (both corporate entities and natural persons) will not be subject to withholding tax in Estonia. The permanent establishments of non-residents in Estonia share the same tax treatment as resident corporate entities (see "—Resident Holders" below).

As an exception from the above, withholding tax is charged on interest which a non-resident Holder received in connection with holding in the Issuer, provided it qualifies as a real estate fund. However, no withholding tax applies on interest if the income of the fund has already been taxed with income tax or it is exempt from the income tax.

Resident Holders
Pursuant to the EITA, interest payments made by the Issuer to Estonian resident corporate tax payer Holders will not be subject to withholding tax in Estonia.
Withholding tax at the rate of 20 percent will be levied on the taxable interest payments made by the Issuer to Estonian resident natural person Holders. However, the Issuer will not withhold income tax if the Estonian resident natural person Holder has notified the Issuer that the income tax liability on the interest income has been postponed due to using an investment account regime by the Holder as specified in Article 17^2 of the EITA.
No withholding tax is applicable to capital gains received by corporate and natural person residents of Estonia from the sale of the Fund units.

Income Taxation

Non-resident Holders
According to the EITA, interest payments made by the Issuer to Estonian non-residents Holders (corporate entities and natural persons) are subject to income tax in Estonia, provided the Issuer qualifies as a contractual investment fund for real estate (i.e. of whose property, at the time of the payment of interest or during a period within two years prior to that, more than 50 per cent was directly or indirectly made up of immovables or structures as movables located in Estonia) and the non-resident has at least 10 per cent holding in the fund at the time of receipt of interest. Such tax is subject to withholding as described under "Withholding Tax. Non-resident Holders". No income tax applies if the profit from which the interest is paid has been taxed at the fund level or which is exempt from the income tax under the law.

The capital gains from the sale of the fund units is subject to income tax in Estonia under the same conditions as interest. Exemption applies to payments for returning the fund unit or liquidation proceeds which have been subject to tax at the fund level or which is exempt from income tax under the law.

With regard to interest income received by a permanent establishment located in Estonia, see "—Resident Holders" below.

Resident Holders
Corporate residents

Interest income and capital gains received by resident legal entities and permanent establishments of non-residents is not subject to CIT in Estonia upon receiving the profit. Such income is included in their profits of the resident or a permanent establishment and taxed upon distribution of profit pursuant to the respective procedures. CIT is levied on a deferred basis upon distributing profits.
Permanent establishments of non-residents of Estonia are taxed under the same rules as resident corporate entities, with some special rules. Profit attributed to permanent establishment is subject to CIT when it has been taken out of the permanent establishment in monetary or non-monetary form.

Resident individuals

The interest income received by Estonian tax resident individuals is subject to 20 percent PIT in Estonia which is withheld by the Issuer acting through a fund manager. Interest income covers all interest accrued from loans, leases and other debt obligations, as well as securities and deposits, including such amount calculated on the debt obligations by which the initial debt obligations are increased. No income tax applies if the profit of the Issuer from which the interest is paid has been subject to tax already or it is exempt from income tax.

Capital gains earned by Estonian tax resident individuals from the sale or exchange of Fund units is taxed as profit from the transfer of property, which is subject to PIT at the rate of 20 percent. Pursuant to Section 37 (1) of the EITA, a the gains or loss derived from the sale of Fund units is the difference between the acquisition cost and the selling price of the Fund units The gain or loss derived from the transfer of Fund units is the difference between the acquisition cost and the sale price of the Fund units. The gains or loss derived from the exchange of property is the difference between the acquisition cost of the property subject to exchange and the market price of the property received as a result of the exchange. Additionally, the Holder has the right to deduct certified expenses directly related to the sale or exchange of property from the Holder's gain or to add such expenses to the Holder's loss.
Income tax is charged on the part of payment received upon the return of a unit of a contractual investment fund and the liquidation of a contractual investment fund, which exceeds the acquisition cost of the unit or share, unless the Issuer's income from which such payment is made has been subject to income tax or it was exempt from income tax.

Exclusively for natural person tax payers, EITA enables postponement of the taxation of income derived from the publicly offered securities by using an investment account regime specified in Section 17^2 of the EITA. This special regime applies strictly to the securities referred to in section 17^1 of the EITA. The moment of taxation of the financial income held on an investment account is postponed until such income is withdrawn from the investment account (i.e., the amount withdrawn from the account exceeds the amount which had been previously paid in to the account).

Other Taxes and Duties

Estonia does not apply any other taxes or state effected duties on transferring the Fund units. Estonia does not apply gift taxes, except making a gift by a corporate entity is taxable as deemed profit distribution at the rate of 20 percent (from the gross amount). Estonia does not apply inheritance tax and wealth taxes. Respective state fees are applicable in case of initiating a judicial procedures against debtor, subject to partial of full reimbursement in case of successful judicial procedure. In case of using notarized form for certain transactions, the notary fees may be applicable.

Value-added Tax

There is no Estonian value-added tax payable in respect of payments in consideration for the issue of the Fund units or in respect of the payment of a redemption amount or principal under the Fund units or the transfer of a Fund units. Transactions and acts related to the issue, sales and purchase of securities are value-added tax exempt.

SWEDISH TAXATION

General

The Units can be held via an investment savings account and an endowment insurance. The Fund is not considered as equivalent to a Swedish UCITS fund or a special fund. The summary below is based on the assumption that the Units issued by the Fund are listed and traded, or are expected to be listed and traded within 30 days from the issue, on Nasdaq Tallinn and Nasdaq Stockholm when acquired by the Investor, and will continue to be listed and traded on Nasdaq Tallinn and Nasdaq Stockholm throughout the investment period.

Natural persons

Units held directly

Since the Fund is not considered as equivalent to a Swedish UCITS fund or a special fund the Fund would not be considered as a legal entity, but transparent (however not a partnership) for tax purposes.

Since considered as transparent Unit-holders would be taxed as holding part of the Fund assets directly. This implies that the Unit-holder would have to pay taxes before any actual income have been distributed from the Fund. Depending on the nature of the assets held via the Fund the income could be subject to taxation levied at a tax rate between 30-60 percent. It may however be possible for the Unit-holder to deduct their part of any capital losses assignable to the Fund investments.

The possibility to set off capital losses assignable to the Fund investments would depend on the nature of the Fund asset which has generated the loss. If the loss for instance derives from an investment in unlisted shares any loss should be deductible to 5/6 against capital gains on listed or unlisted shares. An assessment would be required in each individual case to decide the possibility to set off a loss against capital gains.

The calculation of capital gains or losses deriving from the disposal of the Units would be dependent on the underlying Fund assets, at the time of disposal. A Unit-holder would be considered to dispose of their share in the Fund assets. An assessment is required in each individual case to calculate the taxable capital gain or loss.

Units held through an investment savings account

If the Units are held via an investment savings account capital gains and distributions attributable to the Units would not be subject to regular income taxation. Hence, even if the Fund would be considered as transparent, any returns on Fund investments would not be subject to taxation with the Unit-holder. In return capital losses, attributable to the assets will not be deductible for income tax purposes.

Instead of income taxation on the returns, the account holder pays income tax on an imputed income. The imputed income is based on the fair market value of the Units held through the account.

- The capital base for imputed income purposes is calculated as 1/4th of the sum of the account's market value at the beginning of each quarter including payments made to the account. This means that any change in the fair market value of the assets (including returns) will be taken into account.
- The imputed income is calculated as the capital base multiplied by the government borrowing rate increased by 0.75 percent. The imputed income cannot be lower than 1.25 percent of the capital base. The imputed income is taxed at a 30 percent tax rate.

Even in years of negative returns tax will be levied for an investment savings account. The imputed income for an investment savings account can be set off against capital losses and other capital expenses, such as interest.

Units held through an endowment insurance policy

If Units are held through an endowment insurance policy capital gains and distributions attributable to Units would not be subject to income taxation. Hence, even if the Fund would be considered as transparent, the Unit-holder will not be taxed for any capital gains or distributions deriving from the Units. In return capital losses, assignable to the Units will not be deductible for tax purposes.

Instead of income tax, an annual yield tax is payable. The yield tax is based on the insurance value, as defined below:

- The insurance value is normally calculated as the sum of the fair market value of held assets at the beginning of the year, deposits made in the first six months of the year, and 50 per cent of the deposits made in the last six months of the year.
- The tax base for yield tax is calculated as the insurance value multiplied by the sum of the government borrowing rate increased with 0.75 percent.
- The tax base is subject to a 30 percent tax rate. The tax base cannot be lower than 1.25 percent of the insurance value.

Even in years of negative returns tax will be levied for an endowment insurance policy.

The yield tax is considered as a definitive withholding tax. Potential losses derived from other forms of capital assets can therefore not be offset against the deemed income of the insurance. This differs from an investment savings account, where the imputed income can be set off against other capital losses and expenses.

Legal persons

Units held directly

Since the Fund is not considered as equivalent to a Swedish UCITS fund or a special fund the Fund would not be considered as a legal entity, but transparent (however not a partnership) for tax purposes.

Since considered as transparent the Unit-holders would be taxed as holding part of the Fund assets directly. This implies that the Unit-holder would have to pay taxes before any actual income have been distributed from the Fund. The income from the assets held via the Fund could be subject to corporate income tax levied at a tax rate of 22 percent depending on the source of the underlying income. It may therefore also be possible for the Unit-holder to deduct their part of any capital losses assignable to the Fund investments. The possibility to set off capital losses assignable to the Fund investments would depend on the nature of the Fund asset which has generated the loss.

The calculation of capital gains or losses deriving from the disposal of the Units would be dependent on the underlying Fund assets, at the time of disposal. The Unit-holder would be considered to dispose of their share in the Fund assets. For certain assets, for example shares in non-listed limited liability companies, gains may not be fully taxable or even tax free, and losses not fully deductible or deductible at all. An assessment is required in each individual case to calculate the taxable capital gain or loss.

In Sweden, the possibility to set off capital losses is depending on the asset which has generated the loss. If, for instance, a company is considered as the owner of listed shares (due to the fact that a transparent fund's assets comprise of listed shares) any capital loss may be offset only against gains on shares or other securities that are taxed in the same manner as shares. Such capital losses may, under certain circumstances, also be deductible against capital gains on such securities within the same group of companies, provided the requirements for group contributions are met and both companies request this for a year which has the same filing date. Capital losses on shares or other such securities, which have not been deducted from capital gains within a certain year, may be carried forward and be offset against similar capital gains in future years without any limitation in time. An assessment is required in each individual case to decide the possibility to set off a loss against capital gains.

Units held through an endowment insurance policy

If held through an endowment insurance policy capital gains and distributions attributable to Units would not be subject to income taxation. Hence, even if the Fund would be considered as transparent, the Unit-holder will not be taxed for any capital gains or distribution deriving from the Units, and any Capital losses assignable to the Units will not be deductible for tax purposes. Instead of income tax, an annual yield tax is payable.

The yield tax is based on the insurance value.

- The insurance value is normally calculated as the sum of the fair market value of held assets at the beginning of the year, deposits made in the first six months of the year, and 50 percent of the deposits made in the last six months of the year.
- The tax base for yield tax is calculated as the insurance value multiplied by the sum of the government borrowing rate increased with 0.75 percent.
- The tax base is subject to a 30 percent tax rate. The tax base cannot be lower than 1.25 percent of the insurance value.

Even in years of negative returns tax will be levied for an endowment insurance policy.

The yield tax is considered as a definitive withholding tax. Potential losses derived from other forms of capital assets can therefore not be offset against the deemed income of the insurance.

Possibility to credit Estonian withholding tax

General

Distributions (dividends) made to the Unit-holders, on behalf of the Fund, will be characterized as interests for Estonian tax purposes. For further information on the Estonian taxation of dividends, see "Estonian Taxation – Taxation of non-residents" above.

Units held directly

If withholding tax would be levied the possibility to credit any withheld tax against Swedish income tax would have to be investigated in each individual case.

Units held through an investments savings account

If withholding tax where to be levied on income assignable to Units held through an investments savings account it would generally be possible to credit such withholding tax against the income tax based on the imputed income.

Units held through an endowment insurance policy

If withholding tax where to be levied on income assignable to Units held through an endowment insurance policy it would generally be possible to credit such withholding tax against the annual yield tax.

APPENDIX A

Fund Rules

The text of the Fund Rules included as Appendix A to the Listing Prospectus is an English translation of the original Estonian text. In the event of discrepancies between the original Estonian text and the English translation, the Estonian text shall prevail.

Baltic Horizon Fund

Fund rules
(hereinafter "the Rules")

These Rules are in force as of 23 May 2016.

1. GENERAL

1.1. Baltic Horizon Fund is a closed-ended contractual investment fund (the "Fund") registered and acting in accordance with the Estonian Investment Funds Act (the "IFA"). The Fund is a real estate fund as defined in the IFA.

1.2. The Fund is managed by Northern Horizon Capital AS, a fund management company established and registered in the Republic of Estonia, with a register code 11025345 and its seat in Tallinn, Estonia (the "Management Company").

1.3. The Fund is situated at the registered address of the Management Company.

1.4. The Fund is established for an undetermined period.

1.5. The Fund is a public fund.

1.5.1. The Management Company shall pursue for the units of the Fund (the "Units") to be admitted to trading on a regulated securities market in the European Economic Area within a reasonable time after the first capital raising of the Fund.

1.5.2. The Management Company shall retain the Units traded on a regulated securities market or multilateral trading facility in the European Economic Area. In case the Units are de-listed for any reason, the Management Company shall immediately seek new admission to trading in the same or another market.

1.5.3. The Management Company may seek simultaneous trading of Units on different trading venues.

1.6. The Rules have been registered by the Estonian Financial Supervision Authority (the "FSA"). The Rules set out the basis for the activities of the Fund and the Management Company, and relations between the unit-holders of the Fund (the "Investors") and the Management Company. The Fund is operating and managed under the laws of Estonia. In case specific provisions of the Rules conflict with mandatory provisions of legislation, the provisions of legislation will apply. In case different provisions of the Rules conflict with each other or in case the Rules include misleading provisions, such provisions will be interpreted in accordance with the best interests of the Investors.

1.7. The depositary of the Fund is Swedbank AS (the "Depositary") (as further described in section 13 below).

1.8. The register of the Units (the "Register") is kept by the AS Eesti Väärtpaberikeskus (the "Registrar") (as further described in section 14 below).

1.9. The exact contact details of the Management Company, the Depositary, and the Registrar, including relevant office addresses, e-mail addresses, and phone numbers, are disclosed on the website of the Fund, www.baltichorizon.com (the "Website").

2. THE BASIS AND OBJECTIVE OF THE FUND'S ACTIVITY

2.1. The Fund is a pool of money raised through the issue of Units, and of other assets acquired from investing this money that belongs collectively to the Investors and that is managed by the Management Company.

2.2. The objective of the Fund is to combine attractive income yields with medium to long-term value appreciation by identifying and investing primarily in real estate, portfolios of real estate, and/or real estate companies and successfully exiting from these investments. The objective of the Fund is to provide its Investors with consistent and above average risk-adjusted returns by acquiring high quality cash flow-generating commercial properties with the potential for adding value through active management, thereby creating a stable income stream of high yielding current income combined with capital gains. Although the objective of the Fund is to generate positive returns for the Investors, the profitability of the Fund is not guaranteed to the Investors.

3. THE FUND'S INVESTMENT POLICY

3.1. Subject to certain restrictions outlined in the Rules and the law, the focus of the Fund is to invest into real estate properties located in Estonia, Latvia, and Lithuania. Such investments may include real estate properties experiencing financial or economic distress.

3.2. Up to 100% of the assets of the Fund may be invested in real estate and securities related to real estate. The Fund will invest in all types of real estate properties, including retail, office, and logistics properties.

3.3. The Fund shall invest, directly or indirectly, in real estate located in Estonia, Latvia, and Lithuania, with a particular focus on the capitals - Tallinn, Riga, and Vilnius - and a preference for city centres within or near the central business districts.

4. INVESTMENT RESTRICTIONS

4.1. At least 80% of the Fund's gross asset value (as defined in section 6.1 below) shall be invested in real estate and securities relating to real estate. The following are securities relating to real estate:

4.1.1. the units or shares of a fund which is deemed to be a real estate fund according to the legislation of Estonia or other states;

4.1.2. the shares of special purpose vehicles whose main activity is direct or indirect (through subsidiaries) investment in real estate or management of real estate (“SPV”);

4.1.3. derivative instruments whose underlying assets are securities specified in subsections 4.1.1 and 4.1.2 above.

4.2. Up to 20% of the Fund’s gross asset value (as defined in section 6.1 below) may be invested in the following assets not specified in section 4.1:

4.2.1. deposits with credit institutions;

4.2.2. shares and other similar tradable rights in companies investing directly or indirectly into real estate property;

4.2.3. bonds, convertible bonds, and other tradable debt obligations issued;

4.2.4. subscription rights and other tradable rights granting the right to acquire securities specified in subsections 4.2.2 and 4.2.3 above;

4.2.5. money market instruments;

4.2.6. tradable depositary receipts;

4.2.7. derivative instruments.

4.3. The weighting of each asset class, type of issuer, region, and sector of the assets of the Fund shall be determined in the course of the everyday management of the Fund in compliance with the Rules.

4.4. **Investment in real estate and securities relating to real estate**

4.4.1. The assets of the Fund may be invested in real estate either directly or indirectly through SPV(s). Therefore, every reference made to investments in real estate properties in the Rules also means investments into SPVs.

4.4.2. The real estate assets into which the Fund directly or indirectly invests are located in Estonia, Latvia, and Lithuania. Although the Fund shall invest mainly into commercial real estate properties, such as retail and office properties, up to 20% of the Fund’s gross asset value (as defined in section 6.1 below) may be invested into other types of properties.

4.4.3. Securities of investment vehicles (including, but not limited to, joint ventures, SPVs and other real estate funds) into which the Fund may invest under section 4.1 above may be registered in any jurisdiction provided that the investment strategy of those investment vehicles is not in conflict with the investment strategy of the Fund under these Rules. Shares of SPVs may only be registered in other countries than Estonia, Latvia or Lithuania with prior approval by the Depositary.

4.4.4. The Fund shall meet the following risk diversification requirements:

(a) up to 50% of the gross asset value (as defined in section 6.1 below) of the Fund may be invested in any single real estate property, or in any single real estate company or fund;

(b) the annual rental income from one single tenant shall not form more than 30% of the total annual net rental income of the Fund.

4.4.5. At least 80% of gross asset value (as defined in section 6.1 below) shall be allocated for projects which involve investment in real estate with a stabilised cash flow, and also into properties with the potential to add value through active asset management, refurbishment, and development. Up to 20% of gross asset value (as defined in section 6.1 below) may be allocated to investments of a more opportunistic nature such as participating in forward funding development projects and undeveloped land purchases.

4.4.6. The Fund may not invest in assets that to a significant degree are used for gambling, pornographic, or tobacco-producing activities. The Fund shall be considered as having invested into assets that to a significant degree are used for the above activities if the net rental income for the space (square meters) used for the above activities would exceed 10% of the total net rental income of that asset. The Fund shall not solicit new tenants proposing to use the assets for the above activities.

4.5. **Transactions with derivative instruments**

4.5.1. Transactions with derivative instruments may be performed on account of the Fund provided that the requirements set forth in legislation, the internal rules of the Management Company for transactions with derivative instruments, and the Rules are met. The assets of the Fund may be invested in derivative instruments only for the purpose of hedging the property loan risks. An agreement, which includes a right or an obligation of the Fund to acquire, swap, or sell real estate, such as forward financing or commitment arrangements, shall not be considered to be a derivative instrument.

4.6. **Miscellaneous**

4.6.1. The Management Company has, on account of the Fund, the right to guarantee an issue of securities, provide surety, take a loan, issue debt securities, enter into repurchase or reverse repurchase agreements, and conclude other securities-borrowing transactions. Subject to the discretion of the Management Company, the Fund aims to leverage its assets by borrowing an amount of up to 50% of the value of its assets. At no point in time may the Fund’s leverage exceed 65% of the value of its assets. Loans may be taken for periods of up to 30 years.

4.6.2. The Fund may grant loans only to SPVs and may issue guarantees or provide surety only to secure the fulfilment of the obligations of SPVs.

4.6.3. As the purpose of the Fund is to invest in real estate property, the acquisition process of which may be time-consuming, the Management Company aims to invest any new capital raised for the Fund within a reasonable time period.

4.6.4. The investment restrictions set forth in sections 4.1 and 4.2 above do not apply for the first 12 months after the date the Rules are registered with the FSA and for the first 12 months after each additional capital raising for the Fund.

4.6.5. Risk diversification requirements provided for in these Rules may be temporarily exceeded for reasons outside the control of the Management Company. Exercising a right of pre-emption to acquire securities, a bonus issue, a change in the market value of securities, and other such reasons are deemed to be reasons outside the control of the Management Company if the objective of the transactions performed on account of the Fund is to observe the aforementioned requirements, taking into account the interests of the Investors.

5. UNITS AND THE RIGHTS AND OBLIGATIONS ATTACHED TO THE UNITS

5.1. A Unit represents the Investor's share in the assets of the Fund. The Fund has one class of Units. Units are held in the registered form and no Unit certificates will be issued.

5.2. Units are issued with no nominal value.

5.3. A Unit is divisible.

5.3.1. The fractions of Units, if any, that emerge from dividing Units are rounded to three decimal points. The following rules are applied for rounding: numbers NNN.NNN0 until NNN.NNN4 are rounded down to NNN.NNN and numbers NNN.NNN5 to NNN.NNN9 are rounded up to NNN.NN(N+1).

5.3.2. Trading in Units on any trading venue where the Units are admitted to trading may occur only in whole number of Units, unless fractions of Units can be traded under the rules of the trading venue.

5.4. Units acquired by an Investor shall be registered in the Investor's, or in a nominee holder's registry account in the Register, acting on the account of the Investor.

5.5. An Investor cannot request that the common ownership of the Fund be terminated or that the Investor's share be separated from the Fund's assets.

5.6. The Investors have the following rights deriving from the Units:

5.6.1. to purchase, sell, pledge or otherwise dispose of the Units;

5.6.2. to own the share of the Fund's assets corresponding to the number of Units owned by the Investor;

5.6.3. to receive, when payments are made, pursuant to the Rules, the share of the cash flows of the Fund proportional to the number of Units owned by the Investor;

5.6.4. to receive, pursuant to the Rules, the share of the assets remaining upon liquidation of the Fund proportional to the number of Units owned by the Investor;

5.6.5. to convene a general meeting of Investors (the "General Meeting") in accordance with the Rules and the law;

5.6.6. to participate and vote in the General Meeting pursuant to the number of votes provided for in section 10.10;

5.6.7. to propose supervisory board (as defined in section 11, the "Supervisory Board") member candidates for election in the General Meeting;

5.6.8. to request that the Registrar issue a certificate or an extract from the Register concerning the Units owned by the Investor;

5.6.9. to demand that the Management Company compensate for any damage caused by a breach of its obligations;

5.6.10. to access, at the registered address of the Management Company, the documents and information specified in section 16.1 and receive, upon respective request, copies of any of the documents specified in sections 16.1.1, 16.1.2, 16.1.4 and 16.1.12 without charge;

5.6.11. to exercise other rights and take other action as prescribed by law or the Rules.

5.7. The exchange of Units with fund units of other funds managed by the Management Company is not allowed.

5.8. The rights and obligations attached to a Unit with respect to an Investor shall enter into force upon acquisition of a Unit and shall terminate upon disposal or redemption of a Unit. Each Investor acquiring a Unit or Units is deemed to have agreed to the Rules by subscribing for new Units or upon the Units being credited to the securities account of the Investor as a result of a trade with a third person. A Unit is deemed issued upon registration thereof with the Register and a Unit is deemed redeemed upon cancellation thereof with the Register.

5.9. An Investor must exercise the rights attached to the Units in good faith and in accordance with legislation and the Rules. The objective of exercising the rights of an Investor may not be to cause damage to other Investors, to the Fund, to the Management Company, to the Depositary, or to third persons.

5.10. An Investor is not personally liable for the obligations of the Fund, obligations assumed by the Management Company on account of the Fund, or for obligations the performance of which the Management Company has the right to demand from the Fund pursuant to the Rules. The liability of an Investor for performance of such obligations is limited to the Investor's share in the assets of the Fund.

5.11. An Investor shall pay any transaction fees and service charges which may be demanded by brokers, custodians, or other intermediaries (including the Registrar) upon purchase or sale of Units.

6. ESTABLISHING GROSS PROPERTY VALUE, FUND NET ASSET VALUE,AND GROSS ASSET VALUE OF PROPERTY

6.1. The gross property value shall be determined based on the aggregate market value of all real estate properties belonging to the Fund (the “Gross Property Value”). The gross asset value shall be determined based on the aggregate of the Gross Property Value and the market value of all other consolidated assets of the Fund and the SPVs (excluding shares of SPVs holding real estate) (the “GAV”). The Gross Property Value and GAV shall be calculated in Euros as of the last banking day of each calendar month (the ”Valuation Day”). A banking day shall mean any calendar day that is not Saturday, Sunday, a national or public holiday in Estonia, or another day which is considered to be a public holiday by a relevant payment system operator (a ”Banking Day”).

6.2. The net asset value of the Fund shall be determined based on the aggregate market value of the securities (including shares of SPVs), other property, and rights belonging to the assets of the Fund from which claims against the Fund are deducted (the “NAV”).

6.3. The NAV of a Unit equals the NAV of the Fund divided by the number of Units issued and not redeemed as at the point of valuation (the “NAV of the Unit”).

6.4. The NAV of the Fund shall be established in accordance with the relevant principles set forth in the internal rules of the Management Company and in legislation and shall be calculated on each Valuation Day. The NAV of the Fund and of a Unit shall be calculated in Euros.

6.5. If, after determining the NAV of the Fund, an event or circumstance occurs or appears which in the Supervisory Board’s best professional opinion materially affects the NAV of the Fund, then the Supervisory Board may order a re-evaluation of the fixed market value and re-evaluate the NAV of the Fund or of a Unit provided that failure to carry out such re-evaluation would damage the interests of the Investors.

6.6. The NAV of a Unit shall be calculated as of each Valuation Day and as of each day when Units are issued. A Unit’s NAV shall be rounded up to four decimal points. The NAV of the Fund and of a Unit as of each Valuation Day and issue price of a Unit shall be made available on the Website and at the registered office of the Management Company on the 15th day of the following month at the latest. If such day is not a Banking Day, then the above information shall be made available on the first Banking Day after such day.

6.7. The Management Company may suspend the determination of the NAV of the Fund during the existence of any state of affairs which constitutes an emergency as a result of which disposals or accurate valuation of a substantial portion of the assets owned by the Fund would be impracticable or when, for any other reason, the prices of any investments owned by the Fund cannot be promptly or accurately ascertained, provided the suspension is justified with regard to the interests of Investors. The suspension of the determination of the NAV of the Fund will be announced on the Website.

7. VALUATION OF REAL ESTATE

7.1. To determine the market value of real estate property belonging to the Fund, the Management Company shall ensure appraisal of such property at least once a year at the end of the financial year and prior to the auditing of the Fund’s annual report. The Supervisory Board may propose the Management Company to undertake appraisal more often, if there are exceptional circumstances which in the Supervisory Board’s opinion could have a material impact on the fair market value of the properties.

7.2. Any real estate belonging to the Fund shall be appraised by an independent real estate appraiser appointed from time to time by the Management Company after consultation with the Supervisory Board. Only a licensed independent real estate appraiser of high repute and sufficient experience in appraising similar property and operating in the country where any relevant real estate property is located may evaluate real estate belonging to the Fund.

7.3. The appraiser may not be an affiliate of the Management Company. The appraiser shall value only real estate properties for which it can act as independent expert, without any conflicts of interest arising due to other connections with the respective property.

7.4. The appraiser(s) appointed by the Management Company shall be disclosed in the annual report of the Fund for each year and the Management Company shall inform the FSA of the appointed appraiser and the criteria under which the appointment was decided.

7.5. The real estate appraiser shall prepare an appraisal report outlining the results of the appraisal. The appraisal reports shall be prepared in accordance with a recognised property valuation standard. If so provided in the internal rules of the Management Company, such appraisal report shall be accompanied by the Management Company's internal valuation statement in which case the overall valuation process of Fund's assets (including real estate) shall be considered internal. Real estate shall be reflected in the Fund's Gross Property Value, GAV, and NAV on the basis of the value of the real estate recorded in the appraisal report and, if relevant, the Management Company's internal valuation statement. The Management Company shall make a condensed form of the appraisal report regarding real estate belonging to the Fund available to Investors on the Website.

8. ISSUE, REDEMPTION, AND PURCHASE OF UNITS

8.1. Units are issued by the Management Company on behalf of the Fund.

8.2. The Management Company may issue and offer Units to the public or through a private placement in accordance with applicable laws and the Rules. Units are issued and offered only during specific times determined by the Management Company; Units are not available for subscription at all times.

8.3. The issue of new Units may be determined:

8.3.1. at the General Meeting, or

8.3.2. by the Management Company, if it has received approval from the Supervisory Board and if new Units will be issued at the most recent NAV.

8.4. New Units shall be issued in accordance with the Rules, applicable laws and regulations, and the terms and conditions of the specific issue. The terms and conditions of the first issue of the Units after the registration of the Rules shall be determined by the Management Company.

8.5. In order to acquire Units, an Investor must subscribe for the Units and pay the full issue price. By submitting the subscription order, an Investor agrees to the Rules and to the terms and conditions of the specific issue of Units and undertakes to adhere thereto.

8.6. An Investor shall be required to pay in full for the Units, and on the dates, as specified in the terms and conditions of the specific issue of Units. The Management Company shall not charge nor deduct any subscription fees from the paid in issue price.

8.7. The issue price of a Unit shall be determined by the Management Company. If the issue of new Units is resolved at the General Meeting in accordance with sections 8.3.1 and 10.3.1, the Management Company shall follow the terms and conditions set forth in the General Meeting resolution. If so determined at the General Meeting and provided that the IFA allows that, Units may be issued at discount or in excess of the NAV. The Management Company shall have the right to solely determine the issue price for the first issue of Units.

8.8. An investor can subscribe only for a whole number of Units without fractions, unless otherwise specified in the terms and conditions of the specific issue of Units. The allocation of Units shall be determined by the Management Company under the terms and conditions of the specific issue of Units.

8.9. Units shall be issued and registered in the Investor's securities account in the Register on the payment date specified in the terms and conditions of respective issue.

8.10. If an Investor fails to pay in the issue price in accordance with the terms and conditions of the issue, or is otherwise in violation of the terms and conditions of the issue or the Rules, no Units shall be issued to the Investor.

8.11. The Units are not redeemable at the request of the Investor. The Units shall be redeemed upon liquidation of the Fund.

8.12. The Management Company is entitled to purchase Units on account of the Fund, provided that:

8.12.1. such transactions are, or the purchase plan is, approved by the General Meeting. After the Units have been admitted to trading, the Management Company has the right to decide the purchase of the Units on account of the Fund within 1 month for the purposes of stabilisation in accordance with European Commission Regulation (EC) No 2273/2003 of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programmes and stabilisation of financial instruments;

8.12.2. the aggregate number of Units bought back and held by the Fund shall not exceed 10% of the total number of Units at any time;

8.12.3. Units held by the Fund shall not grant any unit-holder rights to the Fund or to the Management Company;

8.12.4. any purchase shall be executed in accordance with applicable legislation and with the rules of the trading venue; and

8.12.5. the Management Company shall either cancel or sell the Units within 3 months after the purchase.

9. DISTRIBUTIONS TO INVESTORS

9.1. The Management Company intends to make distributions from the cash flow of the Fund at least annually in cash to the Investors on a pro rata basis.

9.2. A distribution shall be paid to Investors if all of the following conditions are met:

9.2.1. the Fund has retained such reserves as required for the proper running of the Fund;

9.2.2. the distribution does not endanger liquidity of the Fund;

9.2.3. the Fund has made necessary follow-on investments in existing properties, i.e. investments into the development of existing properties of the Fund, and making 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.

9.3. The Management Company shall disclose the Record Date (as defined in section 9.5) and the payment date of each distribution event on the Website and by a stock exchange release disclosed on the website of the trading venue where the Units are admitted to trading (the "Stock Exchange Release"), at least ten Banking Days prior to the Record Date.

9.4. Net disposal proceeds received, if any, shall either be reinvested or distributed to the Investors depending on whether the Management Company sees suitable investment opportunities in the market.

9.5. The Investors entitled to the distribution payments under this section 9 shall be determined two Banking Days prior to the payment date (the "Record Date").

9.6. Distributions will be made in cash to the current account of the Investor connected to the securities account in the Register.

10. GENERAL MEETING

10.1. Investors participate in the governance of the Fund through the General Meeting.

10.2. General Meetings shall be held at the seat of the Management Company unless otherwise prescribed in the notice convening the meeting.

10.3. The Investors at the General Meeting are entitled to resolve the following matters:

10.3.1. issue new Units;

10.3.2. amend the procedure for the making of distributions to Investors;

10.3.3. approve and recall the members of the Supervisory Board and determine the remuneration of the members;

10.3.4. change the Management Company at the initiative of the Investors;

10.3.5. liquidate the Fund;

10.3.6. amend the procedure for the redemption of Units;

10.3.7. increase the Management Fee and Depositary Fee and other fees and charges payable on account of the Fund;

10.3.8. decide on the merger and transformation of the Fund unless otherwise provided by the IFA;

10.3.9. amend the fundamental principles of the investment policy of the Fund;

10.3.10. establish a term for the Fund and amending the term, if established;

10.3.11. amend the Rules;

10.3.12. purchase of Units on account of the Fund.

10.4. The Management Company shall convene the General Meeting at least once a year, after the Management Company has approved the annual report of the Fund. In addition to the annual meeting, the Management Company shall convene the General Meeting as often as there is a need to resolve issues specified in section 10.3. The Management Company shall convene the General Meeting within 6 months after the Units have been de-listed and the Management Company has not succeeded in having the Units re-admitted to trading.

10.5. The FSA or Investors whose Units represent at least 1/10 of the votes are entitled to request the Management Company convene the General Meeting and propose issues to be included in the agenda of the General Meeting. If the Management Company does not convene the General Meeting within one month after receipt of a request, the FSA or Investors have the right to convene the General Meeting themselves.

10.6. Notice of the General Meeting shall be published at least three weeks in advance. A notice convening a General Meeting is published on the Website and via the Stock Exchange Release. At the same time as the publication of a notice, if the IFA so stipulates, it also shall be published in at least one of the daily national (Estonian) newspapers.

10.7. The notice shall be accompanied with information related to the items in the agenda. Investor(s) requesting a change of the Management Company under section 10.3.4. shall submit to the Investors the consent of the new management company to undertake the duties of the management company.

10.8. The Investor, who is a registered unit-holder in the Register, or a representative of the Investor, who has been granted an authorisation document in writing, may participate in a General Meeting. The participation of a representative shall not deprive the Investor of the right to participate in the General Meeting.

10.9. A list of the Investors participating in a General Meeting including the names of the Investors, the number of votes attached to their Units, and the names of the representatives of the Investors, is prepared at the General Meeting. The list shall be signed by the chair of the General Meeting, the secretary of the meeting, and each Investor or his or her representative participating in the General Meeting. The authorisation documents of representatives shall be appended to the minutes of the General Meeting.

10.10. In order to adopt resolutions at the General Meeting, the proportion of votes belonging to the Investor is determined pursuant to the ratio of the number of votes arising from Units belonging to the Investor and the number of votes arising from all Units which have been issued as of ten days before the General Meeting is held. To participate in any General Meeting, an Investor is required to have Units registered in its name in the Register as of ten days before the date of the General Meeting.

10.11. At the General Meeting, Investors may adopt resolutions if more than 1/2 of the votes represented by the Units are present. If there are less than, or equal to, 1/2 of votes represented at the General Meeting, the Management Company may, within three weeks but not earlier than after seven days, convene another General Meeting with the same agenda. The new General Meeting is permitted to adopt resolutions regardless of the number of votes represented at the meeting. Except for resolutions to be adopted under sections 10.14 and 10.15 below.

10.12. An issue which is initially not on the agenda of the General Meeting may be added to the agenda during the General Meeting with the consent of at least 9/10 of the Investors who participate in the General Meeting if their Units represent at least 2/3 of the votes.

10.13. A resolution of the General Meeting shall be adopted if more than 1/2 of the votes represented at the General Meeting are in favour, unless a greater majority requirement is prescribed under sections 10.14 or 10.15 below.

10.14. In order to adopt resolutions in matters specified in sections 10.3.2, 10.3.5, 10.3.6, 10.3.8, 10.3.9, 10.3.10, and 10.3.11 above, more than 3/4 of the votes represented by the Units shall be present and more than 4/5 of the votes represented at the General Meeting shall vote in favour to adopt those resolutions.

10.15. In order to adopt a resolution as specified in section 10.3.4, more than 3/4 of the votes represented by the Units shall be present and more than 4/5 of the votes represented at the General Meeting, excluding votes represented by the Management Company and its related parties (as defined in section 10.17 below), and also excluding votes represented by any Investor holding, directly or indirectly via its related persons (as defined in section 10.17 below for the Management Company), more than 50% of all units, shall vote in favour to adopt the resolution.

10.16. The General Meeting may adopt a resolution to amend the procedure for the redemption of Units (section 10.3.6) only together with a resolution on liquidation of the Fund (section 10.3.5).

10.17. The Management Company and its related parties who hold Units and are participating in the General Meeting shall abstain from voting in all issues where there is a potential conflict of interest between the Fund and the Management Company, including but not limited to voting on raising the Management Fee. Related parties shall mean companies belonging to the same consolidation group as the Management Company, shareholders of the Management Company and of the companies belonging to the same consolidation group as the Management Company and members of management bodies of the Management Company and of the companies belonging to the same consolidation group as the Management Company.

11. SUPERVISORY BOARD

11.1. The Fund shall have a supervisory board consisting of three to five members (the “Supervisory Board”). The Supervisory Board acts solely in an advisory capacity and the Management Company shall remain responsible for making decisions related to the fund management.

11.2. The members of the Supervisory Board shall be appointed at the General Meeting for a period of at least two years. The Management Board shall appoint the first members of the Supervisory Board and determine their remuneration immediately after the registration of the Fund. The following principles shall be followed when appointing the Supervisory Board members:

11.2.1. a member shall have recognized experience in the real estate market(s) in Estonia, Latvia, or Lithuania, an impeccable business reputation, and an appropriate education;

11.2.2. only one of the members may be related to the Management Company, i.e. the person is a member of the management board or supervisory council or shareholder of the Management Company or of any other company belonging to the same consolidation group with the Management Company, or is otherwise related to or appointed by the Management Company;

11.2.3. at least one of the members should represent Investors who are not related to the Management Company and are not related to the ten largest

Investors in terms of Units held as of ten days before the date of the General Meeting, or be an independent member not related to any Investor.

11.3. The Supervisory Board and its members are not allowed to delegate their rights to other persons.

11.4. Supervisory Board members shall elect a chairman from among themselves in the first meeting after election of any new member(s).

11.5. The Management Company shall consult with the Supervisory Board on the following matters:

11.5.1. the approval of an appraiser for the valuation of real estate in the Fund to be appointed by the Management Company;

11.5.2. the approval of an auditor of the Fund to be appointed by the supervisory council of the Management Company;

11.5.3. the approval of the depositary bank of the Fund to be chosen by the Management Company;

11.5.4. the approval of the issue of new units under section 8.3.2;

11.5.5. any issues that may involve conflicts of interest related to the Fund;

11.5.6. any other issues in accordance with the Rules.

11.6. A meeting of the Supervisory Board shall be convened by the Management Company at least once per quarter. Each member of the Supervisory Board and the Fund Manager(s) (as defined in section 12.3 below) has the right to convene a meeting. The Supervisory Board has the right to pass decisions without convening a meeting in case all the Supervisory Board members agree not to convene a meeting. The meetings of the Supervisory Board shall be arranged by the chairman of the Supervisory Board.

11.7. The Supervisory Board is entitled to pass decisions if more than half of the members take part in the meeting.

11.8. A decision of the Supervisory Board shall be adopted if more than half of the members present at the meeting vote in favour of the decision. In case the Supervisory Board adopts decisions without convening a meeting a decision shall be adopted if more than half of the members vote in favour of the decision.

11.9. The minutes of the Supervisory Board meetings shall be recorded and sent to all Supervisory Board members. The minutes of the meeting shall be signed by all Supervisory Board members who participated in the meeting and the person who took the minutes. In case the Supervisory Board member does not agree with the passed decisions, the member’s different opinions will be added to the minutes and that member of the Supervisory Board will confirm the opinion with a signature.

11.10. In order to pass decisions, the Supervisory Board may request reports and clarifications from the Management Company and the Fund Manager(s) (as defined in section 12.3 below) and give them reasonable time to prepare such reports.

11.11. Supervisory Board members are entitled to remuneration for their service. The amount of remuneration payable to the chairman and members of the Supervisory Board shall be decided at the General Meeting.

12. RIGHTS AND OBLIGATIONS OF THE MANAGEMENT COMPANY

12.1. The basis of the activities of the Management Company is set forth in the articles of association of the Management Company, the Rules, and legislation.

12.2. The Management Company has the right to dispose of and possess the assets of the Fund and other rights arising therefrom. The Management Company shall conclude transactions with the Fund's assets (including investing the Fund's assets) in its own name and on account of the Fund.

12.3. To manage the assets of the Fund, the management board of the Management Company shall appoint one or more fund managers whose duty it is to coordinate the investment of the Fund's assets and other activities related to management of the Fund and to monitor that the Fund is managed pursuant to the provisions of legislation and the Rules (the "Fund Manager"). The Management Company is responsible for making and implementing investment and divestment decisions in its own name and exclusively in the interests of and on joint account of the Investors.

12.4. The Management Company shall determine the Fund's investment policy and perform the duties specified in subsection 12.11, unless such duties have been delegated to third parties. The Management Company shall invest the Fund's assets in compliance with the investment policy specified in the Rules and observe the investment restrictions specified in the Rules and legislation. The Management Company shall obtain sufficient information about the assets it plans to acquire or has acquired on account of the Fund, monitor the financial and economic situation of the issuer whose securities it plans to acquire or has acquired on account of the Fund, and obtain sufficient information about the solvency of counterparties with whom transactions are made on account of the Fund.

12.5. The Management Company shall manage the assets of the Fund separately from its own assets, assets of other funds, and pools of assets managed by the Management Company. The assets of the Fund do not form part of the bankruptcy estate of the Management Company and any claims of creditors of the Management Company shall not be satisfied out of the Fund's assets.

12.6. The Management Company shall arrange the maintenance and preservation of immovables directly or indirectly owned by the Fund. In arranging the maintenance and preservation of immovables, the Management Company shall observe the following principles: (i) immovables must be kept and maintained prudently, (ii) immovables must be insured, if possible, and (iii) in case of extraordinary 'wear and tear' of an immovable (including a building constituting an essential part of an immovable) or extraordinary deterioration in its condition, the immovable (including a building constituting an essential part of the immovable) must, if possible, be restored to its former condition, repaired, or improved.

12.7. The Management Company may (but is not obliged to) acquire and own Units. The Units owned by the Management Company may not exceed 5% of all Units. In cases addressed by legislation, the Management Company shall notify FSA of its acquisition of Units. Information on the size of the holding of the Management Company in the Fund shall be made available according to section 16.1.10.

12.8. The Management Company has the right and the duty to submit a claim in its own name on behalf of the Investors or the Fund against the Depositary or third parties if not submitting such a claim would or could result in significant damage to the

Fund or the Investors. The Management Company is not required to submit such a claim if the Fund or the Investors have already submitted a claim.

12.9. The Management Company shall be liable for any damage caused to the Fund or the Investors due to a violation of its duties under the Rules and applicable laws.

12.10. The Management Company shall arrange the accounting of the Fund. The Management Company shall keep the accounting of the Fund separate from the accounting of the Management Company and the accounting of its other funds.

12.10.1. The financial information of the Fund shall be prepared in accordance with the International Financial Reporting Standards (IFRS).

12.10.2. The financial year of the Fund lasts from 1 January to 31 December.

12.11. The Management Company may delegate the following duties to third parties to the extent provided in the IFA and pursuant to the procedure set forth in the IFA:

12.11.1. investing the Fund's assets, which means making of investment decisions upon investment of the Fund's assets;

12.11.2. organising the issue and redemption of Units;

12.11.3. issuing of documentation proving the registration of Units in the Register belonging to the Investor;

12.11.4. arranging the sales and marketing of the Units;

12.11.5. providing necessary information and other customer services to the Investors;

12.11.6. keeping account of the Fund's assets and organising the accounting of the Fund;

12.11.7. determining the Fund's NAV;

12.11.8. organising of maintenance of the register of Units;

12.11.9. calculating of the Fund's net income and arranging the distribution from the cash flows to the Investors;

12.11.10. monitoring compliance of the activities of the Management Company and the Fund with legislation, including applying a relevant internal audit system;

12.11.11. maintening and preserving of immovables and any related activities;

12.11.12. any of the activities directly related to the activities listed above.

12.12. In delegating the services related to the maintenance and preservation of immovables (section 12.11.11), respective service agreements may be entered into directly between a third party service provider and the SPV.

12.13. Any delegation of duties does not exempt the Management Company from liability related to the management of the Fund.

12.14. The duties of the Management Company in full may be transferred to a third party fund management company in accordance with the IFA. The change of the Management Company may be initiated by the Management Company in accordance with a resolution of the supervisory council of the Management Company, or by the Investor(s) in accordance with section 10.15 of the Rules.

12.15. The transfer of the fund management to another management company shall be arranged based on the approval by the FSA.

12.15.1. The Management Company shall act in good faith in negotiating and signing the transfer agreement, obtaining FSA approval, and performing other tasks under the decision of the supervisory council of the Management Company or the resolution of the General Meeting to transfer the fund management to another management company. The costs of the transfer shall be borne by the new service provider, unless otherwise agreed in the transfer agreement.

12.15.2. The duties of the Management Company shall be transferred to the new management company under the transfer agreement not earlier than one year from the approval by the FSA, unless shorter term is agreed in the transfer agreement.

13. ACTIVITIES OF THE DEPOSITARY

13.1. The Management Company shall enter into a depositary contract with the Depositary for the safekeeping of the Fund's money and assets, including financial instruments and other assets, with the Depositary, and for overseeing and monitoring of the Fund's activities.

13.2. The Depositary shall hold in custody all financial instruments of the Fund that can be registered in a financial instruments account opened in the Depositary's books (the "Safekept Instruments"). Assets that can be held in custody by the Depositary shall be determined in a depositary contract.

13.3. All other assets of the Fund that are not condsidered financial instruments, including cash, immovable and movable property, rights, and shares of SPVs not registered with central securities depositaries in Estonia, Latvia or Lithuania, shall be subject to verification of ownership and record keeping duties by the Depositary. The Management Company may execute transactions with the Fund's assets only through the Depositary or after prior notification of the Depositary.

13.4. In performing the monitoring and oversight of the Fund's activities, the Depositary shall be responsible for:

13.4.1. ensuring that the sale, issue, repurchase, redemption, and cancellation of Units are carried out in accordance with the IFA and the Rules;

13.4.2. ensuring that the NAV of the Units is calculated in accordance with the IFA and the Rules;

13.4.3. carrying out the instructions of the Management Company, and assessing their compliance with the IFA, and with the Rules;

13.4.4. ensuring that in transactions involving the Fund's assets, any consideration is remitted to the Fund in full and within the usual time limits;

13.4.5. ensuring that the distributions from the Fund cash flow are made in accordance with the IFA and the Rules;

13.4.6. ensuring that the cash flows of the Fund are properly monitored, and, in particular, that all payments made by or on behalf of Investors, upon the subscription of Units, have been received, and credited to the Fund account.

13.5. The functions, rights, obligations and liability of the Depositary with regard to the Fund and the Management Company derive from the Rules and the depositary contract between the Management Company and the Depositary, IFA and other applicable regulations. The Depositary shall be liable to the Fund or to the Investors, for the loss of the Safekept Instruments held in custody by the Depositary or a third party to whom the custody of financial instruments held in custody has been delegated. In the case of such a loss of the Safekept Instruments, the Depositary shall return a financial instrument of identical type or the corresponding amount to the Fund or the Management Company acting on behalf of the Fund without undue delay. The Depositary shall not be liable if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts by the Depositary to the contrary.

13.6. The Depositary has the right to enter into contracts with third parties for the delegation of its duties (including the duty to safekeep the Fund’s assets) pursuant to the IFA and other applicable regulations and the depositary contract, provided that the following conditions are met:

13.6.1 the intention of delegation is not to avoid the requirements of the IFA;

13.6.2 there is an objective reason for the delegation;

13.6.3 the Depositary has exercised all due skill, care, and diligence in the selection and the appointment of any third party to which it delegates duties, and continues to exercise all due skill, care and diligence in the periodic review and ongoing monitoring of any third party to whom it has delegated duties and of the third party’s performance of those duties;

13.6.4 the Depositary ensures that the third party has structures and expertise adequate and proportionate to the nature and complexity of the assets of the Fund, or the Management Company acting on behalf of the Fund, which have been entrusted to it, and the third party is subject to effective prudential regulation, including minimum capital requirements, and supervision in the relevant jurisdiction; and

13.6.5 the third party is subject to an annual external periodic audit to ensure that the financial instruments are in its possession.

14. REGISTER OF UNITS

14.1. The Register is kept by the Registrar. The Registrar operates under the laws of Estonia applicable to the registration of securities and the settlement of securities trades.

14.2. The Units are deemed to belong to the person in whose name the securities account is held in the Register, except for the Units held in a nominee account, in which case the Units are deemed to belong to the client of the nominee holder. Despite the foregoing, only persons in whose name a securities account is held are entitled to exercise rights arising out of the Units under the Rules. A unit-holder has the right to rely on the entry in the Register when performing his/her rights and duties in relation to third parties. The Registrar shall issue a statement of Units owned by the unit-holder upon the unit-holder's request.

14.3. By subscribing for or purchasing Units, the Investor consents to the processing of their information (including personal data) by the Registrar and the Management Company to the extent necessary for keeping the Register and performing other duties under the Rules or applicable law.

14.4. The Registrar shall make entries in the Register on the basis of the transaction information related to the Units. Entries may also be based on court judgments or other grounds approved by the Registrar.

14.5. Information and documents submitted to the Registrar for an entry to be made shall be preserved by the Registrar for at least ten years from the date of the corresponding entry. Information shall be preserved in the form of documents or in a format which can be reproduced in writing.

14.6. The Registrar shall be liable for breach of its obligations arising from the law and agreement on keeping the Register, and it shall reimburse any damages caused, except when the breach did not occur because of the activities of Registrar.

15. FEES AND EXPENSES PAID OUT OF THE FUND

15.1. **Management fee**

15.1.1. The Management Company shall be paid a management fee on account of the Fund for managing the Fund (the duties of the Management Company are set forth in section 12 and in the IFA) (the "Management Fee"). The value added tax (if applicable) shall be added to the Management Fee and paid on account of the Fund.

15.1.2. The Management Fee shall be calculated as follows:

(a) The Management Fee shall be calculated quarterly based on the 3-month average market capitalisation of the Fund. After each quarter, the Management Fee shall be calculated on the first Banking Day of the following quarter (the "Fee Calculation Date"). Quarters shall mean 3-month periods that start on 1 January, 1 April, 1 July, and 1 October;

(b) Average market capitalisation shall mean the average closing prices of all days in the previous 3 month period multiplied with the respective daily number of the Units outstanding on the marketplace(s) where Units are admitted to trading (the "Market Capitalisation");

(c) The Management Fee shall be calculated based on the following rates and in the following tranches:

(i) 1.50% of the Market Capitalisation below EUR 50 million;

(ii) 1.25% of the part of the Market Capitalisation that is equal to or exceeds EUR 50 million and is below EUR 100 million;

(iii) 1.00% of the part of the Market Capitalisation that is equal to or exceeds EUR 100 million and is below EUR 200 million;

(iv) 0.75% of the part of the Market Capitalisation that is equal to or exceeds EUR 200 and is below EUR 300 million;

(v) 0.50% of the part of the Market Capitalisation that is equal to or exceeds EUR 300 million.

(d) The Management Fee shall be calculated after each quarter as follows:

(i) the Market Capitalisation as calculated on the Fee Calculation Date, split into the tranches and each tranche of the Market Capitalisation ($MCap_t$) multiplied by

(ii) respective fee rate (F_n) applied to the respective tranche, then the aggregate of the fees from each tranches multiplied by

(iii) the quotinent of the actual number of days in the respective quarter ($Actual_q$) divided by 365 days per calendar year, as also indicated in the formula below

(i)

(ii) $$((MCap_1 \text{ x } F_1)+...+(MCap_5 \text{ x } F_5)) \text{ x } (Actual_q / 365)$$

(iii)

(e) 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. In this case, the NAV of the Fund means the average quarterly NAV of the Fund and such Management Fee adjustments shall be calculated and paid annually after the annual report of the Fund for the respective period(s) has been audited.

(f) For periods during which the Units are not traded on any marketplace, the Management Fee shall be calculated and paid quarterly based on the average NAVs over preceeding 3 months. Management Fee adjustments, if any, shall be made annually after the annual report of the Fund for the respective period(s) has been audited.

15.1.3. The Management Company shall be responsible for the calculation of the Management Fee.

15.1.4. The Management Fee calculated and accrued in accordance with section 15.1.2 above shall be paid to the Management Company quarterly within 5 Banking Days after the issue of the invoice by the Management Company.

15.1.5. The Management Fee shall be calculated and paid in Euros unless calculation or payment must be made in another currency under applicable mandatory law.

15.2. **Performance fee**

15.2.1. For each year, if the annual adjusted funds from operations of the Fund divided by the average paid in capital during the year (calculated on a monthly basis) 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”). The adjusted funds from operations shall mean 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.

15.2.2. The Performance Fee is calculated annually by the Management Company and is accrued to the Performance Fee reserve. Once the Performance Fee reserve becomes positive, the Performance Fee can be paid to the Management Company.

15.2.3. The Performance Fee for a year can be both positive and negative. However, the Performance Fee for the year shall not exceed 0.4% of the Fund's average NAV per year (upper Performance Fee limit). Negative Performance Fee shall not be less than -0.4% of the Fund's average NAV per year (lower Performance Fee limit).

15.2.4. A Performance Fee for the first year of the Fund (i.e. 2016) shall not be calculated.

15.2.5. The Performance Fee first becomes payable in the fifth year of the Fund (i.e. 2020) for the period of 2017, 2018, and 2019. After that, the Performance Fee shall be payable annually, depending on the accrued Performance Fee reserve over the period starting from the second year of the Fund (i.e. 2017).

15.2.6. The Performance Fee shall be paid to the Management Company within 8 calendar days after the issue of the invoice by the Management Company.

15.2.7. If the Performance Fee reserve becomes negative, the Management Company is not obliged to return any paid Performance Fee. However, the next Performance Fee becomes payable only after the Performance Fee reserve becomes positive.

15.2.8. The value added tax (if applicable) shall be added to the Performance Fee and paid on account of the Fund.

15.3. **Depositary Fee**

15.3.1. The Depositary shall be paid a depositary fee for the provision of depositary services (the "Depositary Fee"). The annual Depositary Fee is 0.03% of the GAV, but the Depositary Fee shall not be less than EUR 10,000.00 per annum. The value added tax specified by law shall be added to the Depositary Fee. The Depositary Fee plus value added tax shall be paid on account of the Fund. An Investor can access the effective rate of the Depositary Fee at the registered address of the Management Company.

15.3.2. In addition to the Depositary Fee, the Depositary shall be paid or reimbursed for fees and out-of-pocket expenses related to the transactions made on account of the Fund.

15.3.3. The Depositary Fee shall be calculated monthly from the GAV and paid to the Depositary on the basis of an invoice submitted by the Depositary.

15.4. **Other Expenses**

15.4.1. The following other expenses are payable on account of the Fund for the functioning of the Fund:

(a) fees for property management services;

(b) fees and costs related to the administration and maintenance of real estate properties belonging, directly or indirectly, to the Fund;

(c) costs (including interest costs) relating to borrowing by the Fund or SPV;

(d) costs for the valuation of real estate belonging, directly or indirectly, to the Fund (when related to the regular valuation pursuant to section 7);

(e) costs and expenses related to set-up, restructuring, and liquidation of the Fund, including fees of external consultants;

(f) the Registrar's fees for registering Units and for other services provided by the Registrar to the Investors (when not payable directly by the Investors);

(g) remuneration payable to Supervisory Board members;

(h) costs related to convening and holding General Meetings;

(i) costs related to convening and holding Supervisory Board meetings;

(j) costs for translating regular Investor notifications and reports that are required under legislation or the Rules;

(k) costs for the Fund's and SPVs' tax planning/tax structuring and tax advice, unless related to a direct or indirect acquisition of real estate by the Fund;

(l) fees for the auditing of the annual reports of the Fund and SPVs;

(m) costs of accounting and preparing the quarterly, semi-annual, and annual reports of the Fund and SPVs, including tax statements and tax returns;

(n) tenant brokerage fees related to real estate belonging, directly or indirectly, to the Fund;

(o) insurance costs and property taxes related to real estate belonging, directly or indirectly, to the Fund;

(p) fees for marketing services related to the Fund and real estate belonging, directly or indirectly, to the Fund, including expenses in relation to the marketing and distribution of the Fund;

(q) costs and fees related to the listing of the Fund pursuant to section 1.5;

(r) all other operational and financial expenses attributable to investments of the Fund, including but not limited to capital expenditures;

(s) damages reimbursable in connection with the real estate investments of the Fund and with the management of such property;

(t) other charges concerning the Fund and the SPVs associated with the sourcing, acquisition, managing, valuation (including by independent property appraisers), structuring, holding, and disposal of the investments, including costs and expenses related to the formation, maintenance, disposal and/or liquidation of SPVs, and costs and expenses related to contemplated but unconsummated investments (including in SPVs);

(u) bank fees, commissions, fees associated with depositing or pledging securities, securities account management fees, state duties, advisory services, legal fees, adjudication fees, fees for address services, representation and publicity expenses, delivery of documents, translation, administration and management fees paid to persons not associated with the Management Company, provided that such costs are related to the activities of the Fund or SPVs;

(v) salaries (to the extent employment is legally required) related to chief executive officers/directors of any SPV, as long as such salaries are set at the minimum required level;

(w) the costs of reasonable directors' and officers' liability insurance on behalf of the members of the Supervisory Board and the members of the board of directors of the Fund's SPVs;

(x) the costs incurred in connection with any litigation, arbitration, or other proceedings in relation to the Fund's assets, including any such proceedings in relation to assets held by SPVs;

(y) all expenses related to entering and exiting investments (i.e. expenses related to the acquisition and disposal of real estate as well as shares of SPVs and other assets of the Fund as well as broken deal expenses), including, without limitation, state duties, notary fees, fees for real estate valuations by certified appraisers (when related to entering and exiting investments), fees for legal, tax, and other due diligence investigations directly related to the acquisition of real estate;

(z) taxes to be added to costs provided in subsections 15.4.1(a) - 15.4.1(y) above.

15.4.2. For the purpose of clarity, the Fund covers also investment costs related to preserving the value of its real estate properties (including, without limitation, costs related to improvements and repair)**.** Among others, such investment costs include construction costs, development costs and fees, brokerage fees, architects' fees, fees related to detail planning and other consultants' costs. Investment costs are not considered to be expenses, but rather as investments of the Fund.

15.5. For the purpose of clarification, fees and expenses that according to this section 15 are paid out of the Fund may also be directly paid out of the SPVs relative to which such fees or expenses have been incurred to the extent that is allowed under applicable legislation.

15.6. The fees (i.e. Management Fee, Performance Fee, and Depositary Fee) and other expenses paid out of the Fund (including out of SPVs) shall not exceed 30% of the NAV of the Fund per calendar year.

16. PUBLISHING INFORMATION

16.1. The Management Company shall make available at the registered address of the Management Company and on the Website at least the following information and documents:

16.1.1. the Rules;

16.1.2. the three most recent annual reports of the Fund;

16.1.3. details of the Management Company, the Fund Manager, the Depositary, the Registrar, the auditor of the Fund, and any other third party to whom the fund management or safekeeping functions have been delegated;

16.1.4. the most recent prospectus of the public offer of Units;

16.1.5. the NAV of the Fund and of a Unit;

16.1.6. internal rules and procedures of the Management Company for the determination of the NAV;

16.1.7. the rules for the valuation of real estate;

16.1.8. the rules for handling conflicts of interest;

16.1.9. a description of the Fund's liquidity risk management;

16.1.10. information on the size of the holding by the Management Company in the Fund;

16.1.11. marketplaces where Units are admitted to trading, and the latest closing price of a Unit on each marketplace;

16.1.12. the most recent semi-annual report of the Fund if this was approved after the most recent annual report;

16.1.13. the three most recent annual reports of the Management Company;

16.1.14. other information required under the laws, regulations, or guidelines by any competent authority.

16.2. The Management Company shall publish information about the circumstances and events that materially affect the operation or financial status of the Fund, the assets of the Fund or the Management Company, or the formation of the NAV, or which are otherwise likely to have a significant effect on the Unit price via the Stock Exchange Release. Any such information shall be published immediately after the circumstances have come into existence or are expected to come into existence or the event has occurred or is expected to occur.

16.3. The annual report of the Fund and the annual report of the Management Company shall be made available within 4 months after the end of the financial year of the Fund or the Management Company, respectively, and the semi-annual and quarterly financial reports of the Fund shall be made available within 2 months from the end of the corresponding period on the Website and via the Stock Exchange Release.

17. LIQUIDATION OF THE FUND

17.1. If Investors at the General Meeting decide to liquidate the Fund, the Management Company shall act as the liquidator.

17.2. To liquidate the Fund, the Management Company shall obtain the relevant approval from the FSA.

17.3. Upon obtaining approval for the liquidation of the Fund from the FSA, the Management Company shall without delay publish a notice regarding the liquidation of the Fund in at least one daily national (Estonian) newspaper, on the Website, and via the Stock Exchange Release, specifying in the notice the information required by law. From the day following the publication of the liquidation notice, no Units shall be issued or redeemed, trading in the Units shall be halted, and distributions to the Investors shall be suspended. Liquidation must be completed within a period of six months starting from the publication of the liquidation notice. The liquidation period may be extended with approval by the FSA if requested by the Management Company; however, as a result of the extension, the period of liquidation may not exceed 18 months.

17.4. Upon liquidation of the Fund, the Management Company shall transfer the assets of the Fund, collect the debts of the Fund, and satisfy the claims of the creditors of the Fund. Up to 2% of the NAV of the Fund, as of the day of adopting the liquidation decision, may be used to cover the expenses of liquidation of the Fund on account of the Fund. If the actual liquidation expenses exceed this amount, the Management Company or a third party operating as a liquidator shall be liable for the expenses exceeding that amount.

17.5. The Management Company shall distribute the assets remaining upon liquidation among the Investors in proportion to the number of Units owned by each Investor. Assets will be divided among Investors in cash unless otherwise authorised by the FSA.

17.6. The FSA may decide to liquidate of the Fund if within two months of the termination of the Management Company's right to manage the Fund (subject to provisions of the IFA), the General Meeting has not amended the Rules to appoint a new management company or decided to liquidate of the Fund. If the FSA decides to liquidate the Fund, the FSA shall appoint the liquidator and the limit on liquidation expenses set forth in section 17.4 shall not apply.

18. AMENDMENT OF THE RULES

18.1. The Rules may be amended by a resolution at the General Meeting.

18.2. After the amended Rules have been registered with the FSA, the Management Company shall publish the amended text of the Rules on the Website, and publish respective notice in at least one of the daily national (Estonian) newspapers and via the Stock Exchange Release, and shall immediately thereafter inform the FSA of the date of publication of the amendments.

18.3. Amendments enter into force one month after the publication of the notice under section 18.2 above in at least one of the daily national (Estonian) newspapers, unless the notice prescribes a later date for entry into force. The amendments to the Rules may enter into force earlier than the one month period if so decided at the General Meeting and allowed by the law.

APPENDIX B

Annual Report 2018 of SIA Tampere Invest

LIMITED LIABILITY COMPANY
TAMPERE INVEST
(UNIFIED REGISTRATION NUMBER 40003311422)

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018
(22nd financial year)

PREPARED IN ACCORDANCE WITH
THE LAW OF THE REPUBLIC OF LATVIA ON ANNUAL REPORTS
AND CONSOLIDATED ANNUAL REPORTS
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

Riga, 2019

CONTENTS

General information

Name of the company	Tampere Invest
Legal status of the company	Limited liability company
Registration number, place and date of registration	40003311422 Riga, 2 October 1996
Registered office	Audēju iela 16 Riga, Latvia, LV-1050
Shareholder	Linstow AS (100%) Tjuvholmen Alle 3 Postboks 1594 0118, Oslo, Norway Reg. No. 981354400 Oslo, Norway, 9 December 1999
Board Members	Frode Gronvold, Chairman of the Board Mārcis Budļevskis, Board Member Elvīra Korsakova, Board Member
Financial year	1 January – 31 December 2018
Auditors	Diāna Krišjāne Latvian Certified Auditor Certificate No 124 SIA Ernst & Young Baltic Muitas iela 1a, Rīga Latvia, LV-1010 License No 17

Management report

The sole shareholder of Tampere Invest SIA (hereinafter - the Company) is Linstow AS (incorporated in Norway).

The Company is the owner, developer and manager of the shopping center Galerija Centrs (hereinafter – the SC Galerija Centrs) in Riga. The SC Galerija Centrs continues its successful operations owing to the strategically advantageous location and the effective management model. At present, the customers of the shopping center can visit more than 130 various stores, coffee-bars and restaurants.

The Company has retained its market position by maintaining the high level of service and thoroughly analyzing and following on the market tendencies. The key success factors also include optimal leasehold structure and strong professional management.

Operations in the reporting year

In the reporting year, the Company earned a profit of EUR 6 345 884. The management of the Company suggests to transfer the profit for the reporting year to retained earnings.

Future development of the Company

The Company's management is confident that the choice of the strategically important location that ensures the considerable customer flow to the SC Galerija Centrs and the effective management model will be the cornerstone for the Company's successful and sustainable development in the future.

During the following year, the Company will carry on its operations according to the existing business plans. To sustain competitiveness of the SC Galerija Centrs over the long term, the Company's management will pursue its initiatives, focusing on leasehold structure optimization, customer flow enhancement and business efficiency improvement.

Share capital of the Company

As at 31 December 2018, the subscribed and fully paid share capital of the Company was EUR 5 438 595 and consisted of 5 438 595 ordinary shares. The par value of each share was EUR 1.

As part of security under the loan agreement signed in 2016 (see also Note 20), the parent company has pledged all the Company's shares together with all the shareholder's rights granted to the parent company and any other shares that the parent company may acquire in the future.

Exposure to risks

The Company's principal financial instruments comprise loans from credit institutions and related companies, cash, and interest rate swaps. The main purpose of these financial instruments is to ensure financing for the Company's operations. The Company has various other financial instruments such as trade receivables and trade and other payables, which arise directly from its operations

The main financial risks arising from the Company's financial instruments are market risk, interest rate risk, liquidity risk and credit risk.

Market risk

The Company is exposed to market risk mainly because of strong competition on the market – the expansion and construction of potential competitive shopping centers. The Company's management closely follows the market development, continuously works to attract new tenants, enhances the customer loyalty program and uniqueness of the services provided in order to further improve the commercial performance of the shopping centers.

Interest rate risk

The Company is exposed to interest rate risk mainly through its current and non-current borrowings. The Company's policy is to ensure that the majority of its borrowings and loans are at a floating rate. The Company has also signed an interest rate swap contract (see also Note 18). The average interest rate payable on the Company's borrowings and loans is disclosed in Notes 18, 20 and 25.

Management report (cont'd)

Exposure to risks (cont'd)

Liquidity and cash flow risk

The Company manages its liquidity risk by maintaining an adequate level of cash and cash equivalents and by arranging an adequate amount of committed credit facilities with banks and related companies.

Credit risk

The Company is exposed to credit risk through its trade receivables as well as cash and cash equivalents. The Company manages its credit risk by continuously assessing the credit history of customers and assigning credit terms on an individual basis. In addition, receivable balances are monitored on an continuous basis to ensure that the Company's exposure to bad debts is minimized.

As at 31 December 2018, the Company had no significant concentration of credit risk with its trade receivables.

Frode Gronvold Chairman of the Board	Mārcis Budļevskis Board Member	Elvīra Korsakova Board Member

1 April 2019

Statement of profit or loss

	Notes	2018 EUR	2017 EUR
Net turnover	3	5 421 645	5 519 312
Cost of sales	4	(998 867)	(958 314)
Gross profit		**4 422 778**	**4 560 998**
Administrative expense	5	(24 530)	(15 643)
Other operating income	6	5 198 031	8 416 198
Other operating expense	7	(2 439 351)	(2 531 475)
Other interest and similar income:	8	**145 179**	**339 391**
• related companies		145 179	289 074
• other companies		-	50 317
Interest and similar expense:	9	**(956 223)**	**(595 838)**
• related companies		(313 718)	-
• other parties		(642 505)	(595 838)
Profit before corporate income tax		**6 345 884**	**10 173 631**
Income tax expense	10	-	(2 490 603)
Profit after corporate income tax		**6 345 884**	**7 683 028**
Income or expense from changes in deferred tax assets or deferred tax liabilities	10	-	3 612 491
Net profit for the reporting year		**6 345 884**	**11 295 519**

The accompanying notes form an integral part of these financial statements.

Frode Gronvold
Chairman of the Board

Mārcis Budļevskis
Board Member

Elvīra Korsakova
Board Member

Larisa Aleksandrova
Accountant

1 April 2019

Balance sheet

ASSETS

NON-CURRENT ASSETS	Notes	31/12/2018 EUR	31/12/2017 EUR
Real estate			
Investment properties	12	74 416 000	71 469 500
Property, plant and equipment			
Other fixtures and fittings, tools and equipment	13	235 054	323 242
Construction in progress	13	8 530	-
TOTAL		**74 659 584**	**71 792 742**
Non-current financial assets			
Loans to related companies	25	-	14 148 708
Other loans and long term receivables		-	8 467
TOTAL		-	**14 157 175**
TOTAL NON-CURRENT ASSETS		**74 659 584**	**85 949 917**
CURRENT ASSETS			
Receivables			
Trade receivables	14	328 056	98 740
Other receivables	15	157 587	495
Prepaid expense	16	26 265	28 424
Accrued income	17	105 840	127 440
KOPĀ		**617 748**	**255 099**
Cash	19	498 537	2 016 560
TOTAL CURRENT ASSETS		**1 116 285**	**2 271 659**
TOTAL ASSETS		**75 775 869**	**88 221 576**

The accompanying notes form an integral part of these financial statements.

Frode Gronvold
Chairman of the Board

Mārcis Budļevskis
Board Member

Elvīra Korsakova
Board Member

Larisa Aleksandrova
Accountant

1 April 2019

Balance sheet

EQUITY AND LIABILITIES

EQUITY	Notes	31/12/2018 EUR	31/12/2017 EUR
Share capital		5 438 595	5 438 595
Retained earnings		-	31 466 156
Profit for the reporting year		6 345 884	11 295 519
TOTAL EQUITY		**11 784 479**	**48 200 270**
LIABILITIES			
Non-current liabilities			
Loans from credit institutions	20	35 443 443	35 924 574
Payables to related companies	26	26 412 967	-
Other liabilities	18	46 462	-
TOTAL		**61 902 872**	**35 924 574**
Current liabilities			
Loans from credit institutions	20	450 175	457 319
Prepayments received from customers	21	339 215	297 639
Trade payables		201 898	357 699
Payables to related companies		292 368	114 517
Taxes payable	22	73 379	2 210 000
Deferred income	23	403 498	377 940
Accrued liabilities	24	327 985	281 618
TOTAL		**2 088 518**	**4 096 732**
TOTAL LIABILITIES		**63 991 390**	**40 021 306**
TOTAL EQUITY AND LIABILITIES		**75 775 869**	**88 221 576**

The accompanying notes form an integral part of these financial statements.

Frode Gronvold
Chairman of the Board

Mārcis Budļevskis
Board Member

Elvīra Korsakova
Board Member

Larisa Aleksandrova
Accountant

1 April 2019

Statement of cash flows

	Note	2018 EUR	2017 EUR
Cash flows to/ from operating activities			
Profit or loss before corporate income tax		***6 345 884***	***10 173 631***
Adjustments for:			
• depreciation and impairment of property, plant and equipment	13	88 756	75 884
• disposal of property, plant and equipment	7	12 225	65 384
• gain from changes in the fair value of investment properties	8	(2 914 043)	(6 025 374)
• interest income	8	(145 179)	(289 074)
• realized result of derivatives	9	46 893	46 115
• loss/ (gain) from changes in the fair value of financial instruments	8, 9	54 929	(50 317)
• interst expense	9	803 225	497 548
Profit or loss before adjustments for the effect of changes in current assets and current liabilities		***4 292 690***	***4 493 797***
• (increase)/ decrease in receivables		(362 648)	13 254
• (decrease)/ increase in trade and other payables		(413)	70 626
Cash generated from operations		***3 929 629***	***4 577 677***
Interest received		145 179	-
Interest paid		(617 408)	(507 865)
Interest paid on derivatives		(47 168)	(34 694)
Corporate income tax paid		(2 174 475)	(349 860)
Net cash flows to/ from operating activities		**1 235 757**	**3 685 258**
Cash flows to/ from investing activities			
Purchase of property, plant and equipment and intangible assets		(53 780)	(178 090)
Net cash flows to/ from investing activities		**(53 780)**	**(178 090)**
Cash flows to/ from financing activities			
Repayment of borrowings		(500 000)	(500 000)
Dividends paid		(2 200 000)	(2 392 715)
Net cash flows to/ from financing activities		**(2 700 000)**	**(2 892 715)**
Net cash flow for the year		(1 518 023)	614 453
Cash at the beginning of the year		2 016 560	1 402 107
Cash at the end of the year	19	**498 537**	**2 016 560**

The accompanying notes form an integral part of these financial statements.

Frode Gronvold
Chairman of the Board

Mārcis Budļevskis
Board Member

Elvīra Korsakova
Board Member

Larisa Aleksandrova
Accountant

1 April 2019

Statement of changes in equity

	Share capital	Retained earnings	Total
Balance as at 31 December 2016	**5 438 595**	**34 003 601**	**39 442 196**
Adjustment to retained earnings	-	(144 730)	(144 730)
Dividends paid	-	(2 392 715)	(2 392 715)
Profit for the reporting year	-	11 295 519	11 295 519
Balance as at 31 December 2017	**5 438 595**	**42 761 675**	**48 200 270**
Dividends paid*	-	(42 761 675)	(42 761 675)
Profit for the reporting year	-	6 345 884	6 345 884
Balance as at 31 December 2018	**5 438 595**	**6 345 884**	**11 784 479**

* In the reporting year, retained earnings of EUR 42 761 675 were paid in dividends as follows: EUR 2 200 000 were paid in cash; EUR 14 148 708 were offset against receivables assigned to the parent company for the loan issued to the related company SIA Linstow; the remaining amount of EUR 26 412 967 not paid to the Company's shareholder Linstow AS was converted into a non-current loan (see also Notes 25 and 26).

The accompanying notes form an integral part of these financial statements.

Frode Gronvold
Chairman of the Board

Mārcis Budļevskis
Board Member

Elvīra Korsakova
Board Member

Larisa Aleksandrova
Accountant

1 April 2019

Notes to the financial statements

1. Corporate information

SIA Tampere Invest (hereinafter – the Company) was registered with the Republic of Latvia Enterprise Register on 2 October 1996. The company manages Galerija Centrs Shopping Center in Riga. The core business activity of the Company comprises the lease of investment properties on the basis of operating lease agreements.

The sole shareholder of the Company is Linstow AS (incorporated in Norway. The ultimate parent of the Company is Awilhelmsen Holding AS (incorporated in Norway).

2. Summary of significant accounting policies

Basis of preparation

The financial statements of SIA Tampere Invest have been prepared in accordance with the Law of the Republic of Latvia on Annual Reports and Consolidated Annual Reports.

The financial statements are prepared on a historical cost basis. The monetary unit used in the financial statements is the euro (EUR). The financial statements cover the period 1 January 2018 through 31 December 2018.

The statement of profit or loss has been prepared according to the function of expense method.

The statement of cash flows has been prepared under the indirect method.

SIA Tampere Invest meets the criteria of a small enterprise specified in the Law of the Republic of Latvia on Annual Reports and Consolidated Annual Reports.

The law sets forth additional exemptions for small enterprises with regard to the preparation of financial statements, meanwhile providing that the financial statements must give a true and fair view of a company's financial position and profit or loss, while as regards annual reports of medium-sized and large enterprises, also of cash flows.

Going concern

The financial statements are prepared on the basis that the Company will continue to be a going concern.

At the end of the reporting year, the Company's current liabilities exceeded its current assets by EUR 972 233. The Company's management believes that positive operating cash flow and balanced financing cash flow will ensure adequate financial position to avoid any liquidity problems.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Future events occur which cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

Foreign currency translation

The functional and presentation currency of the Company is the euro (EUR), the monetary unit of the Republic of Latvia. Transactions in foreign currencies are translated into the euro at the euro foreign exchange reference rate published by the European Central Bank at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the euro applying the euro foreign exchange reference rate published by the European Central Bank at the last day of the reporting year. The differences arising on settlements of transactions or on reporting foreign currency transactions at rates different from those at which these transactions have originally been recorded are netted in the statement of profit or loss.

2. Summary of significant accounting policies (cont'd)

Fair value

The Company measures and recognizes investment properties at fair value at the balance sheet date.

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 principal or the most advantageous market must be accessible by the Comp.

For disclosures 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 Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is 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 recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities as at 31 December 2018:

			Fair value measurement using		
Assets for which fair value is disclosed	Total at carrying value	Total at fair value	quoted prices in active markets (Level 1)	significant observable inputs (Level 2)	insignificant observable inputs (Level 3)
Investment properties	74 416 000	74 416 000	-	-	74 416 000

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Other property, plant and equipment	over 3 to 15 years

Depreciation is calculated starting with the following month after the asset is put into operation or engaged in commercial activity. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. To the extent that the Company depreciates separately some parts of property, plant and equipment, it also depreciates separately the remainder of the item. The remainder consists of the parts that are individually insignificant. The depreciation for the remainder is determined using approximation techniques to faithfully represent its useful life.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the higher of an asset's net selling price and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of profit or loss in the cost of sales caption.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of profit or loss in the year the item is derecognized.

Construction in progress is stated at cost.

2. Summary of significant accounting policies (cont'd)

Investment properties

The Company has chosen to recognize its investment property according to the requirements of International Financial Reporting Standards.

Investment properties consist of land plots, buildings, constructions or components of thereof that are held by the Company (as an owner of a lessee under finance leases) to earn rentals or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when an investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the income statement in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development or in order to provide a true and fair view of the Company's financial position.

Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

The cost of construction in progress under investment properties is increased by borrowing costs and other directly attributable costs incurred by funding the respective item in the period of time necessary to prepare the item for its intended use. The cost of the respective investment property is not increased by the borrowing costs in the periods when no development works are carried out. Current repair and maintenance costs of the investment property are charged directly to the statement of profit or loss in the period when incurred.

To ensure that the financial statements give a true and fair view of the value of the Company's investment properties, the Company has chosen to apply Article 13(5)(2) of the Law on Annual Reports and Consolidated Annual Reports and recognizes and measures investment properties in accordance with the International Accounting Standards.

Trade and other receivables

Trade and other receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when recovery is deemed impossible.

Derivative financial instruments

Derivative financial instruments are initially recognized at fair value (including acquisition costs) on the date of a derivative contract and are subsequently re-measured at their fair value. Fair values of derivative financial instruments traded on an active market are obtained from quoted market prices at the balance sheet date. If no active market exists for the respective financial instruments, fair value is determined by applying discounted cash flow models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Gains or losses from changes in the fair value of any derivative financial instruments are recognized immediately in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

2. Summary of significant accounting policies (cont'd)

Loans and borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in the statement of profit or loss as interest income/ expense when the liabilities are derecognized through the amortization process.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of provisions to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments, by a respective charge to current and non-current liabilities. Lease payments are apportioned between the finance charges and reduction of the principal lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term on a straight-line basis.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit or loss on a straight-line basis over the lease term. The commitments undertaken by the Company with respect to operating lease contracts are recorded as off-balance sheet liabilities.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, less value added tax and sales-related discounts. The following specific recognition criteria must also be met before revenue is recognized.

Rendering of services

The Company basically provides lease services. Revenue is recognized in the period when the services are rendered.

Revenue from lease services and corresponding expenses are recognized by reference to the stage of completion at the balance sheet date.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

Dividends

Revenue is recognized when the shareholders' right to receive the payment is established.

2. Summary of significant accounting policies (cont'd)

Income taxes

Corporate income tax for the year 2018 is calculated according to the Corporate Income Tax Law, which has been in force as of 1 January 2018. Corporate income tax for the year 2017 and previous years is calculated in accordance with the Law on Corporate Income Tax, which has been repealed by the Corporate Income Tax Law, applying the tax rate of 15% prevailing in a respective period.

Legal entities have not been required to pay income tax on earned profits starting from 1 January 2018 in accordance with amendments made to the Corporate Income Tax Law of the Republic of Latvia. Corporate income tax is paid on distributed profits and deemed profit distributions. Both distributed profits and deemed profit distributions are subject to the tax rate of 20 per cent of their gross amount, or 20/80 of net expense. Corporate income tax on dividends is recognized in the statement of profit or loss as expense in the reporting period when respective dividends are declared, while, as regards other deemed profit items, at the time when expense is incurred in the reporting year.

No provision is recognized for income tax payable on a dividend distribution before dividends are declared.

Subsequent events

Post-year-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

3. Net turnover

By business activities	2018	2017
Rental income	5 426 351	5 529 448
Temporary incentives subject to amortization recognized in the reporting year*	(4 706)	(10 136)
TOTAL:	**5 421 645**	**5 519 312**

Real estate is leased out under cancellable operating leases. Income is derived only in Latvia.

* Several tenants have been granted 100% incentives that will be effective for a certain period. In this respect, the total rental income is recognized on a straight-line basis over the lease term. Therefore, the Company recognizes income adjusted on a straight-line basis in the period when the incentives are granted and, accordingly, reports reduction in income over the remaining lease period.

4. Cost of sales

	2018	2017
Shopping center administration expense	437 828	442 356
Real estate tax	352 787	352 780
Depreciation of property, plant and equipment	84 338	67 964
Repair and maintenance expense	44 029	33 028
Variable costs for idle space	25 885	16 310
Insurance	19 437	17 945
Costs of change of tenants	15 132	9 248
Lease expense	3 116	3 116
Other costs	16 315	15 567
TOTAL:	**998 867**	**958 314**

5. Administrative expense

	2018	2017
Professional fees	49 447	21 241
Donations	8 100	7 100
Communications expense	7 577	5 799
Office maintenance expense	7 317	6 115
Depreciation of property, plant and equipment	4 418	7 920
Representation expense	3 604	2 776
Other administrative expense	1 248	753
Allocation of administrative expense to other operating expense of the Company	(57 181)	(36 061)
TOTAL:	**24 530**	**15 643**

6. Other operating income

		2018	2017
Income from utility services and security		1 658 104	1 715 045
Income from advertising and marketing services		572 285	605 391
Income from communications services		17 588	18 404
	Sub-total:	*2 243 797*	*2 338 840*
Gain from fair value adjustment of investment properties (see Note 12)		2 914 043	6 025 374
Penalties		15 592	23 998
Write-offs of payables		8 028	4 370
Other operating income		16 571	23 616
	TOTAL:	**5 198 031**	**8 416 198**

Income from utility services and security, advertising and marketing services, as well as communications services totaling EUR 2 243 797 (2017: EUR 2 338 840) represents income from common costs of the tenants directly related to shopping center operations.

Tenants' common costs, advertising and marketing costs, security costs and tenants' communications costs totaling EUR 2 336 094 (2017: EUR 2 442 634) are disclosed in Note 7.

7. Other operating expense

		2018	2017
Tenants' common costs		1 573 814	1 609 323
Advertising and marketing costs		613 995	690 607
Security costs		133 334	127 049
Tenants' communications costs		14 951	15 655
	Sub-total:	*2 336 094*	*2 442 634*
Allowances for doubtful trade receivables		79 212	22 354
Replacement and write-off costs of property, plant and equipment		12 225	65 384
Write-offs of receivables		11 223	-
Proportion of VAT allocated to expense		597	1 079
Currency exchange loss, net		-	24
	TOTAL:	**2 439 351**	**2 531 475**

Tenants' costs directly related to shopping center operations, i.e., utility services and security, advertising and marketing services, as well as communications services totaling EUR 2 336 094 (2017: EUR 2 442 634) are covered by income from utility services and security, advertising and marketing services, as well as communications services totaling EUR 2 243 797 (2017: EUR 2 338 840). The respective income is disclosed in Note 6.

8. Other interest and similar income

		2018	2017
Interest income on loans issued to related companies		145 179	289 074
Gain from changes in the fair value of financial instruments, net		-	50 317
	TOTAL:	**145 179**	**339 391**

9. Interest and similar expense

	2018	2017
Interest on bank loans	489 507	497 548
Interest on loans from related companies	313 718	-
Loss from changes in the fair value of financial instruments, net	54 929	-
Other borrowing costs	48 039	48 553
Realized result from derivatives	46 893	46 115
Bank charges	3 137	3 622
TOTAL:	**956 223**	**595 838**

10. Income taxes

	2018	2017
Current corporate income tax charge for the reporting year	-	2 490 603
Changes in deferred tax	-	915 170
Reversal of deferred tax	-	(4 527 661)
Corporate income tax charged to the statement of profit or loss:	**-**	**(1 121 888)**

* In 2017, deferred tax liabilities were reversed in the statement of profit or loss pursuant to amendments made to the tax legislation of the Republic of Latvia, which entered into force on 1 January 2018.

11. Staff costs and number of employees

The Company has no employees. The actual management of the Company and its project development functions have been assigned to the related company SIA Linstow Center Management. The Company does not reimburse the Board Members for performing of their functions in the Board and, consequently, does not calculate any related expenses.

12. Investment properties

As at 31 December 2016	**65 585 000**
Year ended 31 December 2017	
Additions	58 843
Disposals	(199 717)
Gain from fair value adjustment	6 025 374
As at 31 December 2017	**71 469 500**
Year ended 31 December 2018	
Additions	42 773
Disposals	(10 316)
Gain from fair value adjustment	2 914 043
As at 31 December 2018	**74 416 000**

Investment properties include the real estate owned by the Company that is held to earn rentals or for capital appreciation.

The fair value of investment properties is based on the valuation performed at the end of 2018 by two independent certified appraisers. In determining the fair value, the discounted cash flow method was applied. The main assumptions used in the measurement of the fair value of the Company's investment properties are as follows:

	2018	2017
Discount rate	7% - 8.2%	7.25% - 8.2%
Exit yield	6.5%	6.75%
Growth rate	1.9% - 2.5%	1.8% - 2.8%
Non-attributable (unoccupied area and unearned rentals)	1% - 5% or 3 EUR/m²/per month	1% - 3% or 3 EUR/m²/per month

The management has determined that the fair value of the investment property is between the two of the above valuations based on the assumptions used by the appraisers.

The following income and expense related to investment properties are included in the statement of profit or loss:

	2018	2017
Rental income	5 472 856	5 529 448
Direct operating expense (including repairs and maintenance) constituting rental income (included in the caption "Cost of sales")	(998 867)	(958 314)

Pledges and other restrictions on title

All the investment properties owned by the Company are pledged as a security for the bank loans (see Note 20).

13. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Construction in progress	Prepayments for property, plant and equipment	TOTAL
As at 31 December 2016				
Cost	942 237	-	-	**942 237**
Accumulated depreciation and impairment	(651 961)	-	-	**(651 961)**
Carrying amount as at 31 December	**290 276**	-	-	**290 276**
Year ended 31 December 2017				
Carrying amount as at 1 January	290 276	-	-	**290 276**
Additions	41 861	116 525	4 250	**162 636**
Reclassified from construction in progress	76 577	(119 967)	-	**(43 390)**
Reclassified from prepayments	808	3 442	(4 250)	**-**
Cost of disposals	(25 305)	-	-	**(25 305)**
Accumulated depreciation of disposals	14 909	-	-	**14 909**
Depreciation charge	(75 884)	-	-	**(75 884)**
Carrying amount as at 31 December	**323 242**	-	-	**323 242**
As at 31 December 2017				
Cost	1 036 178	-	-	**1 036 178**
Accumulated depreciation and impairment	(712 936)	-	-	**(712 936)**
Carrying amount as at 31 December	**323 242**	-	-	**323 242**
Year ended 31 December 2018				
Carrying amount as at 1 January	323 242	-	-	**323 242**
Additions	2 477	51 303	-	**53 780**
Reclassified from construction in progress	-	(42 773)	-	**(42 773)**
Cost of disposals	(138 214)	-	-	**(138 214)**
Accumulated depreciation of disposals	136 305	-	-	**136 305**
Depreciation charge	(88 756)	-	-	**(88 756)**
Carrying amount as at 31 December	**235 054**	**8 530**	-	**243 584**
As at 31 December 2018				
Cost	900 441	8 530	-	**908 971**
Accumulated depreciation and impairment	(665 387)	-	-	**(665 387)**
Carrying amount as at 31 December	**235 054**	**8 530**	-	**243 584**

Pledges and other restrictions on title

All the investment properties owned by the Company are pledged as a security for the bank loans (see Note 20).

14. Trade receivables

	31/12/2018	31/12/2017
Trade receivables	519 579	231 304
Allowances for doubtful receivables	(191 523)	(132 564)
TOTAL:	**328 056**	**98 740**

Past due trade receivables are interest bearing.

15. Other receivables

	31/12/2018	31/12/2017
Overpayment of taxes (see Note 22 "Taxes payable")	157 094	2
Security deposit paid	493	493
TOTAL:	**157 587**	**495**

16. Prepaid expense

	31/12/2018	31/12/2017
Insurance	12 166	10 786
Municipal duty for advertising	8 226	11 881
Electronic navigation kiosks warranty expense	5 678	5 677
Other expense	195	80
TOTAL:	**26 265**	**28 424**

17. Accrued income

	31/12/2018	31/12/2017
Accrued rental income	55 337	66 561
Utilities	50 205	55 875
Accrued marketing income	3 073	3 073
Temporary incentives subject to amortization	(2 775)	1 931
TOTAL:	**105 840**	**127 440**

18. Derivative financial instruments

	31/12/2018		31/12/2017	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	-	46 462	8 467	-
Total	-	**46 462**	**8 467**	-
Including:				
- non-current portion	-	46 462	8 467	-
- current portion	-	-	-	-

On 6 December 2016, the Company entered into an interest rate swap contract with Danske Bank AS Latvia Branch. The contract provides that floating EURIBOR interest rate is swapped with a fixed rate of 0.23% per annum covering the amount of EUR 9 265 822. The contract is valid for 6 years.

19. Cash

	31/12/2018	31/12/2017
Cash at bank and on hand	498 037	2 016 060
Cash in cash exchange machine	500	500
TOTAL:	**498 537**	**2 016 560**

20. Loans from credit institutions

Non-current:		Maturity	31/12/2018	31/12/2017
Loan from the Banks	EUR	13/04/2023	35 563 288	36 063 288
		TOTAL, non-current	**35 563 288**	**36 063 288**
Prepaid expense related to the loan from the Banks			(119 845)	(138 714)
		TOTAL non-current loans from credit institutions, net:	**35 443 443**	**35 924 574**

Current:		Maturity	31/12/2018	31/12/2017
Loan from the Banks	EUR	13/04/2023	500 000	500 000
		TOTAL, current	**500 000**	**500 000**
Prepaid expense related to the loan from the Banks			(49 825)	(42 681)
		TOTAL current loans from credit institutions, net:	**450 175**	**457 319**
		TOTAL loans from credit institutions, net:	**36 063 288**	**36 563 288**

	31/12/2018	31/12/2017
Maturing in less than one year	500 000	500 000
Maturing between one and five years	2 000 000	2 000 000
Maturing in more than five years	33 563 288	34 063 288
TOTAL:	**36 063 288**	**36 563 288**

On 8 March 2016, the Company and its related company SIA Linstow (as the Borrowers) entered into a loan agreement with AS SEB banka and Danske Bank AS. The loan totals EUR 76 million. The loan was used to refinance the previous loan facility. According to the conditions of the loan agreement, the total loan was provided in equal parts to each of the Borrowers; as a result, the portion of the loan assigned to the Company was EUR 38 million. Repayment term of the principal is 6 years with a balloon payment of EUR 70 million at the end of maturity. The amount of EUR 6 million of the principal is repayable in equal instalments on a semi-annual basis until the final balloon payment. Interest is payable at the rate of 6-month EURIBOR plus 1.4% per annum on a semi-annual basis.

Outstanding interest as at the end of reporting year is reflected under the accrued liabilities

On 13 April 2018, the loan agreement was amended whereby the loan maturity was set as at 13 April 2023.

In accordance with the loan agreement, the Company's real estate located in Riga, Audēju iela 16 and Kalēju iela 30, and any buildings and constructions that may be constructed thereon, and all other assets owned by the Company at the date of pledging, and all other assets that may be acquired in the future, as well as the shares owned by the parent company, and any other shares of the Company that may be acquired by the parent company in the future are pledged as part of security for the respective bank loans.

21. Prepayments received from customers

	31/12/2018	31/12/2017
Lease security deposits	339 215	297 639
TOTAL:	**339 215**	**297 639**

22. Taxes payable

	31/12/2018	31/12/2017
Corporate income tax	157 090	(2 174 475)
Value added tax	(73 379)	(35 525)
Personal income tax	2	2
Real estate tax	2	-
TOTAL:	**83 715**	**(2 209 998)**
Total receivable (disclosed as other receivables)	**157 094**	**2**
Total payable	**(73 379)**	**(2 210 000)**

23. Deferred income

	31/12/2018	31/12/2017
Deferred rentals	363 466	336 268
Deferred marketing fees	40 032	41 672
TOTAL:	**403 498**	**377 940**

24. Accrued liabilities

	31/12/2018	31/12/2017
Accrued interest on bank loans	150 654	155 439
Accrued liabilities towards tenants	83 534	16 068
Accrued electricity costs	50 609	56 520
Accrued marketing and tenants' common costs	19 477	13 737
Accrued interest on derivative financial instruments	14 513	14 788
Other accrued expense	9 198	20 066
Accrued points of Galactico Privilege cards	-	5 000
TOTAL:	**327 985**	**281 618**

25. Loans to related companies

	31/12/2018	31/12/2017
Maturing in more than one year	-	14 148 708
TOTAL:	-	**14 148 708**

In the reporting year, receivables in amount of EUR 14 148 708 arising from the loan issued to the related company SIA Linstow were assigned to the Company's parent and offset against the declared dividends.

26. Loans from related company

	31/12/2018	31/12/2017
Maturing in more than one year	26 412 967	-
TOTAL:	**26 412 967**	-

On 1 October 2018, the Company singed loan agreement with its direct parent according to which the portion of dividends of EUR 26 412 967 not paid to the Company's shareholder Linstow AS was converted into a non-current loan. Loan agreement is in effect as from 29 June 2018 and matures on 29 June 2028. In the reporting year, the average loan interest was 2.33%. Loan is denominated in EUR, and it is not secured by collateral or otherwise.

27. Commitments and contingencies

The Company as a lessee has entered into the following property lease agreements:

Land Lease Agreement No RD-12-1832-lī dated 10 October 2012 (with 25 May 2017 amendments RD-12-1832- lī/1)

The Agreement between the Property Department of Riga Council (the Lessor) and SIA Tampere Invest (the Lessee) provides that the Lessor leases out and the Lessee accepts for lease two land plots located in Riga, Rīdzenes iela (cadaster No 01000022002 8001 and cadaster No 010000220028002, which are parts of the land plot registered under cadaster No 0100-002-2002). Each land plot thereby leased has an area of 31 m². The Agreement is effective till 9 October 2022.

Land Lease Agreement No RD-12-1831-lī dated 10 October 2012 (with 25 May 2017 amendments RD-12-1831- lī/1)

The Agreement between the Property Department of Riga Council (the Lessor) and SIA Tampere Invest (the Lessee) provides that the Lessor leases out and the Lessee accepts for lease a land plot located in Riga, Rīdzenes iela (cadaster No 010000220028003, which is part of the land plot registered under cadaster No 0100-002-2002). The land plot thereby leased has an area of 506 m². The Agreement is effective till 9 October 2022.

The total amount of annual lease expenses was EUR 3 116 in 2018 (2017: EUR 3 116). As at 31 December of the reporting year, the future aggregate minimum lease payments under cancellable operating leases were as follows:

	31/12/2018	31/12/2017
Maturing in less than one year	3 116	3 116
Maturing between one and five years	9 347	12 463
TOTAL:	**12 463**	**15 579**

Off-balance sheet liabilities

Liability insurance agreement of 12 December 2013

In 2011, the reorganization of the group (SIA Tampere Invest Holdings, SIA Tampere Invest, AS Universālveikals Centrs) was commenced. As part of the reorganization process, on 26 March 2012 the general shareholders' meeting of AS Universālveikals Centrs (hereinafter – UVC) resolved to cease the operations of UVC and initiate the liquidation of this company. The operations of UVC were terminated in 2013, and UVC was excluded from the Republic of Latvia Enterprise Register on 16 December 2013. Proceeding with the aforementioned reorganization, SIA Tampere Invest Holdings was acquired by SIA Tampere Invest; accordingly, the reorganization was completed on 9 December 2014 when SIA Tampere Invest Holdings was excluded from the Republic of Latvia Enterprise Register.

In order to hold UVC liquidators harmless against any and all claims, procedures, losses and liabilities that may arise from or in relation to the completion of the UVC liquidation, SIA Tampere Invest Holdings signed a liability insurance agreement with the UVC liquidators. After SIA Tampere Invest Holdings has been liquidated, the Company has become its legal successor and, therefore, taken over all the rights and obligations under the liability insurance agreement. This agreement will be effective for 20 years after the liquidation of UVC has been completed.

Events after balance sheet date

As of the last day of the reporting year until the date of signing these financial statements there have been no events requiring adjustment of or disclosure in the financial statements or notes thereto.

Frode Gronvold Chairman of the Board	Mārcis Budļevskis Board Member	Elvīra Korsakova Board Member
Larisa Aleksandrova Accountant		

1 April 2019

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Translation from Latvian

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Tampere Invest SIA

Opinion

We have audited the accompanying financial statements of Tampere Invest SIA (the Company) set out on pages 6 to 25 of the accompanying annual report, which comprise the balance sheet as at 31 December 2018 and the statement of profit or loss, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Tampere Invest SIA as at 31 December 2018, and of its financial performance for the year then ended in accordance with the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the independence requirements included in the Law on Audit Services of Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the Law on Audit Services of Republic of Latvia and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Reporting on other information

The other information comprises the Management Report as set out on pages 4 to 5 of the accompanying annual report, but does not include the financial statements and our auditors report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as described in the Other reporting responsibilities in accordance with the legislation of the Republic of Latvia section of our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the entity and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other reporting responsibilities in accordance with the legislation of the Republic of Latvia

We have other reporting responsibilities in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report. These additional reporting responsibilities are beyond those required under the ISAs.

Our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the Law on the Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

Based solely on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report has been prepared in accordance with the requirements of the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

Building a better working world

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ERNST & YOUNG BALTIC SIA
Licence No. 17

Diāna Krišjāne
Chairperson of the Board
Latvian Certified Auditor
Certificate No. 124

Riga, 1 April 2019

APPENDIX C

Annual Report 2017 of SIA Tampere Invest

LIMITED LIABILITY COMPANY
TAMPERE INVEST
(UNIFIED REGISTRATION NUMBER 40003311422)

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

(21st financial year)

PREPARED IN ACCORDANCE WITH
THE LAW OF THE REPUBLIC OF LATVIA ON ANNUAL REPORTS
AND CONSOLIDATED ANNUAL REPORTS

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

Riga, 2018

CONTENTS

General information

Name of the company	Tampere Invest
Legal status of the company	Limited liability company
Registration number, place and date of registration	40003311422 Riga, 2 October 1996
Registered office	Audēju iela 16 Rīga, Latvija, LV-1050
Shareholder	Linstow Center Development AS (100%) (until 26 July 2017) Stranden 3 B, 0118 Oslo, Norway Reg. No 888861262 Oslo, 12 November 2005 Linstow AS (100%) (fom 26 July 2017) Tjuvholmen Alle 3 Postboks 1594 0118, Oslo, Norway Reg. No. 981354400 Oslo, Norway, 9 December 1999
Board Members	Frode Gronvold, Chairman of the Board Mārcis Budļevskis, Board Member Elvīra Korsakova, Board Member
Financial year	1 January – 31 December 2017
Auditors	Diāna Krišjāne Latvian Certified Auditor Certificate No 124 SIA Ernst & Young Baltic Muitas iela 1a, Rīga Latvia, LV-1010 License No 17

Management report

Until 26 July 2017, Linstow Center Development AS (incorporated in Norway) was the sole shareholder of Tampere Invest SIA (hereinafter - the Company). On 26 July 2017, a change of the sole shareholder of the Company was registered and the sole shareholder became company Linstow AS (incorporated in Norway). The ultimate parent of the Company is A Wilhelmsen AS (incorporated in Norway).

The Company is the owner, developer and manager of the shopping center Galerija Centrs (hereinafter – the SC Galerija Centrs) in Riga. The SC Galerija Centrs continues its successful operations owing to the strategically advantageous location and the effective management model. At present, the customers of the shopping center can visit more than 130 various stores, coffee-bars and restaurants.

The Company has retained its market position by maintaining the high level of service and thoroughly analysing the market tendencies. The key success factors also include optimal leasehold structure and strong professional management.

Company's performance for the year

In the reporting year, the Company earned a profit of EUR 11 295 519. The management of the Company has suggested that the profit for the year should be paid out as dividends.

Future development of the Company

The Company's management is confident that the choice of the strategically important location that ensures the considerable customer flow to the SC Galerija Centrs and the effective management model will be the cornerstone for the Company's successful and sustainable development in the future.

During the following year, the Company will carry on its operations according to the existing business plans. To sustain competitiveness of the SC Galerija Centrs over the long term, the Company's management will pursue its initiatives, focusing on leasehold structure optimization, customer flow enhancement and business efficiency improvement.

Share capital of the Company

As at 31 December 2017, the subscribed and fully paid share capital of the Company was EUR 5 438 595 and consisted of 5 438 595 ordinary shares. The par value of each share was EUR 1.

As part of security under the loan agreement signed in 2016 (see also Note 20), the parent company has pledged all the Company's shares together with all the shareholder's rights granted to the parent company and any other shares that the parent company may acquire in the future.

Exposure to risks

The Company's principal financial instruments comprise loans from credit institutions and related companies, cash, and interest rate swaps. The main purpose of these financial instruments is to ensure financing for the Company's operations. The Company has various other financial instruments such as trade receivables and trade and other payables, which arise directly from its operations

The main financial risks arising from the Company's financial instruments are market risk, interest rate risk, liquidity risk and credit risk.

Market risk

The Company is exposed to market risk mainly because of strong competition on the market – the expansion and construction of potential competitive shopping centers. The Company's management follows closely the market development, continuously works to attract new tenants, enhances the customer loyalty program and uniqueness of the services provided in order to further improve the commercial performance of the shopping centers and raise the customer service level.

Interest rate risk

The Company is exposed to interest rate risk mainly through its current and non-current borrowings and loans. The Company's policy is to ensure that the majority of its borrowings and loans are at a floating rate. The Company has also signed an interest rate swap contract (see also Note 18). The average interest rate payable on the Company's borrowings and loans is disclosed in Notes 18, 20 and 25.

Management report (cont'd)

Exposure to risks (cont'd)

Liquidity and cash flow risk

The Company manages its liquidity risk by maintaining an adequate level of cash and cash equivalents and by arranging an adequate amount of committed credit facilities with banks and related companies.

Credit risk

The Company is exposed to credit risk through its trade receivables, issued loans, as well as cash and cash equivalents. The Company manages its credit risk by continuously assessing the credit history of customers and assigning credit terms on an individual basis. In addition, receivable balances are monitored on an ongoing basis to ensure that the Company's exposure to bad debts is minimized.

As at 31 December 2017, the Company's credit risk concentration to the loan issued to SIA Linstow amounted to 16.04% of the total assets (31 December 2016 17.03%). See also Note 25. As at 31 December 2017 and 2016, the Company had no significant concentration of credit risk with its trade receivables.

Frode Grønvold Chairman of the Board	Mārcis Budļevskis Board Member	Elvīra Korsakova Board Member

26 April 2018

Statement of profit or loss

	Notes	2017	2016 (restated*)
		EUR	EUR
Net turnover	4	5 519 312	5 577 484
Cost of sales	5	(958 314)	(989 610)
Gross profit		**4 560 998**	**4 587 874**
Administrative expense	6	(15 643)	(26 276)
Other operating income	7	8 416 198	3 350 383
Other operating expense	8	(2 531 475)	(2 896 012)
Other interest and similar income:	9	**339 391**	**329 753**
• related companies		289 074	329 753
• other companies		50 317	-
Interest and similar expense:	10	**(595 838)**	**(771 299)**
• other parties		(595 838)	(771 299)
Profit before corporate income tax		**10 173 631**	**4 574 423**
Income tax expense	11	(2 490 603)	(310 092)
Profit after corporate income tax		**7 683 028**	**4 264 331**
Income or expense from changes in deferred tax assets or deferred tax liabilities	11	3 612 491	(134 894)
Net profit for the reporting year		**11 295 519**	**4 129 437**

* See note 3

The accompanying notes form an integral part of these financial statements.

Frode Gronvold
Chairman of the Board

Mārcis Budļevskis
Board Member

Elvīra Korsakova
Board Member

Larisa Aleksandrova
Accountant

26 April 2018

Balance sheet

ASSETS

	Notes	31.12.2017. EUR	31.12.2016. (restated*) EUR
NON-CURRENT ASSETS			
Real estate			
Investment properties	12	71 469 500	65 585 000
Property, plant and equipment			
Other fixtures and fittings, tools and equipment	13	323 242	290 276
Non-current financial assets			
Loans to related companies	25	14 148 708	13 859 417
Other loans and long term receivables	18	8 467	-
TOTAL		**14 157 175**	**13 859 417**
TOTAL NON-CURRENT ASSETS		**85 949 917**	**79 734 693**
CURRENT ASSETS			
Receivables			
Trade receivables	14	98 740	77 417
Other receivables	15	495	1 295
Prepaid expense	16	28 424	28 258
Accrued income	17	127 440	161 600
KOPĀ		**255 099**	**268 570**
Cash	19	2 016 560	1 402 107
TOTAL CURRENT ASSETS		**2 271 659**	**1 670 677**
TOTAL ASSETS		**88 221 576**	**81 405 370**

* See note 3

The accompanying notes form an integral part of these financial statements.

Frode Gronvold
Chairman of the Board

Mārcis Budļevskis
Board Member

E. Korsakova

Elvīra Korsakova
Board Member

Larisa Aleksandrova
Accountant

26 April 2018

Balance sheet

EQUITY AND LIABILITIES

	Notes	31.12.2017.	31.12.2016. (restated*)
EQUITY		EUR	EUR
Share capital		5 438 595	5 438 595
Retained earnings		31 466 156	29 874 164
Profit for the reporting year		11 295 519	4 129 437
TOTAL EQUITY		**48 200 270**	**39 442 196**
LIABILITIES			
Non-current liabilities			
Loans from credit institutions	20	35 924 574	36 381 892
Payables to related companies		-	3 612 491
Other liabilities		-	41 850
TOTAL		**35 924 574**	**40 036 233**
Current liabilities			
Loans from credit institutions	20	457 319	451 447
Prepayments received from customers	21	297 639	279 308
Trade payables		357 699	292 430
Payables to related companies		114 517	109 658
Taxes payable	22	2 210 000	94 516
Deferred income	23	377 940	374 092
Accrued liabilities	24	281 618	325 490
TOTAL		**4 096 732**	**1 926 941**
TOTAL LIABILITIES		**40 021 306**	**41 963 174**
TOTAL EQUITY AND LIABILITIES		**88 221 576**	**81 405 370**

* See note 3

The accompanying notes form an integral part of these financial statements.

Frode Gronvold
Chairman of the Board

Mārcis Budļevskis
Board Member

E. Korsakova

Elvīra Korsakova
Board Member

Larisa Aleksandrova
Accountant

26 April 2018

Statement of cash flows

		2017 EUR	2016 EUR
Cash flows to/ from operating activities			
Profit or loss before corporate income tax		***10 173 631***	***4 574 423***
Adjustments for:			
• depreciation and impairment of property, plant and equipment	13	75 884	68 501
• disposal of property, plant and equipment	8	65 384	353 663
• gain from changes in the fair value of investment properties	7	(6 025 374)	(960 419)
• loss from fluctuations of currency exchange rates		-	158
• interest income	9	(289 074)	(329 753)
• realized result of derivatives	10	46 115	3 367
• (gain)/loss from changes in the fair value of financial instruments	9, 10	(50 317)	41 850
• interst expense	10	497 548	631 431
Profit or loss before adjustments for the effect of changes in current assets and current liabilities		***4 493 797***	***4 383 221***
• decrease/ (increase) in receivables		13 254	(57 602)
• increase/ (decrease) in trade and other payables		70 626	(399 834)
Cash generated from operations		***4 577 677***	***3 925 785***
Interest paid		(507 865)	(191 542)
Interest paid on derivatives		(34 694)	-
Corporate income tax paid		(349 860)	(388 213)
Net cash flows to/ from operating activities		**3 685 258**	**3 346 030**
Cash flows to/ from investing activities			
Purchase of property, plant and equipment and intangible assets		(178 090)	(173 842)
Net cash flows to/ from investing activities		**(178 090)**	**(173 842)**
Cash flows to/ from financing activities			
Repayment of borrowings		(500 000)	(250 000)
Dividends paid		(2 392 715)	(2 393 250)
Net cash flows to/ from financing activities		**(2 892 715)**	**(2 643 250)**
Net foreign exchange difference		-	(158)
Net cash flow for the year		614 453	528 780
Cash and cash equivalents at the beginning of the year		1 402 107	873 327
Cash and cash equivalents at the end of the year	19	**2 016 560**	**1 402 107**

* See note 3

The accompanying notes form an integral part of these financial statements.

Frode Gronvold
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Mārcis Budļevskis
Board Member

Elvīra Korsakova
Board Member

Larisa Aleksandrova
Accountant

26 April 2018

Statement of changes in equity

	Share capital	Retained earnings	Total
Balance as at 31 December 2015	**5 438 595**	**2 393 252**	**7 831 847**
Increase in retained earnings *	-	29 874 164	29 874 164
Dividends paid	-	(2 393 252)	(2 393 252)
Profit for the reporting year*	-	4 129 437	4 129 437
Balance as at 31 December 2016	**5 438 595**	**34 003 601**	**39 442 196**
Adjustment to retained earnings	-	(144 730)	(144 730)
Dividends paid	-	(2 392 715)	(2 392 715)
Profit for the reporting year	-	11 295 519	11 295 519
Balance as at 31 December 2017	**5 438 595**	**42 761 675**	**48 200 270**

* See note 3

The accompanying notes form an integral part of these financial statements.

Frode Gronvold
Chairman of the Board

Mārcis Budļevskis
Board Member

E. Korsakova

Elvīra Korsakova
Board Member

Larisa Aleksandrova
Accountant

26 April 2018

Notes to the financial statements

1. Corporate information

SIA Tampere Invest (hereinafter – the Company) was registered with the Republic of Latvia Enterprise Register on 2 October 1996. The registered office of the Company is at Audēju iela 16, Riga. The core business activity of the Company comprises the lease of investment properties on the basis of operating lease agreements.

In 2017 there was a change of the sole owner of the Company 2017. As the sole owner of the Company instead Linstow Managemenet Center AS became Linstow AS. Both companies are incorporated in Norway. The ultimate parent of the Company is A Wilhelmsen AS (incorporated in Norway).

2. Summary of significant accounting policies

Basis of preparation

The financial statements of SIA Tampere Invest have been prepared in accordance with the Law of the Republic of Latvia on Annual Reports and Consolidated Annual Reports.

The financial statements are prepared on a historical cost basis. The monetary unit used in the financial statements is the euro (EUR). The financial statements cover the period 1 January 2017 through 31 December 2017.

The statement of profit or loss has been prepared according to the function of expense method.

The statement of cash flows has been prepared under the indirect method.

SIA Tampere Invest meets the criteria of a medium-sized enterprise specified in the Law of the Republic of Latvia on Annual Reports and Consolidated Annual Reports.

The law sets forth additional exemptions for small and medium-sized enterprises with regard to the preparation of financial statements, meanwhile providing that the financial statements must give a true and fair view of a company's financial position and profit or loss, while as regards annual reports of medium-sized and large enterprises, also of cash flows.

In order to improve the comparability of the prepared statement of profit or loss and the balance sheet, certain reclassifications have been made to several items of the statement of profit or loss and the balance sheet for the year ended 31 December 2016.

Going concern

The financial statements are prepared on the basis that the Company will continue to be a going concern.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Future events occur which cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

Foreign currency translation

The functional and presentation currency of the Company is the euro (EUR), the monetary unit of the Republic of Latvia. Transactions in foreign currencies are translated into the euro at the euro foreign exchange reference rate published by the European Central Bank at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the euro applying the euro foreign exchange reference rate published by the European Central Bank at the last day of the reporting year. The differences arising on settlements of transactions or on reporting foreign currency transactions at rates different from those at which these transactions have originally been recorded are netted in the statement of profit or loss.

2. Summary of significant accounting policies (cont'd)

Fair value

The Company measures and recognizes investment properties at fair value at the balance sheet date.

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 principal or the most advantageous market must be accessible by the Comp.

For disclosures 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 Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is 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 recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities as at 31 December 2017:

			Fair value measurement using		
Assets for which fair value is disclosed	Total at carrying value	Total at fair value	quoted prices in active markets (Level 1)	significant observable inputs (Level 2)	significant unobservable inputs (Level 3)
Investment properties	71 469 500	71 469 500	-	-	71 469 500

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Other property, plant and equipment	over 3 to 15 years

Depreciation is calculated starting with the following month after the asset is put into operation or engaged in commercial activity. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. To the extent that the Company depreciates separately some parts of property, plant and equipment, it also depreciates separately the remainder of the item. The remainder consists of the parts that are individually insignificant. The depreciation for the remainder is determined using approximation techniques to faithfully represent its useful life.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the higher of an asset's net selling price and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of profit or loss in the cost of sales caption.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of profit or loss in the year the item is derecognized.

Construction in progress is stated at cost.

2. Summary of significant accounting policies (cont'd)

Investment properties

The Company has chosen to recognize its investment property according to the requirements of International Financial Reporting Standards.

Investment properties consist of land plots, buildings, constructions or components of thereof that are held by the Company (as an owner of a lessee under finance leases) to earn rentals or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when an investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development or in order to provide a true and fair view of the Company's financial position.

Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

The cost of construction in progress under investment properties is increased by borrowing costs and other directly attributable costs incurred by funding the respective item in the period of time necessary to prepare the item for its intended use. The cost of the respective investment property is not increased by the borrowing costs in the periods when no development works are carried out. Current repair and maintenance costs of the investment property are charged directly to the statement of profit or loss in the period when incurred.

For the purpose of financial statements to provide a true and fair view on the Company's investment property value, the Company has chosen to apply Article 13(5)(2) of the Law on Annual Reports and Consolidated Annual Reports and recognizes and measures investment properties in accordance with International Accounting Standards.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials – purchase cost on a first-in, first-out (FIFO) basis;

Finished goods and work in progress – cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value is disclosed at the purchase (production) cost less allowances made.

Trade and other receivables

Trade and other receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when recovery is deemed impossible.

Derivative financial instruments

Derivative financial instruments are initially recognized at fair value (including acquisition costs) on the date of a derivative contract and are subsequently re-measured at their fair value. Fair values of derivative financial instruments traded on an active market are obtained from quoted market prices at the balance sheet date. If no active market exists for the respective financial instruments, fair value is determined by applying discounted cash flow models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Gains or losses from changes in the fair value of any derivative financial instruments are recognized immediately in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

2. Summary of significant accounting policies (cont'd)

Loans and borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in the statement of profit or loss as interest income/ expense when the liabilities are derecognized through the amortization process.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of provisions to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments, by a respective charge to current and non-current liabilities. Lease payments are apportioned between the finance charges and reduction of the principal lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term on a straight-line basis.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit or loss on a straight-line basis over the lease term. The commitments undertaken by the Company with respect to operating lease contracts are recorded as off-balance sheet liabilities.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, less value added tax and sales-related discounts. The following specific recognition criteria must also be met before revenue is recognized.

Rendering of services

The Company basically provides lease services. Revenue is recognized in the period when the services are rendered.

Revenue from lease services and corresponding expenses are recognized by reference to the stage of completion at the balance sheet date.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

Dividends

Revenue is recognized when the shareholders' right to receive the payment is established.

2. Summary of significant accounting policies (cont'd)

Income taxes

Income taxes include current and deferred taxes. Current corporate income tax is applied at the statutory rate of 15%.

Legal entities will not be required to pay income tax on earned profits starting from 1 January 2018 in accordance with amendments made to the Corporate Income Tax Law of the Republic of Latvia. Corporate income tax will be paid on distributed profits and deemed profit distributions. Consequently, current and deferred tax assets and liabilities are measured at the tax rate applicable to undistributed profits. Starting from 1 January 2018, both distributed profits and deemed profit distributions will be subject to the tax rate of 20 per cent of their gross amount, or 20/80 of net expense. Corporate income tax on dividends is recognized in the statement of profit or loss as expense in the reporting period when respective dividends are declared, while, as regards other deemed profit items, at the time when expense is incurred in the reporting year.

Deferred tax assets and liabilities

Until 31 December 2017, given that the Company is a group's subsidiary whose parent company requires to recognize, measure and disclose captions in the financial statements and provide related disclosures in the explanatory notes in accordance with International Accounting Standards, the Company had chosen to apply Article 13(5)(2) of the Law on Annual Reports and Consolidated Annual Reports and recognized and measured deferred tax assets and deferred tax liabilities, as well as provided explanatory information under the captions "Deferred tax assets", "Deferred tax liabilities" and "Income or expense from changes in deferred tax assets or deferred tax liabilities" in accordance with IAS 12 "Income Taxes". Deferred tax was provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying value for accounting purposes. Deferred tax assets and liabilities were measured at the tax rates that were expected to apply to the period when the asset was realized or the liability was settled, based on tax rates that had been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are not recognized for the year 2017 in accordance with amendments to the legislation of the Republic of Latvia, which entered into force on 1 January 2018. Accordingly, deferred tax liabilities which were calculated and recognized in previous reporting periods have been reversed through the current statement of profit or loss in the financial statements for the year ended 31 December 2017; according to the International Accounting Standard, changes in the tax legislation must be presented in financial statements in the period when they are adopted.

Subsequent events

Post-year-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

3. Retrospective restatement due to the changes in the accounting policy

To provide a more clear and true view of the Company's financial position, in 2017 the Company reclassified certain items of property, plant and equipment, i.e., real estate, to investment properties, given that they meet the definition of investment properties according to IFRS (in particular, IAS 40) which provide for measurement at fair value. The reclassification is considered to constitute changes in accounting policy that should be applied retrospectively.

The effect of the retrospective change in accounting policy on the balances of the statement of profit or loss for the year 2016 and the balance sheet items can be disclosed as follows:

	Statement of profit or loss		
	2016 Restated	Retrospective restatement	2016 Reported
Cost of sales	(989 610)	1 088 381	(2 077 991)
Other operating income	3 350 383	960 419	2 389 964
Other operating expense	(2 896 012)	(296 046)	(2 599 966)
Income or expense from changes in deferred tax assets or deferred tax liabilities	(134 894)	(16 033)	(118 861)
Total effect on the statement of profit or loss:		**1 736 721**	

	Balance sheet		
	31.12.2016. Restated	Retrospective restatement	31.12.2016. Reported
Assets:			
Non-current assets			
Real estate:			
• Investment properties	65 585 000	65 585 000	-
Property, plant and equipment			
• Land plots, buildings and engineering constructions	-	(32 359 972)	32 359 972
Total effect on assets:		**33 225 028**	
Equity and liabilities :			
Equity			
Retained earnings	29 874 164	29 874 164	-
Profit for the reporting year	4 129 437	1 736 721	2 392 716
Non-current liabilities			
Deferred tax liabilities	3 612 491	1 614 143	1 998 348
Total effect on equity and liabilities:		**33 225 028**	

4. Net turnover

By business activities	2017	2016
Rental income	5 529 448	5 576 915
Temporary incentives subject to amortization recognized in the reporting year*	(10 136)	569
TOTAL:	**5 519 312**	**5 577 484**

Real estate is leased out under cancellable operating leases. The lease term is usually three years. Income is derived only in Latvia.

* Several tenants have been granted 100% incentives that will be effective for a certain period. In this respect, the total rental income is recognized on a straight-line basis over the lease term. Therefore the Company recognizes income adjusted on a straight-line basis in the period when the incentives are granted and, accordingly, reports reduction in income over the remaining lease period.

The future aggregate minimum lease payments under non-cancellable operating leases were as follows:

	31.12.2017.	31.12.2016.
Maturing in less than one year	4 968 619	5 029 254
Maturing between one and five years	7 745 377	8 169 669
Maturing in more than five years	578 291	671 943
TOTAL:	**13 292 287**	**13 870 866**

5. Cost of sales

	2017	2016 (restated*)
Shopping center administration expense	442 356	446 153
Real estate tax	352 780	338 031
Depreciation of property, plant and equipment	67 964	64 322
Repair and maintenance expense	33 028	66 691
Insurance	17 945	17 712
Variable costs for idle space	16 310	16 901
Costs of change of tenants	9 248	7 019
Lease expense	3 116	3 116
Other costs	15 567	29 665
TOTAL:	**958 314**	**989 610**

* See Note 3

6. Administrative expense

	2017	2016
Professional fees	21 241	25 939
Depreciation of property, plant and equipment	7 920	4 179
Donations	7 100	7 100
Office maintenance expense	6 115	9 439
Communications expense	5 799	3 736
Representation expense	2 776	3 139
Other administrative expense	753	2 739
Allocation of administrative expense to other operating expense of the Company	(36 061)	(29 995)
TOTAL:	**15 643**	**26 276**

7. Other operating income

		2017	2016 (restated*)
Income from utility services and security		1 715 045	1 701 485
Income from advertising and marketing services		605 391	614 788
Income from communications services		18 404	19 643
	Sub-total:	*2 338 840*	*2 335 916*
Gain from fair value adjustment of investment properties **		6 025 374	960 419
Penalties		23 998	27 624
Write-offs of payables		4 370	535
Other operating income		23 616	25 889
	TOTAL:	**8 416 198**	**3 350 383**

* See Note 3

** See Note 12

Income from utility services and security, advertising and marketing services, as well as communications services totaling 2 338 840 (2016: EUR 2 335 916) represents income from common costs of the tenants directly related to shopping center operations. These costs totaling EUR 2 442 634 (2016: EUR 2 527 629) are disclosed in Note 7 as tenants' common costs, advertising and marketing costs, security costs and tenants' communications costs.

8. Other operating expense

		2017	2016 (restated*)
Tenants' common costs		1 609 323	1 590 475
Advertising and marketing costs		690 607	790 414
Security costs		127 049	131 354
Tenants' communications costs		15 655	15 386
	Sub-total:	*2 442 634*	*2 527 629*
Replacement and write-off costs of property, plant and equipment		65 384	353 663
Allowances for doubtful trade receivables		22 354	13 394
Proportion of VAT allocated to expense		1 079	1 168
Currency exchange loss, net		24	158
	TOTAL:	**2 531 475**	**2 896 012**

* See Note 3

Tenants' costs directly related to shopping center operations, i.e., utility services and security, advertising and marketing services, as well as communications services totaling EUR 2 442 634 (2016: EUR 2 527 629) are offset against income from utility services and security, advertising and marketing services, as well as communications services totaling EUR 2 338 840 (2016: EUR 2 335 916). The respective income is disclosed in Note 7.

9. Other interest and similar income

		2017	2016
Interest income on loans issued to related companies		289 074	329 753
Gain from changes in the fair value of financial instruments, net		50 317	-
	TOTAL:	**339 391**	**329 753**

10. Interest and similar expense

	2017	2016
Interest on bank loans	497 548	631 431
Other borrowing costs	48 553	76 668
Loss from changes in the fair value of financial instruments, net	46 115	3 367
Bank charges	3 622	17 983
Realized result from derivatives	-	41 850
TOTAL:	**595 838**	**771 299**

11. Corporate income taxes

	2017	2016 (restated*)
Current corporate income tax charge for the reporting year	2 490 603	310 092
Changes in deferred tax	915 170	134 894
Reversal of deferred tax	(4 527 661)	-
Corporate income tax charged to the statement of profit or loss:	**(1 121 888)**	**444 986**

* See Note 3

Deferred tax:

	Balance sheet 31.12.2017.	Balance sheet 31.12.2016.	Statement of profit or loss 2017	Statement of profit or loss 2016 (restated*)
Income or expense from changes in deferred tax assets or deferred tax liabilities:				
Accelerated depreciation for tax purposes	29 565	27 860	1 705	1 420
Difference between fair value and cost of investment properties	4 500 173	3 596 367	903 806	144 062
Gross deferred corporate income tax liabilities	**4 529 738**	**3 624 227**	**905 512**	**145 482**
Deferred corporate income tax assets				
Changes in the fair value of derivatives	1 270	(6 278)	7 548	(6 278)
Other	(3 348)	(5 458)	2 110	(4 310)
Gross deferred corporate income tax assets	**(2 078)**	**(11 736)**	**9 658**	**(10 588)**
Net deferred corporate income tax liabilities	**4 527 660**	**3 612 491**	**915 169**	**134 894**
Reversal of deferred tax**	(4 527 660)	-	(4 527 660)	-
Total	**-**	**3 612 491**	**(3 612 491)**	**134 894**

* See Note 3

In 2017, deferred tax liabilities were reversed in the statement of profit or loss pursuant to amendments made to the tax legislation of the Republic of Latvia, which entered into force on 1 January 2018.

11. Income taxes (cont'd)

Actual corporate income tax charge for the reporting year, if compared with theoretical calculations:

	2017	2016 (restated*)
Profit before tax	10 173 631	4 574 423
Tax at the applicable tax rate of 15%	*1 526 045*	*686 163*
Permanent differences:		
Non-deductible amounts	7 316	13 365
Tax rebate on donations	(6 035)	(6 035)
Adjustments due to revaluation of investment property	-	(248 507)
The difference arising from the exclusion of real estate property from the category of property, plant and equipment due to its reclassification to fair value investment properties	1 878 447	-
Actual corporate income tax for the reporting year:	**1 406 134**	**444 986**
Reversal of deferred tax	(4 527 661)	-
Corporate income tax charged to the statement of profit or loss:	**(1 121 888)**	**444 986**

* See Note 3

12. Investment properties

As at 31 December 2015	**64 875 000**
Year ended 31 December 2016	
Additions	103 244
Disposals	(353 663)
Gain from fair value adjustment	960 419
As at 31 December 2016	**65 585 000**
Year ended 31 December 2017	
Additions	58 843
Disposals	(199 717)
Gain from fair value adjustment	6 025 374
As at 31 December 2017	**71 469 500**

Investment properties include the real estate owned by the Company that is held to earn rentals or for capital appreciation.

The fair value of investment properties is based on the valuation performed at the end of 2017 by the independent certified appraisers SIA Newsec Valuations LV and SIA Colliers International Advisors. In determining the fair value, the discounted cash flow method was applied. The main assumptions used in the measurement of the fair value of the Company's investment properties are as follows:

	2017	2016
Discount rate	7.25% - 8.2%	8.9% - 9%
Exit yield	6.75%	7%
Growth rate	1.8% - 2.8%	1.2% - 2.5%
Non-attributable (unoccupied area and unearned rentals)	1% - 3% or 3 EUR/m²/per month	1% - 3% or 3 EUR/m²/per month

The management has determined that the fair value of the investment property is between the two of the above valuations based on the assumptions used by the appraisers.

12. Investment properties (cont'd)

The following income and expense related to investment properties are included in the statement of profit or loss:

	2017	2016
Rental income	5 529 448	5 576 915
Direct operating expense (including repairs and maintenance) constituting rental income (included in the caption "Cost of sales")	(958 314)	(989 610)

Pledges and other restrictions on title

All the investment properties owned by the Company are pledged as a security for the bank loans (see Note 21).

13. Property, plant and equipment

	Other property, plant and equipment	Construction in progress	Prepayments for property, plant and equipment	TOTAL
As at 31 December 2015				
Cost	876 295	-	-	**876 295**
Accumulated depreciation and impairment	(588 116)	-	-	**(588 116)**
Carrying amount as at 31 December	**288 179**	-	-	**288 179**
Year ended 31 December 2016				
Carrying amount as at 1 January	288 179	-	-	**288 179**
Additions	32 194	132 849	8 799	**173 842**
Reclassified from construction in progress	37 386	(140 630)	-	**(103 244)**
Reclassified from prepayments	1 018	7 781	(8 799)	-
Cost of disposals	(4 656)	-	-	**(4 656)**
Accumulated depreciation of disposals	4 656	-	-	**4 656**
Depreciation charge	(68 501)	-	-	**(68 501)**
Carrying amount as at 31 December	**290 276**	-	-	**290 276**
As at 31 December 2016				
Cost	942 237	-	-	**942 237**
Accumulated depreciation and impairment	(651 961)	-	-	**(651 961)**
Carrying amount as at 31 December	**290 276**	-	-	**290 276**
Year ended 31 December 2017				
Carrying amount as at 1 January	290 276	-	-	**290 276**
Additions	41 861	116 525	4 250	**162 636**
Reclassified from construction in progress	76 577	(119 967)		**(43 390)**
Reclassified from prepayments	808	3 442	(4 250)	-
Cost of disposals	(25 305)	-	-	**(25 305)**
Accumulated depreciation of disposals	14 909	-	-	**14 909**
Depreciation charge	(75 884)	-	-	**(75 884)**
Carrying amount as at 31 December	**323 242**	-	-	**323 242**
As at 31 December 2017				
Cost	1 036 178	-	-	**1 036 178**
Accumulated depreciation and impairment	(712 936)	-	-	**(712 936)**
Carrying amount as at 31 December	**323 242**	-	-	**323 242**

Pledges and other restrictions on title

All the investment properties owned by the Company are pledged as a security for the bank loans (see Note 21).

14. Trade receivables

	31.12.2017.	31.12.2016.
Trade receivables	231 304	287 257
Allowances for doubtful receivables	(132 564)	(209 840)
TOTAL:	**98 740**	**77 417**

Past due trade receivables are interest bearing.

15. Other receivables

	31.12.2017.	31.12.2016.
Security deposit paid	493	493
Prepayments for good and services	-	800
Overpayment of taxes (see Note 22 "Taxes payable")	2	2
TOTAL:	**495**	**1 295**

16. Prepaid expense

	31.12.2017.	31.12.2016.
Municipal duty for advertising	11 881	16 258
Insurance	10 786	11 958
Electronic navigation kiosks warranty expense	5 677	-
Other expense	80	42
TOTAL:	**28 424**	**28 258**

17. Accrued income

	31.12.2017.	31.12.2016.
Accrued rental income	66 561	88 829
Utilities	55 875	57 415
Accrued marketing income	3 073	3 073
Temporary incentives subject to amortization	1 931	12 067
Accrued marketing income	-	216
TOTAL:	**127 440**	**161 600**

18. Derivative financial instruments

	31.12.2017.		31.12.2016.	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	8 467		-	41 850
Total	**8 467**		-	**41 850**
Including:				
- non-current portion	8 467		-	41 850
- current portion	-	-	-	-

On 6 December 2016, the Company entered into an interest rate swap contract with Danske Bank AS Latvia Branch. The contract provided that the floating EURIBOR interest rate was swapped with a fixed rate of 0.23% per annum covering the amount of EUR 9 265 822. The contract is valid for 6 years.

19. Cash

	31.12.2017.	31.12.2016.
Cash at bank	2 016 060	1 401 607
Cash in cash exchange machine	500	500
TOTAL:	**2 016 560**	**1 402 107**

20. Loans from credit institutions

Non-current:

		Maturity	31.12.2017.	31.12.2016.
Loan from SEB banka	EUR	13.04.2023.	36 063 288	36 563 287
		TOTAL, non-current	**36 063 288**	**36 563 287**
Prepaid expense related to the loan from SEB banka			(138 714)	(181 395)
		TOTAL non-current loans from credit institutions, net:	**35 924 574**	**36 381 892**

Current:

		Maturity	31.12.2017.	31.12.2016.
Loan from SEB banka	EUR	13.04.2023.	500 000	500 000
		TOTAL, current	**500 000**	**500 000**
Prepaid expense related to the loan from SEB banka			(42 681)	(48 553)
		TOTAL current loans from credit institutions:	**457 319**	**451 447**
		TOTAL loans from credit institutions:	**36 381 893**	**37 063 287**

	31.12.2017.	31.12.2016.
Maturing in less than one year	500 000	500 000
Maturing between one and five years	2 000 000	2 000 000
Maturing in more than five years	33 924 574	34 563 287
TOTAL:	**36 424 574**	**37 063 287**

On 8 March 2016, the Company and its related company SIA Linstow (as the Borrowers) entered into a loan agreement with AS SEB banka and Danske Bank AS. The loan totals EUR 76 million. The loan was used to repay the previous loan facility. According to the conditions of the loan agreement, the total loan was provided equally to each of the Borrowers; as a result, the portion of the loan assigned to the Company was EUR 38 million. The repayment term of the principal is 6 years with a balloon payment of EUR 70 million at the end of the repayment term. The amount of EUR 6 million of the principal is repayable in equal instalments on a semi-annual basis until the final balloon payment. Interest is payable at the rate of 6-month EURIBOR plus 1.4% per annum on a semi-annual basis.

Outstanding interest as at 31 December 2016 was stated under the accrued liabilities

On 13 April 2018, the loan agreement was amended whereby the loan maturity was set for 13 April 2023.

In accordance with the loan agreement, the Company's real estate located in Riga, Audēju iela 16 and Kalēja iela 30, and any buildings and constructions that may be constructed thereon, and all other assets owned by the Company at the date of pledging, and all other assets that may be acquired in the future, as well as the shares owned by the parent company, and any other shares of the Company that may be acquired by the parent company in the future are pledged as part of security for the respective bank loans..

21. Trade receivables

	31.12.2017.	31.12.2016.
Lease security deposits	297 639	279 308
TOTAL:	**297 639**	**279 308**

22. Taxes payable

	31.12.2017.	31.12.2016.
Corporate income tax	(2 174 475)	(33 732)
Value added tax	(35 525)	(60 784)
Personal income tax	2	2
TOTAL:	**(2 09 998)**	**(94 514)**
Total receivable (disclosed as other receivables)	**2**	**2**
Total payable	**(2 210 000)**	**(94 516)**

23. Deferred income

	31.12.2017.	31.12.2016.
Deferred rentals	336 268	330 304
Deferred marketing fees	41 672	43 788
TOTAL:	**377 940**	**374 092**

24. Accrued liabilities

	31.12.2017.	31.12.2016.
Accrued interest on bank loans	155 439	165 756
Accrued electricity costs	56 520	64 877
Accrued liabilities towards the tenants	16 068	39 321
Accrued interest on derivative financial instruments	14 788	3 367
Accrued marketing and tenants' common costs	13 737	16 980
Accrued points of Galactico Privilege cards	5 000	14 000
Other accrued expense	20 066	21 189
TOTAL:	**281 618**	**325 490**

25. Loans to related companies

	31.12.2017.	31.12.2016.
Maturing in more than one year	14 148 708	13 859 417
TOTAL:	**14 148 708**	**13 859 417**

The loan was issued to the related company Linstow AS.

The loan matures on 31 December 2022. In 2016, the average interest rate on the loan was 1.939 %. The loan currency is the EUR, and it is not secured by collateral or any other means.

Based on the sound financial position of Linstow AS, the Company's management believes that the loan is fully recoverable.

26. Commitments and contingencies

Commitments under operating leases

The Company as a lessee has entered into the following property lease agreements:

Land Lease Agreement No RD-12-1832-lī dated 10 October 2012 (with 25 May 2017 amendments RD-12-1832- lī/1)

The Agreement between the Property Department of Riga Council (the Lessor) and SIA Tampere Invest (the Lessee) provides that the Lessor leases out and the Lessee accepts for lease two land plots located in Riga, Rīdzenes iela (cadaster No 010000220028001 and cadaster No 010000220028002, which are parts of the land plot registered under cadaster No 0100-002-2002). Each land plot thereby leased has an area of 31 m². The Agreement is effective till 10 October 2017.

Land Lease Agreement No RD-12-1831-lī dated 10 October 2012 (with 25 May 2017 amendments RD-12-1831- lī/1)

The Agreement between the Property Department of Riga Council (the Lessor) and SIA Tampere Invest (the Lessee) provides that the Lessor leases out and the Lessee accepts for lease a land plot located in Riga, Rīdzenes iela (cadaster No 010000220028003, which is part of the land plot registered under cadaster No 0100-002-2002). The land plot thereby leased has an area of 506 m². The Agreement is effective till 9 October 2022.

The total amount of annual lease expenses was EUR 3 116 in 2017 (2016: EUR 3 108). As at 31 December 2017, the future aggregate minimum lease payments under non-cancellable operating leases were as follows:

	31.12.2017.	31.12.2016.
Maturing in less than one year	3 116	3 116
Maturing between one and five years	12 463	12 463
Maturing in more than five years	-	3 116
TOTAL:	**15 579**	**18 695**

27. Off-balance sheet liabilities

Liability insurance agreement of 12 December 2013

In 2011, the reorganization of the group (SIA Tampere Invest Holdings, SIA Tampere Invest, AS Universālveikals Centrs) was commenced. As part of the reorganization process, on 26 March 2012 the general shareholders' meeting of AS Universālveikals Centrs (hereinafter – UVC) resolved to cease the operations of UVC and initiate the liquidation of this company. The operations of UVC were terminated in 2013, and UVC was struck off the Republic of Latvia Enterprise Register on 16 December 2013. Proceeding with the aforementioned reorganization, SIA Tampere Invest Holdings was acquired by SIA Tampere Invest; accordingly, the reorganization was completed on 9 December 2014 when SIA Tampere Invest Holdings was struck off the Republic of Latvia Enterprise Register.

In order to hold UVC liquidators harmless against any and all claims, procedures, losses and liabilities that may arise from or in relation to the completion of the UVC liquidation, SIA Tampere Invest Holdings signed a liability insurance agreement with the UVC liquidators. After SIA Tampere Invest Holdings has been liquidated, the Company has become its legal successor and, therefore, taken over all the rights and obligations under the liability insurance agreement. This agreement will be effective for 20 years after the liquidation of UVC has been completed.

28. Events after balance sheet date

Except as mentioned in Note 20, as of the last day of the reporting year until the date of signing these financial statements there have been no events requiring adjustment of or disclosure in the financial statements or notes thereto.

Frode Gronvold
Chairman of the Board

Māris Budļevskis
Board Member

E. Korsakova

Elvīra Korsakova
Board Member

Larisa Aleksandrova
Accountant

26 April 2018

Building a better working world

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INDEPENDENT AUDITORS' REPORT

To the Shareholder of SIA Tampere Invest

Opinion

We have audited the accompanying financial statements of SIA Tampere Invest (the Company) set out on pages 6 to 26 of the accompanying annual report, which comprise the balance sheet as at 31 December 2017, and the statement of profit or loss, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of SIA Tampere Invest as at 31 December 2017, and of its financial performance for the year then ended in accordance with the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the independence requirements included in the Law on Audit Services of Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the Law on Audit Services of Republic of Latvia and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Reporting on other information

The other information comprises the Management Report as set out on pages 4 to 5 of the accompanying annual report, but does not include the financial statements and our auditors report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as described in the Other reporting responsibilities in accordance with the legislation of the Republic of Latvia section of our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the entity and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other reporting responsibilities in accordance with the legislation of the Republic of Latvia

We have other reporting responsibilities in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report. These additional reporting responsibilities are beyond those required under the ISAs.

Our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the Law on the Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

Based solely on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report has been prepared in accordance with the requirements of the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

SIA ERNST & YOUNG BALTIC
Licence No. 17

Diāna Krišjāne
Chairperson of the Board
Latvian Certified Auditor
Certificate No. 124

Riga, 2 May 2018

APPENDIX D

Annual Report 2016 of SIA Tampere Invest

LIMITED LIABILITY COMPANY
TAMPERE INVEST

(UNIFIED REGISTRATION NUMBER 40003311422)

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

(20^{th} financial year)

PREPARED IN ACCORDANCE WITH
THE LAW OF THE REPUBLIC OF LATVIA ON ANNUAL REPORTS
AND CONSOLIDATED ANNUAL REPORTS
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

Riga, 2017

CONTENTS

General information

Name of the company	Tampere Invest
Legal status of the company	Limited liability company
Registration number, place and date of registration	000331142 Riga, 2 October 1996
Registered office	Audēju iela 16 Riga, Latvia, LV1050
Shareholder	Linstow Center Development AS (100%) Stranden 3 B, 0118 Oslo, Norway Reg. No 888861262 Oslo, 12 November 2005
Board Members	Frode Gronvold, Chairman of the Board Mārcis Budļevskis, Board Member Elvīra Korsakova, Board Member
Financial year	1 January – 31 December 2016
Auditors	Diāna Krišjāne Latvian Certified Auditor Certificate No 124 SIA Ernst & Young Baltic Muitas iela 1A, Riga Latvia, LV1010 License No 17

Management report

The sole shareholder of SIA Tampere Invest (hereinafter – the Company) is Linstow Center Development AS (incorporated in Norway), which owns 100% of the Company's shares. The ultimate parent of the Company is A Wilhelmsen AS (incorporated in Norway).

The Company is the owner, developer and manager of the shopping center Galerija Centrs (hereinafter – the SC Galerija Centrs) in Riga. The SC Galerija Centrs continues its successful operations owing to the strategically advantageous location and the effective management model. At present, the customers of the shopping center can visit more than 130 various stores, coffee-bars and restaurants.

The Company has retained its market position by maintaining the high level of service and thoroughly analyzing the market tendencies. The key success factors also include optimal leasehold structure and strong professional management.

Company's performance for the year

In the reporting year, the Company earned a profit of EUR 2 392 716. The management of the Company has suggested that the profit for the year should be paid out as dividends.

Future development of the Company

The Company's management is confident that the choice of the strategically important location that ensures the considerable customer flow to the SC Galerija Centrs and the effective management model will be the cornerstone for the Company's successful and sustainable development in the future.

During the following year, the Company will carry on its operations according to the existing business plans. To sustain competitiveness of the SC Galerija Centrs over the long term, the Company's management will pursue its initiatives, focusing on leasehold structure optimization, customer flow enhancement and business efficiency improvement.

Share capital of the Company

As at 31 December 2016, the subscribed and fully paid share capital of the Company was EUR 5 438 595 and consisted of 5 438 595 ordinary shares. The par value of each share was EUR 1.

As part of security under the loan agreement signed in 2016 (see also Note 18), the parent company has pledged all the Company's shares together with all the shareholder's rights granted to the parent company and any other shares that the parent company may acquire in the future.

Exposure to risks

The Company's principal financial instruments comprise loans from credit institutions and related companies, cash, and interest rate swaps. The main purpose of these financial instruments is to ensure financing for the Company's operations. The Company has various other financial instruments such as trade receivables and trade and other payables, which arise directly from its operations

The main financial risks arising from the Company's financial instruments are market risk, interest rate risk, liquidity risk and credit risk.

Market risk

The Company is exposed to market risk mainly because of strong competition on the market – the expansion and construction of potential competitive shopping centers. The Company's management follows closely the market development, continuously works to attract new tenants, enhances the customer loyalty program and uniqueness of the services provided in order to further improve the commercial performance of the shopping centers and raise the customer service level.

Interest rate risk

The Company is exposed to interest rate risk mainly through its current and non-current borrowings and loans. The Company's policy is to ensure that the majority of its borrowings and loans are at a floating rate. The Company has also signed an interest rate swap contract (see also Note 18). The average interest rate payable on the Company's borrowings and loans is disclosed in Notes 16, 18 and 23.

Management report (cont'd)

Exposure to risks (cont'd)

Liquidity and cash flow risk

The Company manages its liquidity risk by maintaining an adequate level of cash and cash equivalents and by arranging an adequate amount of committed credit facilities with banks and related companies.

Credit risk

The Company is exposed to credit risk through its trade receivables, issued loans, as well as cash and cash equivalents. The Company manages its credit risk by continuously assessing the credit history of customers and assigning credit terms on an individual basis. In addition, receivable balances are monitored on an ongoing basis to ensure that the Company's exposure to bad debts is minimized.

As at 31 December 2016, the Company's credit risk concentration to the loan issued to SIA Linstow amounted to 28.77% of the total assets (31 December 2015: 31.54%). See also Note 23. As at 31 December 2016 and 2015, the Company had no significant concentration of credit risk with its trade receivables.

Frode Gronvold
Chairman of the Board

Mārcis Budļevskis
Board Member

Elvīra Korsakova
Board Member

30 March 2017

Statement of profit or loss

	Notes	2016 EUR	2015 EUR
Net turnover	3	5 577 484	5 410 693
Cost of sales	4	(2 077 991)	(2 060 961)
Gross profit		**3 499 493**	**3 349 732**
Administrative expense	5	(26 276)	(34 031)
Other operating income	6	2 389 964	2 529 917
Other operating expense	7	(2 599 966)	(2 616 192)
Other interest and similar income:	8	***329 753***	***657 467***
• related companies		329 753	599 804
• other companies		-	57 663
Interest and similar expense:	9	***(771 299)***	***(1 051 663)***
• other parties		(771 299)	(1 051 663)
Profit before corporate income tax		**2 821 669**	**2 835 230**
Income tax expense	10	(310 092)	(269 501)
Profit after corporate income tax		**2 511 577**	**2 565 729**
Income or expense from changes in deferred tax assets or deferred tax liabilities	10	(118 861)	(170 319)
Net profit for the reporting year		**2 392 716**	**2 395 410**

The accompanying notes form an integral part of these financial statements.

E. Korsakova

Frode Grønvold
Chairman of the Board

Mārcis Budļevskis
Board Member

Elvīra Korsakova
Board Member

Larisa Aleksandrova
Accountant

30 March 2017

Balance sheet

ASSETS

	Notes	31/12/2016 EUR	31/12/2015 EUR
NON-CURRENT ASSETS			
Property, plant and equipment			
Real estate:		**32 359 972**	**33 402 726**
• land plots, buildings and engineering constructions		32 359 972	33 402 726
Other fixtures and fittings, tools and equipment		290 276	288 179
Prepayments for property, plant and equipment		800	-
TOTAL	11	**32 651 048**	**33 690 905**
Non-current financial assets			
Loans to related companies	23	13 859 417	16 020 020
TOTAL		**13 859 417**	**16 020 020**
TOTAL NON-CURRENT ASSETS		**46 510 465**	**49 710 925**
CURRENT ASSETS			
Receivables			
Trade receivables	12	77 417	52 412
Other receivables	13	995	1 989
Prepaid expense	14	28 258	10 817
Accrued income	15	161 600	145 533
TOTAL		**268 270**	**210 751**
Cash	17	1 401 607	873 327
TOTAL CURRENT ASSETS		**1 669 877**	**1 084 078**
TOTAL ASSETS		**48 180 342**	**50 795 003**

The accompanying notes form an integral part of these financial statements.

Frode Gronvold
Chairman of the Board

Mārcis Budļevskis
Board Member

E. Korsakova

Elvīra Korsakova
Board Member

Larisa Aleksandrova
Accountant

30 March 2017

Balance sheet

EQUITY AND LIABILITIES

	Notes	31/12/2016 EUR	31/12/2015 EUR
EQUITY			
Share capital		5 438 595	5 438 595
Accumulated loss		-	(2 158)
Profit for the reporting year		2 392 716	2 395 410
KOPĀ PAŠU KAPITĀLS		**7 831 311**	**7 831 847**
KREDITORI			
Ilgtermiņa kreditori			
Aizņēmumi no kredītiestādēm	18	36 381 892	38 955 923
Atliktā nodokļa saistības	10	1 998 348	1 879 487
Pārējie kreditori	16	41 850	-
KOPĀ		**38 422 090**	**40 835 410**
Īstermiņa kreditori			
Aizņēmumi no kredītiestādēm	18	451 447	735 098
No pircējiem saņemtie avansi	19	279 308	310 123
Parādi piegādātājiem un darbuzņēmējiem		292 430	245 101
Parādi radniecīgajām sabiedrībām		109 658	117 687
Nodokļi un valsts sociālās apdrošināšanas obligātās iemaksas	20	94 516	161 434
Nākamo periodu ieņēmumi	21	374 092	370 348
Uzkrātās saistības	22	325 490	187 955
KOPĀ		**1 926 941**	**2 127 746**
KOPĀ KREDITORI		**40 349 031**	**42 963 156**
KOPĀ PASĪVS		**48 180 342**	**50 795 003**

The accompanying notes form an integral part of these financial statements.

Frode Gronvold
Chairman of the Board

Mārcis Budļevskis
Board Member

Elvīra Korsakova
Board Member

Larisa Aleksandrova
Accountant

30 March 2017

Notes to the financial statements

1. Corporate information

SIA Tampere Invest (hereinafter – the Company) was registered with the Republic of Latvia Enterprise Register on 2 October 1996. The registered office of the Company is at Audēju iela 16, Riga. The parent company of the Company is Linstow Center Development AS (incorporated in Norway). The core business activity of the Company comprises the lease of investment properties on the basis of operating lease agreements.

2. Summary of significant accounting policies

Basis of preparation

The financial statements of SIA Tampere Invest have been prepared in accordance with the Law of the Republic of Latvia on Annual Reports and Consolidated Annual Reports.

The financial statements are prepared on a historical cost basis. The monetary unit used in the financial statements is the euro (EUR). The financial statements cover the period 1 January 2016 through 31 December 2016.

The statement of profit or loss has been prepared according to the function of expense method.

On 1 January 2016, the new Law on Annual Reports and Consolidated Annual Reports and related Cabinet Regulation No 775 entered into force in the Republic of Latvia, thereby repealing the Law on Annual Reports and related Cabinet Regulations Nos 488 and 481, according to which the financial statements for the year ended 31 December 2015 were prepared.

Pursuant to the new law, the captions "Deferred tax assets" and "Deferred tax liabilities" are used only by companies which, subject to the exceptions laid down in the law, recognize and measure these captions in accordance with International Accounting Standards (International Financial Reporting Standards adopted by the EU).

The new law sets forth additional exemptions for small and medium-sized enterprises with regard to the preparation of financial statements, meanwhile providing that the financial statements must give a true and fair view of a company's financial position and profit or loss, while as regards annual reports of medium-sized and large enterprises, also of cash flows.

In order to improve the comparability of the prepared statement of profit or loss and the balance sheet, certain reclassifications have been made to several items of the statement of profit or loss and the balance sheet for the year ended 31 December 2015.

Going concern

The financial statements are prepared on the basis that the Company will continue to be a going concern.

At the end of the reporting year, the Company's current liabilities exceeded its current assets by EUR 257 064. The Company's management believes that positive operating cash flow and balanced financing cash flow will ensure adequate financing to avoid liquidity problems.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Future events occur which cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

Foreign currency translation

The functional and presentation currency of the Company is the euro (EUR), the monetary unit of the Republic of Latvia. Transactions in foreign currencies are translated into the euro at the euro foreign exchange reference rate published by the European Central Bank at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the euro applying the euro foreign exchange reference rate published by the European Central Bank at the last day of the reporting year. The differences arising on settlements of transactions or on reporting foreign currency transactions at rates different from those at which these transactions have originally been recorded are netted in the statement of profit or loss.

2. Summary of significant accounting policies (cont'd)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Buildings	over 10 to 65 years
Other property, plant and equipment	over 3 to 15 years

Depreciation is calculated starting with the following month after the asset is put into operation or engaged in commercial activity. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. To the extent that the Company depreciates separately some parts of property, plant and equipment, it also depreciates separately the remainder of the item. The remainder consists of the parts that are individually insignificant. The depreciation for the remainder is determined using approximation techniques to faithfully represent its useful life.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the higher of an asset's net selling price and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of profit or loss in the cost of sales caption.

Land and buildings that are held to earn rentals or for capital appreciation rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are measured at cost. Cost includes all costs incurred to acquire the asset.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of profit or loss in the year the item is derecognized.

Expenses related to leasehold improvements are capitalized as property, plant and equipment and depreciated over the lease period on a straight-line basis.

Construction in progress is stated at cost. This includes the cost of construction and other direct expense. Construction in progress is not depreciated as long as the respective assets are not completed and put into operation.

2. Summary of significant accounting policies (cont'd)

Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials – purchase cost on a first-in, first-out (FIFO) basis;

Finished goods and work in progress – cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value is disclosed at the purchase (production) cost less allowances made.

Trade and other receivables

Trade and other receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when recovery is deemed impossible.

Derivative financial instruments

Derivative financial instruments are initially recognized at fair value (including acquisition costs) on the date of a derivative contract and are subsequently re-measured at their fair value. Fair values of derivative financial instruments traded on an active market are obtained from quoted market prices at the balance sheet date. If no active market exists for the respective financial instruments, fair value is determined by applying discounted cash flow models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Gains or losses from changes in the fair value of any derivative financial instruments are recognized immediately in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

Loans and borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in the statement of profit or loss as interest income/ expense when the liabilities are derecognized through the amortization process.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of provisions to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

2. Summary of significant accounting policies (cont'd)

Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments, by a respective charge to current and non-current liabilities. Lease payments are apportioned between the finance charges and reduction of the principal lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term on a straight-line basis.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit or loss on a straight-line basis over the lease term. The commitments undertaken by the Company with respect to operating lease contracts are recorded as off-balance sheet liabilities.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, less value added tax and sales-related discounts. The following specific recognition criteria must also be met before revenue is recognized.

Rendering of services

The Company basically provides lease services. Revenue is recognized in the period when the services are rendered.

Revenue from lease services and corresponding expenses are recognized by reference to the stage of completion at the balance sheet date.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

Dividends

Revenue is recognized when the shareholders' right to receive the payment is established.

Corporate income tax

Corporate income tax includes current and deferred taxes. Current corporate income tax is applied at the rate of 15% on taxable income generated by the Company during the taxation period.

Given that the Company is a group's subsidiary whose parent company requires to recognize, measure and disclose captions in the financial statements and provide related disclosures in the explanatory notes in accordance with International Accounting Standards, the Company has chosen to apply Article 13(5)(2) of the Law on Annual Reports and Consolidated Annual Reports and recognizes and measures deferred tax assets and deferred tax liabilities, as well as provides explanatory information under the captions "Deferred tax assets", "Deferred tax liabilities" and "Income or expense from changes in deferred tax assets or deferred tax liabilities" in accordance with IAS 12 "Income taxes". Deferred corporate income tax arising from temporary differences in the timing of the recognition of items in the tax returns and these financial statements is calculated using the liability method. Deferred corporate income tax assets and liabilities are determined on the basis of the tax rates that are expected to apply when the timing differences reverse. The principal temporary timing differences arise from differing rates of accounting and tax amortization and depreciation on the Company's non-current assets, the treatment of temporary non-taxable provisions and reserves, as well as temporary difference in interest in excess of set limits and tax losses carried forward for the subsequent years.

Subsequent events

Post-year-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

3. Net turnover

By business activities		2016	2015
Rental income		5 576 915	5 421 904
Temporary incentives subject to amortization recognized in the reporting year*		569	(11 211)
	TOTAL:	**5 577 484**	**5 410 693**

Real estate is leased out under cancellable operating leases. The lease term is usually three years. Income is derived only in Latvia.

* Several tenants have been granted 100% incentives that will be effective for a certain period. In this respect, the total rental income is recognized on a straight-line basis over the lease term. Therefore the Company recognizes income adjusted on a straight-line basis in the period when the incentives are granted and, accordingly, reports reduction in income over the remaining lease period.

4. Cost of sales

		2016	2015
Depreciation of property, plant and equipment		1 152 703	1 181 100
Shopping center administration expense		446 153	433 752
Real estate tax		338 031	335 943
Repair and maintenance expense		66 691	59 102
Insurance		17 712	18 644
Variable costs for idle space		16 901	6 847
Costs of change of tenants		7 019	3 655
Lease expense		3 116	3 108
Other costs		29 665	18 810
	TOTAL:	**2 077 991**	**2 060 961**

5. Administrative expense

		2016	2015
Professional fees		25 939	28 342
Office maintenance expense		9 439	6 906
Donations		7 100	7 100
Depreciation of property, plant and equipment		4 179	7 459
Communications expense		3 736	3 811
Representation expense		3 139	3 053
Other administrative expense		2 739	71
Allocation of administrative expense to other operating expense of the Company		(29 995)	(22 711)
	TOTAL:	**26 276**	**34 031**

6. Other operating income

		2016	2015
Income from utility services and security		1 701 485	1 747 043
Income from advertising and marketing services		614 788	704 962
Income from communications services		19 643	19 321
	Sub-total:	*2 335 916*	*2 471 326*
Penalties		27 624	28 862
Write-offs of payables		535	2 646
Other operating income		25 889	27 083
	TOTAL:	**2 389 964**	**2 529 917**

Income from utility services and security, advertising and marketing services, as well as communications services totaling EUR 2 335 916 (2015: EUR 2 471 326) represents income from common costs of the tenants directly related to shopping center operations. These costs totaling EUR 2 527 629 (2015: EUR 2 524 967) are disclosed in Note 7 as tenants' common costs, advertising and marketing costs, security costs and tenants' communications costs.

7. Other operating expense

		2016	2015
Tenants' common costs		1 590 475	1 635 716
Advertising and marketing costs		790 414	740 714
Security costs		131 354	132 017
Tenants' communications costs		15 386	16 520
	Sub-total:	*2 527 629*	*2 524 967*
Replacement and write-off costs of property, plant and equipment		57 617	27 660
Allowances for doubtful trade receivables		13 394	62 198
Proportion of VAT allocated to expense		1 168	1 367
Currency exchange loss, net		158	-
	TOTAL:	**2 599 966**	**2 616 192**

Tenants' costs directly related to shopping center operations, i.e., utility services and security, advertising and marketing services, as well as communications services totaling EUR 2 527 629 (2015: EUR 2 524 967) are offset against income from utility services and security, advertising and marketing services, as well as communications services totaling EUR 2 335 916 (2015: EUR 2 471 326). The respective income is disclosed in Note 6.

8. Other interest and similar income

		2016	2015
Interest income on loans issued to related companies		329 753	599 804
Gain from changes in the fair value of financial instruments, net		-	57 663
	TOTAL:	**329 753**	**657 467**

9. Interest and similar expense

	2016	2015
Interest on bank loans	631 431	922 641
Other borrowing costs	76 668	60 015
Loss from changes in the fair value of financial instruments, net	41 850	-
Bank charges	17 983	11 193
Realized result from derivatives	3 367	57 670
Other expense	-	144
TOTAL	**771 299**	**1 051 663**

10. Current and deferred corporate income tax

	2016	2015
Current corporate income tax charge for the reporting year	310 092	269 501
Deferred corporate income tax due to changes in temporary differences	118 861	170 319
Corporate income tax charged to the statement of profit or loss:	**428 953**	**439 820**

Income or expense from changes in deferred tax assets or deferred tax liabilities:

	Balance sheet		Statement of profit or loss	
	31/12/2016	31/12/2015	2016	2015
Deferred corporate income tax liabilities				
Accelerated depreciation for tax purposes	2 013 245	1 882 220	131 025	164 403
Gross deferred corporate income tax liabilities	**2 013 245**	**1 882 220**	**131 025**	**164 403**
Deferred corporate income tax assets				
Changes in the fair value of derivatives	(6 278)	-	(6 278)	8 649
Other	(8 619)	(2 733)	(5 886)	(2 733)
Gross deferred corporate income tax assets	**(14 897)**	**(2 733)**	**(12 164)**	**5 916**
Net deferred corporate income tax liabilities	**1 998 348**	**1 879 487**	**118 861**	**170 319**

10. Current and deferred corporate income tax (cont'd)

Actual corporate income tax charge for the reporting year, if compared with theoretical calculations:

	2016	2015
Profit before tax	2 821 669	2 835 230
Tax at the applicable tax rate of 15%	423 250	425 285
Permanent differences:		
Non-deductible amounts	5 460	20 570
Tax rebate on donations	(6 035)	(6 035)
Valuation allowance for unrecognized deferred tax assets	6 278	-
Actual corporate income tax for the reporting year:	**428 953**	**439 820**

11. Property, plant and equipment

	Land	Buildings and constructions	Other property, plant and equipment	Construction in progress	Prepayments for property, plant and equipment	TOTAL
As at 31 December 2014						
Cost	2 818 181	38 942 212	859 351	-	-	**42 619 744**
Accumulated depreciation and impairment	-	(7 354 444)	(541 760)	-	-	**(7 896 204)**
Carrying amount as at 31 December	**2 818 181**	**31 587 768**	**317 591**	**-**	**-**	**34 723 540**
Year ended 31 December 2015						
Carrying amount as at 1 January	2 818 181	31 587 768	317 591	-	-	**34 723 540**
Additions	-	-	20 819	150 536	12 229	**183 584**
Reclassified from construction in progress	-	144 322	18 443	(162 765)	-	**-**
Reclassified from prepayments	-	-	-	12 229	(12 229)	**-**
Cost of disposals	-	(45 081)	(22 318)	-	-	**(67 399)**
Accumulated depreciation of disposals	-	17 421	22 318	-	-	**39 739**
Depreciation charge	-	(1 119 885)	(68 674)	-	-	**(1 188 559)**
Carrying amount as at 31 December	**2 818 181**	**30 584 545**	**288 179**	**-**	**-**	**33 690 905**
As at 31 December 2015						
Cost	2 818 181	39 041 453	876 295	-	-	**42 735 929**
Accumulated depreciation and impairment	-	(8 456 908)	(588 116)	-	-	**(9 045 024)**
Carrying amount as at 31 December	**2 818 181**	**30 584 545**	**288 179**	**-**	**-**	**33 690 905**
Year ended 31 December 2016						
Carrying amount as at 1 January	2 818 181	30 584 545	288 179	-	-	**33 690 905**
Additions	-	-	32 194	132 849	9 599	**174 642**
Reclassified from construction in progress	-	103 244	37 386	(140 630)		**-**
Reclassified from prepayments	-	-	1 018	7 781	(8 799)	**-**
Cost of disposals	-	(353 663)	(4 656)	-	-	**(358 319)**
Accumulated depreciation of disposals	-	296 046	4 656	-	-	**300 702**
Depreciation charge	-	(1 088 381)	(68 501)	-	-	**(1 156 882)**
Carrying amount as at 31 December	**2 818 181**	**29 541 791**	**290 276**	**-**	**800**	**32 651 048**
As at 31 December 2016						
Cost	2 818 181	38 791 034	942 237	-	800	**42 552 252**
Accumulated depreciation and impairment	-	(9 249 243)	(651 961)	-	-	**(9 901 204)**
Carrying amount as at 31 December	**2 818 181**	**29 541 791**	**290 276**	**-**	**800**	**32 651 048**

Pledges and other restrictions on title

All items of property, plant and equipment and investment properties owned by the Company are pledged as part of security for the bank loans (see also Note 18).

Fair value of investment properties

Real estate is stated according to the cost model. Based on the valuation performed at the end of 2016 by independent certified appraisers SIA Newsec Valuations LV and SIA Colliers International Advisors, the Company's management has estimated that the fair value of the real estate as at 31 December 2016 was EUR 65.6 million (31 December 2016: EUR 64.9 million).

12. Trade receivables

		31/12/2016	31/12/2015
Trade receivables		287 257	250 298
Allowances for doubtful receivables		(209 840)	(197 886)
	TOTAL:	**77 417**	**52 412**

Past due trade receivables are interest bearing.

13. Other receivables

		31/12/2016	31/12/2015
Security deposit paid		993	1 010
Prepayments for good and services		-	977
Overpayment of taxes (see Note 19 "Taxes payable")		2	2
	TOTAL:	**995**	**1 989**

14. Prepaid expense

		31/12/2016	31/12/2015
Municipal duty for advertising		16 258	-
Insurance		11 958	10 098
Electronic navigation kiosks warranty expense		-	512
Other expense		42	207
	TOTAL:	**28 258**	**10 817**

15. Accrued income

		31/12/2016	31/12/2015
Accrued rental income		88 829	44 031
Utilities		57 415	86 932
Temporary incentives subject to amortization		12 067	11 498
Accrued marketing income		3 073	3 072
Other accrued income		216	-
	TOTAL:	**161 600**	**145 533**

16. Derivative financial instruments

	31/12/2016		31/12/2015	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	-	41 850	-	-
Total	**-**	**41 850**	**-**	**-**
Including:				
- non-current portion	-	41 850	-	-
- current portion	-	-	-	-

On 6 December 2016, the Company entered into an interest rate swap contract with Danske Bank AS Latvia Branch. The contract provided that the floating EURIBOR interest rate was swapped with a fixed rate of 0.23% per annum covering the amount of EUR 9 265 822. The contract is valid for 6 years.

17. Cash

	31/12/2016	31/12/2015
Cash at bank	1 401 607	580 210
Restricted cash	-	293 117
TOTAL:	**1 401 607**	**873 327**

18. Loans from credit institutions

Non-current:		Maturity	31/12/2016	31/12/2015
Loan from DnB NOR Banka ASA	EUR	28/09/2016	-	38 955 923
Loan from SEB banka	EUR	08/03/2022	36 563 287	-
		TOTAL, non-current	**36 563 287**	**38 955 923**
Prepaid expense related to the loan from SEB banka			(181 395)	-
		TOTAL non-current loans from credit institutions, net:	**36 381 892**	**38 955 923**

Current:		Maturity	31/12/2016	31/12/2015
Loan from DnB NOR Banka ASA	EUR	28/09/2016	-	780 108
Loan from SEB banka	EUR	08/03/2022	500 000	-
		TOTAL, current	**500 000**	**780 108**
Prepaid expense related to the loan from DnB NOR Bank ASA			-	(45 010)
Prepaid expense related to the loan from SEB banka			(48 553)	-
		TOTAL current loans from credit institutions:	**451 447**	**735 098**
		TOTAL loans from credit institutions:	**37 063 287**	**39 736 031**

	31/12/2016	31/12/2015
Maturing in less than one year	500 000	780 108
Maturing between one and five years	2 000 000	38 955 923
Maturing in more than five years	34 563 287	-
TOTAL:	**37 063 287**	**39 736 031**

The loan received under the loan agreement with DnB NOR Bank ASA and AS DnB NORD Banka, dated 28 September 2006, was repaid by using the refinanced loan of EUR 76 million as disclosed below.

On 8 March 2016, the Company and its related company SIA Tampere Invest (as the Borrowers) entered into a loan agreement with AS SEB banka and Danske Bank AS. The loan totals EUR 76 million. The loan was used to repay the previous loan facility. According to the conditions of the loan agreement, the total loan was provided equally to each of the Borrowers; as a result, the portion of the loan assigned to the Company was EUR 38 million. The repayment term of the principal is 6 years with a balloon payment of EUR 70 million at the end of the repayment term. The amount of EUR 6 million of the principal is repayable in equal instalments on a semi-annual basis until the final balloon payment. Interest is payable at the rate of 6-month EURIBOR plus 1.4% per annum on a semi-annual basis.

Outstanding interest as at 31 December 2016 was stated under the accrued liabilities.

In accordance with the loan agreement, the Company's real estate located in Riga, Audēju iela 16 and Kalēja iela 30, and any buildings and constructions that may be constructed thereon, and all other assets owned by the Company at the date of pledging, and all other assets that may be acquired in the future, as well as the shares owned by the parent company, and any other shares of the Company that may be acquired by the parent company in the future are pledged as part of security for the respective bank loans.

19. Trade receivables

	31/12/2016	31/12/2015
Lease security deposits	279 308	310 123
TOTAL:	**279 308**	**310 123**

20. Taxes payable

	31/12/2016	31/12/2015
Corporate income tax*	(33 732)	(111 853)
Value added tax	(60 784)	(49 581)
Personal income tax	2	2
TOTAL:	**(94 514)**	**(161 432)**
Total receivable (disclosed as other receivables)	**2**	**2**
Total payable	**(94 516)**	**(161 434)**

21. Deferred income

	31/12/2016	31/12/2015
Deferred rentals	330 304	327 637
Deferred marketing fees	43 788	42 711
TOTAL:	**374 092**	**370 348**

22. Accrued liabilities

	31/12/2016	31/12/2015
Accrued interest on bank loans	165 756	-
Accrued electricity costs	64 877	68 431
Accrued liabilities towards the tenants	39 321	79 573
Accrued marketing and tenants' common costs	16 980	14 541
Accrued points of Galactico Privilege cards	14 000	8 500
Accrued audit fee	7 100	7 632
Accrued interest on derivative financial instruments	3 367	-
Accrued real estate valuation expense	1 500	1 500
Other accrued expense	12 589	7 778
TOTAL:	**325 490**	**187 955**

23. Loans to related companies

	31/12/2016	31/12/2015
Maturing in more than one year	13 859 417	16 020 020
TOTAL:	**13 859 417**	**16 020 020**

The loan was issued to the related company Linstow AS.

The loan matures on 31 December 2022. In 2016, the average interest rate on the loan was 2.026 %. The loan currency is the EUR, and it is not secured by collateral or any other means.

Based on the sound financial position of Linstow AS, the Company's management believes that the loan is fully recoverable.

24. Commitments and contingencies

Commitments under operating leases

The Company as a lessee has entered into the following property lease agreements:

Land Lease Agreement No RD-12-1832-lī dated 10 October 2012

The Agreement between the Property Department of Riga Council (the Lessor) and SIA Tampere Invest (the Lessee) provides that the Lessor leases out and the Lessee accepts for lease two land plots located in Riga, Rīdzenes iela (cadaster No 010000220028001 and cadaster No 010000220028002, which are parts of the land plot registered under cadaster No 0100-002-2002). Each land plot thereby leased has an area of 31 m^2. The Agreement is effective till 10 October 2017.

Land Lease Agreement No RD-12-1831-lī dated 10 October 2012

The Agreement between the Property Department of Riga Council (the Lessor) and SIA Tampere Invest (the Lessee) provides that the Lessor leases out and the Lessee accepts for lease a land plot located in Riga, Rīdzenes iela (cadaster No 010000220028003, which is part of the land plot registered under cadaster No 0100-002-2002). The land plot thereby leased has an area of 506 m^2. The Agreement is effective till 10 October 2017.

The total amount of annual lease expenses was EUR 3 116 in 2016 (2015: EUR 3 108). As at 31 December 2016, the future aggregate minimum lease payments under non-cancellable operating leases were as follows:

	31/12/2016	31/12/2015
Maturing in less than one year	3 116	3 108
Maturing between one and five years	12 463	12 463
Maturing in more than five years	3 116	6 232
TOTAL:	**18 695**	**21 803**

25. Off-balance sheet liabilities

Liability insurance agreement of 12 December 2013

In 2011, the reorganization of the group (SIA Tampere Invest Holdings, SIA Tampere Invest, AS Universālveikals Centrs) was commenced. As part of the reorganization process, on 26 March 2012 the general shareholders' meeting of AS Universālveikals Centrs (hereinafter – UVC) resolved to cease the operations of UVC and initiate the liquidation of this company. The operations of UVC were terminated in 2013, and UVC was struck off the Republic of Latvia Enterprise Register on 16 December 2013. Proceeding with the aforementioned reorganization, SIA Tampere Invest Holdings was acquired by SIA Tampere Invest; accordingly, the reorganization was completed on 9 December 2014 when SIA Tampere Invest Holdings was struck off the Republic of Latvia Enterprise Register.

In order to hold UVC liquidators harmless against any and all claims, procedures, losses and liabilities that may arise from or in relation to the completion of the UVC liquidation, SIA Tampere Invest Holdings signed a liability insurance agreement with the UVC liquidators. After SIA Tampere Invest Holdings has been liquidated, the Company has become its legal successor and, therefore, taken over all the rights and obligations under the liability insurance agreement. This agreement will be effective for 20 years after the liquidation of UVC has been completed.

26. Events after balance sheet date

As of the last day of the reporting year until the date of signing these financial statements there have been no events requiring adjustment of or disclosure in the financial statements or notes thereto.

Frode Gronvold
Chairman of the Board

Mārcis Budļevskis
Board Member

Elvīra Korsakova
Board Member

Larisa Aleksandrova
Accountant

30 March 2017

Building a better working world

SIA "Ernst & Young Baltic"
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INDEPENDENT AUDITORS' REPORT

To the Shareholder of SIA Tampere Invest

Opinion

We have audited the accompanying financial statements of SIA Tampere Invest (the Company) set out on pages 6 to 21 of the accompanying annual report, which comprise the balance sheet as at December 31, 2016, and the statement of profit or loss for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of SIA Tampere Invest as at December 31, 2016, and of its financial performance for the year then ended in accordance with the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the independence requirements included in the Law on Audit Services of Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the Law on Audit Services of Republic of Latvia and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Reporting on other information

The other information comprises the Management Report as set out on pages 4 to 5 of the accompanying annual report, but does not include the financial statements and our auditors report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as described in the Other reporting responsibilities in accordance with the legislation of the Republic of Latvia section of our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the entity and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other reporting responsibilities in accordance with the legislation of the Republic of Latvia

We have other reporting responsibilities in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report. These additional reporting responsibilities are beyond those required under the ISAs.

Our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the Law on the Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

Based solely on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report has been prepared in accordance with the requirements of the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ERNST & YOUNG BALTIC SIA
Licence No. 17

Diāna Krišjāne
Chairperson of the Board
Latvian Certified Auditor
Certificate No. 124

Riga, 30 March 2017

APPENDIX E

Condensed valuation reports

Summary

The purpose of this Valuation report is to present and appraise the property – Shopping Centre EUROPA, situated at the address Konstitucijos av. 7A – 1 and 7B, Vilnius, Lithuania, currently owned by UAB "BH Europa".

The Baltic region is fully integrated into the Eurozone after the euro adoption in Lithuania in 2015, following Estonia in 2011 and Latvia in 2014. The Baltic countries benefit from this due to the removal of the local currency risk opening opportunities for new investors and increasing the attractiveness of the region as a whole. Year of 2016 is described as a record year for office and retail investment transactions market, when nearly 75 % of total volume was investments into these segments. 2017 was a year of retail transactions, when nearly half of the total volume in Baltic states (including Lithuania) was made in this segment (46 % of total investment volume and more than 300 mEUR). There were attracted new international investors, who bought large scale projects in the Baltic market. Main principles applied for valuation:

- Due to the absence of the comparable market data direct Capitalization method is assumed not to reflect the true Market Value of the property;
- Sales Comparison approach was not applied due to absence of comparable transactions, as well as supply, during last 3 years (considering property physical, juridical and lease structure).
- The 10-year Discounted Cash Flow approach is considered to be the most reflective method given the forecasted income / expenses fluctuations.
- Replacement value (cost) approach was not applied as property under valuation is not of specific purpose or especially improved.

Estimated Market Value of the property on the date of valuation (27 December, 2018) is EUR 41,100,000 (EUR Forty-one million one hundred thousand).

Notes:

- Market value is exclusive of VAT.

The Lithuanian economy grew rapidly after the crisis and was among the fastest growing economies in the European Union. The GDP of Lithuania in 2015 and 2016 rose by 1.6 % and 2.3 % respectively. Lithuania's GDP in 2017 year, compared to the corresponding period of 2016, increased by 3.8 % and at current prices amounted to 41.857 billion euro. GDP growth was strongly influenced by the growth of the service sector and industry's added value, as well as the sharp increase in exports and the very rapid growth of the economy as a whole in the first half of last year. The GDP is projected to increase by 3.2 % and 2.8 % in 2018 and 2019 respectively.

Property under valuation – Shopping Centre EUROPA, located in central part of Vilnius, on intense Konstitucijos avenue, close to Vilnius Oldtown. Discounted Cash Flow approach was used for estimation of Market Value of the property, detailed calculations of the market value by this method are set in the appendixes of the report; Sales Comparison approach was not applied due to absence of comparable transactions, as well as supply, during last 3 years; Replacement Value (Cost) approach was not applied as property under valuation is not of specific purpose or especially improved.

Property under valuation / Interest to be valued

In accordance with instructions received from UAB "BH Europa" (further called "Client"), Valuer has been instructed to do a valuation of the property known as Shopping Centre EUROPA (GBA approx. 22,600 sq. m), located at the address Konstitucijos av. 7A – 1 and 7B, Vilnius, Lithuania.

Interest to be valued – freehold (premises, building, land plot) interest in Real Estate property as listed below. The property is registered in the Real Estate Registry of Lithuania under following property numbers.

Land

1. 8,235 sq. m (8235/10006 part of 10,006 sq. m) land plot. Unique No. 0101-0032-0383. Property rights – freehold (owner – UAB "BH Europa").

Buildings / premises

1. 22,596.63 sq. m Shopping centre premises. Unique No. 4400-0206-3136:3213. Property rights – freehold (owner – UAB "BH Europa").
2. 12,316.89 sq. m (1/2 part of 24,633.78 sq. m) Parking. Unique No. 4400-0058-0682. Property rights – freehold (owner – UAB "BH Europa").

Owner

Property under valuation is owned by UAB "BH Europa" (status – Joint Stock Company; address – Konstitucijos pr. 7A – 1, Vilnius, Lithuania; company code – 300059140; data collected in Register of Legal Entities of Lithuania).

The property is owned freehold (premises, buildings, land plot). There are encumbrances registered on the properties (listed further in Valuation Report), but any effect on our valuation of the Property.

Client

Client – UAB "BH Europa" (status – Joint Stock Company; address – Konstitucijos pr. 7A – 1, Vilnius, Lithuania; company code – 300059140; data collected in Register of Legal Entities of Lithuania).

Valuer

Valuation is prepared by valuer Kristina Pilipavičiūtė; approved by The Authority of Audit, Accounting, Property Valuation and Insolvency Management under the Ministry of Finance of the Republic of Lithuania as Real Estate Valuer (No. 000169).

Valuation is approved by valuer Linas Daukus; approved by Royal Institution of Chartered Surveyors (RICS) as Chartered Surveyor (Membership No. 6510302).

Valuer confirms that is in a position to provide an objective and unbiased valuation and is competent to undertake the subject valuation assignment; Valuer confirms that has sufficient current local, national and international (as appropriate) knowledge of the particular market and the skills and understanding to undertake subject valuation competently.

Valuer is acting as External valuer.

Valuer hereby declares that subject valuation is carried out in line with the ethical standards of the Royal Institution of Chartered Surveyors (RICS) and Valuer has no direct interest in the property or the company owning it.

UAB "Newsec valuations"

Status – Joint Stock Company; address – Konstitucijos av. 21C, Vilnius, Lithuania; company code – 126212869; data collected in Register of Legal Entities of Lithuania.

UAB "Newsec valuations" Certificate issued by Lithuania Property Valuation Oversight Agency No. 000170.

/signed electronically/ *\/signed electronically/*

Purpose of the valuation, date of valuation

The scope of this valuation is based on the client's valuation instructions as follows:

- Date of valuation is 27 December, 2018.
- The valuation is required for internal use (case and purpose of valuation – other, for financial statements, on Client's request). The valuation is required for financial statements under IFRS in accordance with IAS 40 fair value disclosure requirement.
- Secondary purpose for secured lending (bank financing purpose).

Pursuant to the recommendations laid down in the IAS, IVS and the EVS, investment property must be valued at Market Value, this market value being the Fair value.

The valuation is undertaken on basis of Market value in accordance with the standards of IAS, standards and guidance notes of IAS, IVS and the EVS or an equivalent basis as used in local market.

Valuer has prepared a full valuation of the property in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2017 – including the International Valuation Standards and Lithuanian Law on the Bases of Assessment of Property and Business No. XI-1497 dated 22.06.2011, Order of Minister of Finance of the Republic of Lithuania No. 1K-159 „On the Methods of Property Valuation" dated 27.04.2012, including inspection of the property and a detailed market survey.

Basis of value

Valuer as assessing the Market Value of the property in accordance with the Practice Statements and Relevant Guidance Notes of the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2017 – including the International Valuation Standards and approved by both the International Valuation Standards Committee (IVSC) and The European Group of Valuers' Association (TEGoVA) as follows:

> "***Market Value*** *– The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*" (*RICS 2017; IVS 2017*)

The Market Rent is also defined according to the manuals of the before-mentioned associations as follows:

> "***Market Rent*** *– The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*" (*RICS 2017; IVS 2017*).

Extent of investigation, inspections

This valuation report contains market overview and detail analysis with estimation of Market Value of the subject Property.

Conclusion on Market Value

The Baltic region is fully integrated into the Eurozone after the euro adoption in Lithuania in 2015, following Estonia in 2011 and Latvia in 2014. The Baltic countries benefit from this due to the removal of the local currency risk opening opportunities for new investors and increasing the attractiveness of the region as a whole. Year of 2016 is described as a record year for office and retail investment transactions market, when nearly 75 % of total volume was investments into these segments. 2017 was a year of retail transactions, when nearly half of the total volume in Baltic states (including Lithuania) was made in this segment (46 % of total investment volume and more than 300 mEUR). There were attracted new international investors, who bought large scale projects in the Baltic market. Main principles applied for valuation:

- Due to the absence of the comparable market data direct Capitalization method is assumed not to reflect the true market value of the Property;
- Sales Comparison approach was not applied due to absence of comparable transactions, as well as supply, during last 3 years (considering property physical, juridical and lease structure).
- The 10-year Discounted Cash Flow approach is considered to be the most reflective method given the forecasted income / expenses fluctuations.
- Replacement value (cost) approach was not applied as property under valuation is not of specific purpose or especially improved.

Based on the above calculations Valuer therefore estimate the **Market Value of the property** on the date of valuation (**27 December, 2018**) calculated using **Discounted Cash Flow approach**:

EUR 41,100,000.00

In letters: EUR Forty-one million one hundred thousand 00/100

Notes:

- Market value is exclusive of VAT.

Property under valuation constitutes complete whole.

This valuation report prepared not because of dispute between Client and Valuation Company (UAB "Newsec valuations") and / or other persons regarding value estimation.

Signature(s)

7 January, 2019 (date of Valuation Report)

Linas Daukus, MRICS
Head of Valuations, Baltics
UAB "Newsec valuations"

/signed electronically/

Director / Authorized person
UAB "Newsec valuations"

Kristina Pilipavičiūtė
Valuer
UAB "Newsec valuations"

/signed electronically/

S.P.

1. Property under valuation, purpose of valuation, basis and assumptions

1.1 Property under valuation

In accordance with instructions received from BH CC Plaza OÜ we have been instructed to do a valuation of the property known as "Postimaja" shopping centre (GBA 11,831 sq. m), located at Narva rd 1, Tallinn, Estonia (hereinafter referred to as **property / subject property**), currently owned by BH CC Plaza OÜ.

Interest to be valued – freehold interest in Real Estate property as listed below.

The property is registered in the Land Registry of Estonia under following property data:

- Land plot – 5,164 sq. m
- Land purpose – commerial land 90%, residential land 10%
- Registered Immovable No. – 177001
- Cadastral code – 78401:114:0035
- Property rights – freehold
- Property encumbrance – There are encumbrances registered on the property, which do not have any effect on our valuation of the Property.
- Mortgages - There are mortgages registered on the property, which do not have any effect on our valuation of the Property
- Ownership – BH CC Plaza OÜ (registry code 12399823)

1.2 Purpose of the valuation

The scope of this valuation is based on the client's valuation instructions as follows:

- Date of the value is 28th December, 2018.
- The valuation is required for internal use (case and purpose of valuation – other, for financial statements, on Client's request). The valuation is required for financial statements under IFRS in accordance with IAS 40 fair value disclosure requirement.
- Secondary purpose of valuation for secured lending (bank financing purposes).

Pursuant to the recommendations laid down in the IAS, IVS and the EVS, investment property must be valued at Market Value, this market value being the Fair value.

The valuation is undertaken on basis of Market value in accordance with the standards of IAS, standards and guidance notes of IAS, IVS and the EVS or an equivalent basis as used in local market.

Valuer has prepared a full valuation of the property in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2017 and Estonian Valuation Standards (EVS-875) as an equivalent basis considering the specific principles effective on the local market that not conflicts to RICS Standards or International Valuation Standards (IVS).

1.3 Basis of the valuation

We are assessing the Market Value of the property in accordance with the Practice Statements and Relevant Guidance Notes of the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards and approved by both the International Valuation Standards Committee (IVSC) and The European Group of Valuers' Association (TEGoVA) as follows:

> "**Market Value** – *The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing*

2.4 Valuer

Valuer Linas Daukus is approved by Royal Institution of Chartered Surveyors (RICS) as Chartered Surveyor (Membership No. 6510302).

Valuer Rain Pints is approved by Estonian Association of Appraisers as Certified Valuer (certificate no 127179) and has Republic of Estonia Land Board land valuation licence no 097 MA-mh.

Valuer confirms that he is in a position to provide an objective and unbiased valuation and is competent to undertake the subject valuation assignment; Valuer confirms that he has sufficient current local, national and international (as appropriate) knowledge of the particular market and the skills and understanding to undertake subject valuation competently.

Valuer is acting as External valuer.

The Valuer hereby declares that this valuation is carried out in line with the ethical standards of the Royal Institution of Chartered Surveyors (RICS) and the valuators have no direct interest in the property or the company owning it.

OÜ "NEWSEC VALUATIONS EE"

Address: Roseni 7, 101111 Tallinn, Estonia
Tel.: +372 6645090
Fax.: + 372 6645091

Bank account: EE192200221049294915
Bank: Swedbank
Bank code: HABAEE2X
Company code: 11930446
VAT payer code: EE101366122

2.5 Source data

For the purpose of this report we have been provided by Client with the following documents / information:

- Latest detailed profit and loss statement for the building
- Historical and future forecasted profit and loss statements for the building
- Tenancy schedule
- General presentation about the building

Valuer has also used various publicly available information[1] as well as OU "NEWSEC VALUATIONS EE" database.

Valuer has in general relied on this information to be accurate and has generally not found any reason to believe otherwise, using this information as basis for our valuation. Our report is therefore using this information as basis for our valuation.

[1] Estonian public resources: (www.ehr.ee; www.maaamet.ee; https://kinnistusraamat.rik.ee; http://www.fin.ee)

Condensed valuation report of Postimaja for the valuation date of 28 December 2018 (page 3 of 3)

5.5 Valuation conclusion

Based on the above calculations we therefore estimate the **Market Value of the property on the date of the value (28th December, 2018)** calculated using Discounted Cash Flow method to

EUR 32,450,000

In letters: thirty two million four hundred fifty thousand euros

The contents of this Report is intended to be confidential to the addressees and for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents. Before the Report or any part of its contents are reproduced or referred to in any document, circular or statement or disclosed orally to a third party, our written approval as to the form and content of such publication or disclosure must first be obtained. For avoidance of doubt, such approval is required whether or not this firm is referred to by name and whether or not our Report is combined with others.

Signature(s)

7th January, 2019 (date of Valuation Report)

Report approved by:
Linas Daukus, MRICS
Head of International Valuations, Baltics

/signed electronically/

Report written by:
Rain Pints
Valuer (Estonia)
Certificate no 127179
Land valuation licence no 097 MA-mh

/signed electronically/

Summary

The purpose of this valuation report is to present and appraise the property – BUSINESS CENTRE, located at the address Mūkusalas str. 101, Riga, Latvia, currently owned by "KONTOR" SIA.

The Baltic region is fully integrated into the Eurozone after the euro adoption in Lithuania in 2015, following Estonia in 2011 and Latvia in 2014. The Baltic countries benefit from this due to the removal of the local currency risk opening opportunities for new investors and increasing the attractiveness of the region as a whole. Year of 2016 is described as a record year for office and retail investment transactions market, when nearly 75% of total volume was investments into these segments. 2017 was a year of retail transactions, when nearly half of the total volume in Baltic states and in Lithuania as well was made in this segment (46% of total investment volume and more than 300 mEUR). There were attracted new international investors, who bought large scale projects in the Baltics market. 2017 was a year of retail transactions, when nearly half of the total volume is made in this segment. Main principles applied for valuation:

- Due to the absence of the comparable market data direct capitalization method is assumed not to reflect the true market value of the Property;
- The 10-year Discounted Cash Flow approach is considered to be the most reflective method given the conditions as outlined above.
- Sales Comparison Approach was not applied for valuation of Business Centre due to absence of comparable transactions, as well as supply, during last 3 years (considering size, purpose and tenancy state (as subject property under valuation are under long term leases)).
- Replacement Value (Cost) Approach was not applied as property under valuation is not of specific purpose or especially improved.

Estimated Market Value of the property on the date of valuation (28th December, 2018) is EUR 25,730,000 (EUR Twenty five million seven hundred and thirty thousand).

As of the end of 2010, the recession stopped in Latvia, and growth has resumed. From 2011 to 2013, the GDP grew by 4.4% per year on average. In 2014, GDP grew by 1.9%, while in 2015 – by 3.0%. The slowdown of growth in the last two years was determined by the trends in the external environment – slower growth in the EU than expected, as well as weakening of the economic situation in Russia. Latvia's economic growth in 2016 (2.0%) suffered from a drop in investment but reached an impressive 4.5% in 2017 due to the upturn in the EU financing cycle and an increase in household purchasing power.

Property being valued – Business Centre (total area approx. 15,500 sqm), located on Mukusalas str. - one of main city transportation arteries, approx. 10 minute drive from Riga city centre. Property valuation refers on owner's income and expenses on the property, also with valuators' conclusions and presumptions. Discounted Cash – Flow method was used for estimation of Market Value of the Business Centre, detailed calculations of the market value by this method are set in the Appendixes to Valuation Report.

Property under valuation / Interest to be valued

In accordance with instructions received from "KONTOR" SIA (Client), we have been instructed to do a desktop valuation of the property – BUSINESS CENTRE UPMALAS BIROJI (Administrative centre and land plot; building gross area approx. 10,500 sqm), located at the address Mūkusalas str. 101, Riga, Latvia.

Interest to be valued – freehold (buildings / premises, land) interest in Real Estate property as listed below. The property is registered under following property numbers.

Land

1. Mūkusalas str. 101, Riga, LV-1004, Latvia. Land plot area 7,663.00 sqm, Cadastral No. 01000520192, Land Registry Section No. 1805.
   Property rights – freehold (owner – "KONTOR" SIA, c.c. 40003771618).

Buildings / premises

2. Mūkusalas str. 101, Riga, LV-1004. Office building gross area 15,461.80 sqm, Cadastral No. 01000520041013, Land Registry Section No. 1805.
   Property rights – freehold (owner – "KONTOR" SIA, c.c. 40003771618).

Owner

Property under valuation is owned "KONTOR" SIA, c.c. 40003771618, address Mūkusalas str. 101, Riga, LV-1004, Latvia.

The property is owned freehold. There are encumbrances registered on the properties (listed further in Valuation Report), but any effect on our valuation of the Property.

Client

Client – "KONTOR" SIA, c.c. 40003771618, address Mūkusalas str. 101, Riga, LV-1004, Latvia.

Valuer

Valuer Andris Pūtelis is approved by Latvian Association of Property Valuators as Certified Valuator (Certificate No.130 in real estate valuation, issued by Latvian Association of Property Valuers).

Valuer Linas Daukus is approved by Royal Institution of Chartered Surveyors (RICS) as Chartered Surveyor (Membership No. 6510302).

Valuer confirms that is in a position to provide an objective and unbiased valuation and is competent to undertake the subject valuation assignment; Valuer confirms that has sufficient current local, national and international (as appropriate) knowledge of the particular market and the skills and understanding to undertake subject valuation competently.

Valuer is acting as External valuer.

Valuer hereby declare that this valuation is carried out in line with the ethical standards of the Royal Institution of Chartered Surveyors (RICS) and TEGoVA and the valuators have no direct interest in the property or the company owning it.

RICS

NEWSEC

SIA "NEWSEC VALUATIONS LV"

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Latvia
Tel.: +371 6750 8400
Fax.: +371 6750 8401

Bank account: LV22HABA0551024551291
Bank: "Swedbank", AS
SWIFT code: HABALV22
Reg. code: 40103216919
VAT payer code: LV40103216919

Purpose of the valuation, valuation date

The scope of this valuation is based on the client's valuation instructions as follows:

- Date of valuation is 28th December, 2018.
- The valuation is required for internal use (case and purpose of valuation – other, for financial statements, on Client's request). The valuation is required for financial statements under IFRS in accordance with IAS 40 fair value disclosure requirement.
- Secondary purpose of valuation for secured lending (bank financing purposes).

Valuer has prepared a full valuation of the property in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2017 – including the International Valuation Standards and Latvian Valuation Standards 401:2013, including inspection of the property and a market survey.

Basis of value

We as assessing the Market Value of the property in accordance with the Practice Statements and Relevant Guidance Notes of the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards and approved by both the International Valuation Standards Committee (IVSC) and The European Group of Valuers' Association (TEGoVA) as follows:

> *"**Market Value** – The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" (RICS 2017; IVS 2017)*

The Market Rent is also defined according to the manuals of the above mentioned associations as follows:

> *"**Market Rent** – The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" (RICS 2017; IVS 2017).*

Extent of investigation, inspections

This valuation report contains market overview and detail analysis with estimation of Market Value of the subject Property.

Conclusion on Value

Based on the above calculations we therefore estimate the **Market Value** of the property on the date of valuation **(28th December, 2018)** calculated using Discounted Cash Flow method to

EUR 25,730,000.00

In letters: EUR Twenty five million seven hundred and thirty thousand 00/100

Signature(s)

Date of Report: 31st December, 2018

Andris Pūtelis
Valuer, Report Compiler
SIA „ NEWSEC VALUATIONS LV"

/signed electronically/

Linas Daukus, MRICS
Valuer, Report Inspector /
Head of Valuations, Baltics
SIA „ NEWSEC VALUATIONS LV"

/signed electronically/

RICS

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Summary

The purpose of this Valuation report is to present and appraise the property – Shopping-Business Centre DOMUS PRO, situated at the address Ukmergės str. 308 – 1, 308 – 2 and 308, Vilnius, Lithuania, currently owned by UAB "BH Domus PRO".

The Baltic region is fully integrated into the Eurozone after the euro adoption in Lithuania in 2015, following Estonia in 2011 and Latvia in 2014. The Baltic countries benefit from this due to the removal of the local currency risk opening opportunities for new investors and increasing the attractiveness of the region as a whole. Year of 2016 is described as a record year for office and retail investment transactions market, when nearly 75 % of total volume was investments into these segments. 2017 was a year of retail transactions, when nearly half of the total volume in Baltic states (including Lithuania) was made in this segment (46 % of total investment volume and more than 300 mEUR). There were attracted new international investors, who bought large scale projects in the Baltic market. Main principles applied for valuation:

- Due to the absence of the comparable market data direct Capitalization method is assumed not to reflect the true Market Value of the property;
- Sales Comparison approach was not applied due to absence of comparable transactions, as well as supply, during last 3 years (considering property physical, juridical and lease structure).
- The 10-year Discounted Cash Flow approach is considered to be the most reflective method given the forecasted income / expenses fluctuations.
- Replacement value (cost) approach was not applied as property under valuation is not of specific purpose or especially improved.

Estimated Market Value of the property on the date of valuation (27 December, 2018) is EUR 24,920,000 (EUR Twenty-four million nine hundred and twenty thousand).

Market Value distribution:

- **Business centre *Market Value* – EUR 7,460,000 (EUR Seven million four hundred and sixty thousand);**
- **Shopping centre *Market Value* – EUR 17,460,000 (EUR Seventeen million four hundred and sixty thousand).**

Notes:

- Market value is exclusive of VAT.

The Lithuanian economy grew rapidly after the crisis and was among the fastest growing economies in the European Union. The GDP of Lithuania in 2015 and 2016 rose by 1.6 % and 2.3 % respectively. Lithuania's GDP in 2017 year, compared to the corresponding period of 2016, increased by 3.8 % and at current prices amounted to 41.857 billion euro. GDP growth was strongly influenced by the growth of the service sector and industry's added value, as well as the sharp increase in exports and the very rapid growth of the economy as a whole in the first half of last year. The GDP is projected to increase by 3.2 % and 2.8 % in 2018 and 2019 respectively.

Property under valuation – Shopping-Business Centre DOMUS PRO, located in residential part of Vilnius, on intense Ukmergės street, close to Vilnius Western Bypass. Discounted Cash Flow approach was used for estimation of Market Value of the property, detailed calculations of the market value by this method are set in the appendixes of the report; Sales Comparison approach was not applied due to absence of comparable transactions, as well as supply, during last 3 years; Replacement Value (Cost) approach was not applied as property under valuation is not of specific purpose or especially improved.

Property under valuation / Interest to be valued

In accordance with instructions received from UAB "BH Domus PRO" (further called "Client"), Valuer has been instructed to do a valuation of the property known as Shopping-Business Centre DOMUS PRO (GLA approx. 4,800 sq. m Business centre and approx. 11,300 sq. m Shopping centre), located at the address Ukmergės str. 308 – 1, 308 – 2 and 308, Vilnius, Lithuania.

Interest to be valued – freehold (premises, buildings, land plot) interest in Real Estate property as listed below. The property is registered in the Real Estate Registry of Lithuania under following property numbers.

Land

1. 23,527 sq. m land plot. Unique No. 4400-1141-0054. Property rights – freehold (owner – UAB "BH Domus PRO").

Buildings / premises

1. 7,846.09 sq. m Shopping centre. Unique No. 4400-2904-7090:7111. Property rights – freehold (owner – UAB "BH Domus PRO").
2. 112.58 sq. m Gambling machine salon. Unique No. 4400-2904-7070:7110. Property rights – freehold (owner – UAB "BH Domus PRO").
3. 6,072.44 sq. m Administrative building. Unique No. 4400-4552-0970. Property rights – freehold (owner – UAB "BH Domus PRO").
4. 1,472.37 sq. m Shopping centre. Unique No. 4400-4189-6064. Property rights – freehold (owner – UAB "BH Domus PRO").
5. 2,390.12 sq. m Sport club with swimming pool, sauna and public catering premises. Unique No. 4400-4189-6080. Property rights – freehold (owner – UAB "BH Domus PRO").
6. Courtyard. Unique No. 4400-2823-6428. Property rights – freehold (owner – UAB "BH Domus PRO").
7. 703.58 m Cold water supply pipeline. Unique No. 4400-2823-6446. Property rights – freehold (owner – UAB "BH Domus PRO").
8. 280.39 m Rainwater collector. Unique No. 4400-2823-6539. Property rights – freehold (owner – UAB "BH Domus PRO").
9. 439.84 m Wastewater collector. Unique No. 4400-2823-6528. Property rights – freehold (owner – UAB "BH Domus PRO").
10. 414.10 m Rainwater collector. Unique No. 4400-2825-2786. Property rights – freehold (owner – UAB "BH Domus PRO").

Owner

Property under valuation is owned by UAB "BH Domus PRO" (status – Joint Stock Company; address – Ukmergės g. 308 – 1, Vilnius, Lithuania; company code – 225439110; data collected in Register of Legal Entities of Lithuania).

The property is owned freehold (premises, buildings, land plot). There are encumbrances registered on the properties (listed further in Valuation Report), but any effect on our valuation of the Property.

Client

Client – UAB "BH Domus PRO" (status – Joint Stock Company; address – Ukmergės g. 308 – 1, Vilnius, Lithuania; company code – 225439110; data collected in Register of Legal Entities of Lithuania).

Valuer

Valuation is prepared by valuer Kristina Pilipavičiūtė; approved by The Authority of Audit, Accounting, Property Valuation and Insolvency Management under the Ministry of Finance of the Republic of Lithuania as Real Estate Valuer (No. 000169).

Valuation is approved by valuer Linas Daukus; approved by Royal Institution of Chartered Surveyors (RICS) as Chartered Surveyor (Membership No. 6510302).

Valuer confirms that is in a position to provide an objective and unbiased valuation and is competent to undertake the subject valuation assignment; Valuer confirms that has sufficient current local, national and international (as appropriate) knowledge of the particular market and the skills and understanding to undertake subject valuation competently.

Valuer is acting as External valuer.

Valuer hereby declares that subject valuation is carried out in line with the ethical standards of the Royal Institution of Chartered Surveyors (RICS) and Valuer has no direct interest in the property or the company owning it.

UAB "Newsec valuations"

Status – Joint Stock Company; address – Konstitucijos av. 21C, Vilnius, Lithuania; company code – 126212869; data collected in Register of Legal Entities of Lithuania.

UAB "Newsec valuations" Certificate issued by Lithuania Property Valuation Oversight Agency No. 000170.

Purpose of the valuation, date of valuation

The scope of this valuation is based on the client's valuation instructions as follows:

- Date of valuation is 27 December, 2018.
- The valuation is required for internal use (case and purpose of valuation – other, for financial statements, on Client's request). The valuation is required for financial statements under IFRS in accordance with IAS 40 fair value disclosure requirement.
- Secondary purpose for secured lending (bank financing purpose).

Pursuant to the recommendations laid down in the IAS, IVS and the EVS, investment property must be valued at Market Value, this market value being the Fair value.

The valuation is undertaken on basis of Market value in accordance with the standards of IAS, standards and guidance notes of IAS, IVS and the EVS or an equivalent basis as used in local market.

Valuer has prepared a full valuation of the property in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2017 – including the International Valuation Standards and Lithuanian Law on the Bases of Assessment of Property and Business No. XI-1497 dated 22.06.2011, Order of Minister of Finance of the Republic of Lithuania No. 1K-159 „On the Methods of Property Valuation" dated 27.04.2012, including inspection of the property and a detailed market survey.

Basis of value

Valuer as assessing the Market Value of the property in accordance with the Practice Statements and Relevant Guidance Notes of the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2017 – including the International Valuation Standards and approved by both the International Valuation Standards Committee (IVSC) and The European Group of Valuers' Association (TEGoVA) as follows:

Condensed valuation report of Domus Pro for the valuation date of 27 December 2018 (page 3 of 4)

RICS

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Conclusion on Market Value

The Baltic region is fully integrated into the Eurozone after the euro adoption in Lithuania in 2015, following Estonia in 2011 and Latvia in 2014. The Baltic countries benefit from this due to the removal of the local currency risk opening opportunities for new investors and increasing the attractiveness of the region as a whole. Year of 2016 is described as a record year for office and retail investment transactions market, when nearly 75 % of total volume was investments into these segments. 2017 was a year of retail transactions, when nearly half of the total volume in Baltic states (including Lithuania) was made in this segment (46 % of total investment volume and more than 300 mEUR). There were attracted new international investors, who bought large scale projects in the Baltic market. Main principles applied for valuation:

- Due to the absence of the comparable market data direct Capitalization method is assumed not to reflect the true market value of the Property;
- Sales Comparison approach was not applied due to absence of comparable transactions, as well as supply, during last 3 years (considering property physical, juridical and lease structure).
- The 10-year Discounted Cash Flow approach is considered to be the most reflective method given the forecasted income / expenses fluctuations.
- Replacement value (cost) approach was not applied as property under valuation is not of specific purpose or especially improved.

Based on the above calculations Valuer therefore estimate the **Market Value of the property** on the date of valuation (**27 December, 2018**) calculated using **Discounted Cash Flow approach**:

EUR 24,920,000.00

In letters: EUR Twenty-four million nine hundred and twenty thousand 00/100

Market Value distribution:

- **Business centre *Market Value* – EUR 7,460,000 (EUR Seven million four hundred and sixty thousand);**
- **Shopping centre *Market Value* – EUR 17,460,000 (EUR Seventeen million four hundred and sixty thousand).**

Notes:

- Market value is exclusive of VAT.

Property under valuation constitutes complete whole.

This valuation report prepared not because of dispute between Client and Valuation Company (UAB "Newsec valuations") and / or other persons regarding value estimation.

Signature(s)

7 January, 2019 (date of Valuation Report)

Linas Daukus, MRICS Head of Valuations, Baltics UAB "Newsec valuations" */signed electronically/*	**Director / Authorized person** UAB "Newsec valuations"
Kristina Pilipavičiūtė Valuer UAB "Newsec valuations" */signed electronically/*	S.P.

Condensed valuation report of Meraki land plot for the valuation date of 27 December 2018 (page 1 of 3)

Summary

The purpose of this Valuation report is to present and appraise the property – Land plots for development, situated at the address Ukmergės str. 310 and 316, Vilnius, Lithuania, currently owned by UAB "BH Meraki".

The Baltic region is fully integrated into the Eurozone after the euro adoption in Lithuania in 2015, following Estonia in 2011 and Latvia in 2014. The Baltic countries benefit from this due to the removal of the local currency risk opening opportunities for new investors and increasing the attractiveness of the region as a whole. Year of 2016 is described as a record year for office and retail investment transactions market, when nearly 75 % of total volume was investments into these segments. 2017 was a year of retail transactions, when nearly half of the total volume in Baltic states (including Lithuania) was made in this segment (46 % of total investment volume and more than 300 mEUR). There were attracted new international investors, who bought large scale projects in the Baltic market. Main principles applied for valuation:

- Sales Comparison approach was applied as comparable transactions, as well as supply, during last 3 years are available;
- Discounted Cash Flow approach was not applied as comparable transactions during last 3 years are available and Sales Comparison Approach objectively reflect the market value of the property. Property development prognosis on the date of valuation are hardly predictable as Detail plan was prepared in year 2015 including land plot, which is not included into valuation, Construction project is not prepared and Construction permit is not issued on the date of valuation;
- Replacement value (cost) approach was not applied as property under valuation is not of specific purpose or especially improved.

Estimated Market Value of the property on the date of valuation (27 December, 2018) is EUR 1,670,000 (EUR One million six hundred and seventy thousand).

Notes:

- Market value is exclusive of VAT.

The Lithuanian economy grew rapidly after the crisis and was among the fastest growing economies in the European Union. The GDP of Lithuania in 2015 and 2016 rose by 1.6 % and 2.3 % respectively. Lithuania's GDP in 2017 year, compared to the corresponding period of 2016, increased by 3.8 % and at current prices amounted to 41.857 billion euro. GDP growth was strongly influenced by the growth of the service sector and industry's added value, as well as the sharp increase in exports and the very rapid growth of the economy as a whole in the first half of last year. The GDP is projected to increase by 3.2 % and 2.8 % in 2018 and 2019 respectively.

Property under valuation – Land plots for development, located in residential part of Vilnius, on intense Ukmergės street, close to Vilnius Western Bypass. Sales Comparison approach was used for estimation of Market Value of the property, detailed calculations of the market value by this method are set in the appendixes of the report; Discounted Cash Flow approach was not applied as comparable transactions during last 3 years are available and Sales Comparison Approach objectively reflect the market value of the property. Property development prognosis on the date of valuation are hardly predictable; Replacement Value (Cost) approach was not applied as property under valuation is not of specific purpose or especially improved.

UAB "Newsec valuations"

Status – Joint Stock Company; address – Konstitucijos av. 21C, Vilnius, Lithuania; company code – 126212869; data collected in Register of Legal Entities of Lithuania.

UAB "Newsec valuations" Certificate issued by Lithuania Property Valuation Oversight Agency No. 000170.

Purpose of the valuation, date of valuation

The scope of this valuation is based on the client's valuation instructions as follows:

- Date of valuation is 27 December, 2018.
- The valuation is required for internal use (case and purpose of valuation – other, for financial statements, on Client's request). The valuation is required for financial statements under IFRS in accordance with IAS 40 fair value disclosure requirement.
- Secondary purpose for secured lending (bank financing purpose).

Pursuant to the recommendations laid down in the IAS, IVS and the EVS, investment property must be valued at Market Value, this market value being the Fair value.

The valuation is undertaken on basis of Market value in accordance with the standards of IAS, standards and guidance notes of IAS, IVS and the EVS or an equivalent basis as used in local market.

Valuer has prepared a full valuation of the property in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2017 – including the International Valuation Standards and Lithuanian Law on the Bases of Assessment of Property and Business No. XI-1497 dated 22.06.2011, Order of Minister of Finance of the Republic of Lithuania No. 1K-159 „On the Methods of Property Valuation" dated 27.04.2012, including inspection of the property and a detailed market survey.

Basis of value

Valuer as assessing the Market Value of the property in accordance with the Practice Statements and Relevant Guidance Notes of the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2017 – including the International Valuation Standards and approved by both the International Valuation Standards Committee (IVSC) and The European Group of Valuers' Association (TEGoVA) as follows:

> "***Market Value*** *– The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*" (*RICS 2017; IVS 2017*)

The Market Rent is also defined according to the manuals of the before-mentioned associations as follows:

> "***Market Rent*** *– The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*" (*RICS 2017; IVS 2017*).

Extent of investigation, inspections

This valuation report contains market overview and detail analysis with estimation of Market Value of the subject Property.

Conclusion on Market Value

The Baltic region is fully integrated into the Eurozone after the euro adoption in Lithuania in 2015, following Estonia in 2011 and Latvia in 2014. The Baltic countries benefit from this due to the removal of the local currency risk opening opportunities for new investors and increasing the attractiveness of the region as a whole. Year of 2016 is described as a record year for office and retail investment transactions market, when nearly 75 % of total volume was investments into these segments. 2017 was a year of retail transactions, when nearly half of the total volume in Baltic states (including Lithuania) was made in this segment (46 % of total investment volume and more than 300 mEUR). There were attracted new international investors, who bought large scale projects in the Baltic market. Main principles applied for valuation:

- Sales Comparison approach was applied as comparable transactions, as well as supply, during last 3 years are available;
- Discounted Cash Flow approach was not applied as comparable transactions during last 3 years are available and Sales Comparison Approach objectively reflect the market value of the property. Property development prognosis on the date of valuation are hardly predictable as Detail plan was prepared in year 2015 including land plot, which is not included into valuation, Construction project is not prepared and Construction permit is not issued on the date of valuation;
- Replacement value (cost) approach was not applied as property under valuation is not of specific purpose or especially improved.

Based on the above calculations Valuer therefore estimate the **Market Value of the property** on the date of valuation (**27 December, 2018**) calculated using **Sales Comparison approach**:

EUR 1,670,000.00

In letters: EUR One million six hundred and seventy thousand 00/100

Notes:

- Market value is exclusive of VAT.

Property under valuation constitutes complete whole.

This valuation report prepared not because of dispute between Client and Valuation Company (UAB "Newsec valuations") and / or other persons regarding value estimation.

Signature(s)

7 January, 2019 (date of Valuation Report)

Linas Daukus, MRICS
Head of Valuations, Baltics
UAB "Newsec valuations"

/signed electronically/

Kristina Pilipavičiūtė
Valuer
UAB "Newsec valuations"

/signed electronically/

Director / Authorized person
UAB "Newsec valuations"

S.P.

Condensed valuation report of Vainodes I for the valuation date of 28 December 2018 (page 1 of 4)

Summary

The purpose of this valuation report is to present and appraise the property – OFFICE BUILDING, located at the address Vaiņodes str. 1, Riga, Latvia, currently owned by VAIŅODES KRASTI SIA.

The Baltic region is fully integrated into the Eurozone after the euro adoption in Lithuania in 2015, following Estonia in 2011 and Latvia in 2014. The Baltic countries benefit from this due to the removal of the local currency risk opening opportunities for new investors and increasing the attractiveness of the region as a whole. Year of 2016 is described as a record year for office and retail investment transactions market, when nearly 75% of total volume was investments into these segments. 2017 was a year of retail transactions, when nearly half of the total volume in Baltic states and in Lithuania as well was made in this segment (46% of total investment volume and more than 300 mEUR). There were attracted new international investors, who bought large scale projects in the Baltics market. 2017 was a year of retail transactions, when nearly half of the total volume is made in this segment. Main principles applied for valuation:

- Due to the absence of the comparable market data direct capitalization method is assumed not to reflect the true market value of the Property;
- The 10-year Discounted Cash Flow approach is considered to be the most reflective method given the conditions as outlined above.
- Sales Comparison Approach was not applied for valuation of Office Building due to absence of comparable transactions, as well as supply, during last 3 years (considering size, purpose and tenancy state (as subject property under valuation are under long term leases)).
- Replacement Value (Cost) Approach was not applied as property under valuation is not of specific purpose or especially improved.

Estimated Market Value of the property on the date of valuation (28th December, 2018) is EUR 21,230,000 (EUR twenty one million two hundred and thirty thousand).

As of the end of 2010, the recession stopped in Latvia, and growth has resumed. From 2011 to 2013, the GDP grew by 4.4% per year on average. In 2014, GDP grew by 1.9%, while in 2015 – by 3.0%. The slowdown of growth in the last two years was determined by the trends in the external environment – slower growth in the EU than expected, as well as weakening of the economic situation in Russia. Latvia's economic growth in 2016 (2.0%) suffered from a drop in investment but reached an impressive 4.5% in 2017 due to the upturn in the EU financing cycle and an increase in household purchasing power.

Property being valued – OFFICE BUILDING (total area approx. 9,500 sq.m), located on Vainodes str., next to Karla Ulmana av. – one of main city transportation arteries, approx. 10 minute drive from Riga city centre. Property valuation refers on owner's income and expenses on the property, also with valuators' conclusions and presumptions. Discounted Cash – Flow method was used for estimation of Market Value of the Office building, detailed calculations of the market value by this method are set in the Appendixes to Valuation Report.

Condensed valuation report of Vainodes I for the valuation date of 28 December 2018 (page 2 of 4)

Property under valuation / Interest to be valued

In accordance with instructions received from VAIŅODES KRASTI SIA (Client), we have been instructed to do a valuation of the property known as OFFICE BUILDING (Office building, Parking shelter and land plots; office building gross area approx. 9,500 sq.m), located at the address Vaiņodes str. 1, Riga, Latvia.

Interest to be valued – freehold (buildings / premises, land) interest in Real Estate property as listed below. The property is registered under following property numbers.

Land

1. Vaiņodes iela 1, Rīga, LV1004, Latvia. Land plot area 19,020.00 sq.m, Cadastral No. 01000740490, Land Registry Section No. 29098.
   Property rights – freehold (owner – VAIŅODES KRASTI SIA, c.c. 50103684291).

Buildings / premises

1. Vaiņodes iela 1, Rīga, LV1004, Latvia. Office building gross area 9,538.20 sq.m, Cadastral No. 01000740098001, Land Registry Section No. 29098.
   Property rights – freehold (owner – VAIŅODES KRASTI SIA, c.c. 50103684291).
2. Vaiņodes iela 1, Rīga, LV1004, Latvia. Parking shelter gross area 1,596.10 sq.m, Cadastral No. 01000740303002, Land Registry Section No. 29098.
   Property rights – freehold (owner – VAIŅODES KRASTI SIA, c.c. 50103684291).

Owner

Property under valuation is owned by VAIŅODES KRASTI SIA, c.c. 50103684291, address Krišjaņa Valdemara str. 21 - 20, LV-1010, Riga.

The property is owned freehold. There are encumbrances registered on the properties (listed further in Valuation Report), but any effect on our valuation of the Property.

Client

Client – VAIŅODES KRASTI SIA, c.c. 50103684291, address Krišjaņa Valdemara str. 21 - 20, LV-1010, Riga.

Valuer

Valuer Andris Pūtelis is approved by Latvian Association of Property Valuators as Certified Valuator (Certificate No.130 in real estate valuation, issued by Latvian Association of Property Valuers).

Valuer Linas Daukus is approved by Royal Institution of Chartered Surveyors (RICS) as Chartered Surveyor (Membership No. 6510302).

Valuer confirms that is in a position to provide an objective and unbiased valuation and is competent to undertake the subject valuation assignment; Valuer confirms that has sufficient current local, national and international (as appropriate) knowledge of the particular market and the skills and understanding to undertake subject valuation competently.

Valuer is acting as External valuer.

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Valuer hereby declare that this valuation is carried out in line with the ethical standards of the Royal Institution of Chartered Surveyors (RICS) and TEGoVA and the valuators have no direct interest in the property or the company owning it.

SIA "NEWSEC VALUATIONS LV"

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SWIFT code: HABALV22
Reg. code: 40103216919
VAT payer code: LV40103216919

Purpose of the valuation, valuation date

The scope of this valuation is based on the client's valuation instructions as follows:

- Date of valuation is 28th December, 2018.
- The valuation is required for internal use (case and purpose of valuation – other, for financial statements, on Client's request). The valuation is required for financial statements under IFRS in accordance with IAS 40 fair value disclosure requirement.
- Secondary purpose of valuation for secured lending (bank financing purposes).

Valuer has prepared a full valuation of the property in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2017 – including the International Valuation Standards and Latvian Valuation Standards 401:2013, including inspection of the property and a market survey.

Basis of value

We as assessing the Market Value of the property in accordance with the Practice Statements and Relevant Guidance Notes of the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards and approved by both the International Valuation Standards Committee (IVSC) and The European Group of Valuers' Association (TEGoVA) as follows:

> "***Market Value*** *– The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" (RICS 2017; IVS 2017)*

The Market Rent is also defined according to the manuals of the above mentioned associations as follows:

> "***Market Rent*** *– The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" (RICS 2017; IVS 2017).*

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Conclusion on Value

Based on the above calculations we therefore estimate the **Market Value** of the property on the date of valuation **(28th December, 2018)** calculated using Discounted Cash Flow method to

EUR 21,230,000.00

In letters: EUR Twenty one million two hundred and thirty thousand 00/100

Signature(s)

Date of Report: 31st December, 2018

Andris Pūtelis
Valuer, Report Compiler
SIA „ NEWSEC VALUATIONS LV"

/signed electronically/

Linas Daukus, MRICS
Valuer, Report Inspector /
Head of Valuations, Baltics
SIA „ NEWSEC VALUATIONS LV"

/signed electronically/

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Summary

The purpose of this valuation report is to present and appraise the property – BUSINESS CENTRE LNK CENTRE, located at the address Skanstes str. 27, Riga, Riga, Latvia, currently owned by SIA "BH S27".

The Baltic region is fully integrated into the Eurozone after the euro adoption in Lithuania in 2015, following Estonia in 2011 and Latvia in 2014. The Baltic countries benefit from this due to the removal of the local currency risk opening opportunities for new investors and increasing the attractiveness of the region as a whole. Year of 2016 is described as a record year for office and retail investment transactions market, when nearly 75% of total volume was investments into these segments. 2017 was a year of retail transactions, when nearly half of the total volume in Baltic states and in Lithuania as well was made in this segment (46% of total investment volume and more than 300 mEUR). There were attracted new international investors, who bought large scale projects in the Baltics market. 2017 was a year of retail transactions, when nearly half of the total volume is made in this segment. Main principles applied for valuation:

- Due to the absence of the comparable market data direct capitalization method is assumed not to reflect the true market value of the Property;
- The 10-year Discounted Cash Flow approach is considered to be the most reflective method given the conditions as outlined above.
- Sales Comparison Approach was not applied for valuation of Business Centre due to absence of comparable transactions, as well as supply, during last 3 years (considering size, purpose and tenancy state (as subject property under valuation are under long term leases)).
- Replacement Value (Cost) Approach was not applied as property under valuation is not of specific purpose or especially improved.

Estimated Market Value of the property on the date of valuation (28th December, 2018) is EUR 17,450,000 (EUR Seventeen million four hundred and fifty thousand).

As of the end of 2010, the recession stopped in Latvia, and growth has resumed. From 2011 to 2013, the GDP grew by 4.4% per year on average. In 2014, GDP grew by 1.9%, while in 2015 – by 3.0%. The slowdown of growth in the last two years was determined by the trends in the external environment – slower growth in the EU than expected, as well as weakening of the economic situation in Russia. Latvia's economic growth in 2016 (2.0%) suffered from a drop in investment but reached an impressive 4.5% in 2017 due to the upturn in the EU financing cycle and an increase in household purchasing power.

Property being valued – Business Centre (total area approx. 10,500 sq.m), located on Skanstes str., rapidily developing Riga's business area SKANSTE. Property valuation refers on owner's income and expenses on the property, also with valuators' conclusions and presumptions. Discounted Cash – Flow method was used for estimation of Market Value of the Business centre, detailed calculations of the market value by this method are set in the Appendixes to Valuation Report.

Property under valuation / Interest to be valued

In accordance with instructions received from SIA "BH S27" (Client), we have been instructed to do a valuation of the property known as BUSINESS CENTRE LNK CENTRE (Office building and land plot; office building gross area approx. 10,500 sq.m), located at the address Skanstes str. 27, Riga, Latvia.

Interest to be valued – freehold (buildings / premises, land) interest in Real Estate property as listed below. The property is registered under following property numbers.

Land

1. Skanstes str. 27, Rīga, LV-1013, Latvia. Land plot area 5,680.00 sq.m, Cadastral No. 01000242139, Land Registry Section No. 100000196407.
   Property rights – freehold (owner – SIA "BH S27", c.c. 40103810023).

Buildings / premises

1. Skanstes str. 27 , Rīga, LV-1013, Latvia. Office building gross area 10,492.90 sq.m, Cadastral No. 01000240345001, Land Registry Section No. 100000196407.
   Property rights – freehold (owner – SIA "BH S27", c.c. 40103810023).

Owner

Property under valuation is owned by SIA "BH S27", c.c. 40103810023, address Skanstes str. 27, Rīga, LV-1013, Latvia.

The property is owned freehold. There are encumbrances registered on the properties (listed further in Valuation Report), but any effect on our valuation of the Property.

Client

Client – SIA "BH S27", c.c. 40103810023, address Skanstes str. 27, Rīga, LV-1013, Latvia.

Valuer

Valuer Andris Pūtelis is approved by Latvian Association of Property Valuators as Certified Valuator (Certificate No.130 in real estate valuation, issued by Latvian Association of Property Valuers).

Valuer Linas Daukus is approved by Royal Institution of Chartered Surveyors (RICS) as Chartered Surveyor (Membership No. 6510302).

Valuer confirms that is in a position to provide an objective and unbiased valuation and is competent to undertake the subject valuation assignment; Valuer confirms that has sufficient current local, national and international (as appropriate) knowledge of the particular market and the skills and understanding to undertake subject valuation competently.

Valuer is acting as External valuer.

Valuer hereby declare that this valuation is carried out in line with the ethical standards of the Royal Institution of Chartered Surveyors (RICS) and TEGoVA and the valuators have no direct interest in the property or the company owning it.

RICS

NEWSEC

SIA "NEWSEC VALUATIONS LV"

Address: 1-16 Vīlandes Street, Riga, LV-1010
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Tel.: +371 6750 8400
Fax.: +371 6750 8401

Bank account: LV22HABA0551024551291
Bank: "Swedbank", AS
SWIFT code: HABALV22
Reg. code: 40103216919
VAT payer code: LV40103216919

Purpose of the valuation, valuation date

The scope of this valuation is based on the client's valuation instructions as follows:

- Date of valuation is 28th December, 2018.
- The valuation is required for internal use (case and purpose of valuation – other, for financial statements, on Client's request). The valuation is required for financial statements under IFRS in accordance with IAS 40 fair value disclosure requirement.
- Secondary purpose of valuation for secured lending (bank financing purposes).

Valuer has prepared a full valuation of the property in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2017 – including the International Valuation Standards and Latvian Valuation Standards 401:2013, including inspection of the property and a market survey.

Basis of value

We as assessing the Market Value of the property in accordance with the Practice Statements and Relevant Guidance Notes of the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards and approved by both the International Valuation Standards Committee (IVSC) and The European Group of Valuers' Association (TEGoVA) as follows:

> *"**Market Value** – The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" (RICS 2017; IVS 2017)*

The Market Rent is also defined according to the manuals of the above mentioned associations as follows:

> *"**Market Rent** – The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" (RICS 2017; IVS 2017).*

Extent of investigation, inspections

This valuation report contains market overview and detail analysis with estimation of Market Value of the subject Property.

Conclusion on Value

Based on the above calculations we therefore estimate the **Market Value** of the property on the date of valuation **(28th December, 2018)** calculated using Discounted Cash Flow method to

EUR 17,450,000.00

In letters: EUR Seventeen million and four hundred fifty thousand 00/100

Signature(s)

Date of Report: 31st December, 2018

Andris Pūtelis
Valuer, Report Compiler
SIA „NEWSEC VALUATIONS LV"

/signed electronically/

Linas Daukus, MRICS
Valuer, Report Inspector /
Head of Valuations, Baltics
SIA „NEWSEC VALUATIONS LV"

/signed electronically/

RICS NEWSEC

1. Property under valuation, purpose of valuation, basis and assumptions

1.1 Property under valuation

In accordance with instructions received from "BH P80 OÜ", we have been instructed to do a valuation of the property known as "G4S OFFICE BUILDING" (GBA 9,718.7 sq. m), located at Paldiski rd 80, Tallinn, Estonia (hereinafter referred to as **property / subject property**), currently owned by BH P80 OÜ.

Interest to be valued – freehold interest in Real Estate property as listed below.

The property is registered in the Land Registry of Estonia under following property data:

- Land plot – 8,200 sq. m
- Land purpose – Commerial land 100%
- Registered Immovable No. – 2269901
- Cadastral code – 78406:601:0010
- Property rights – freehold
- Property encumbrance – There are encumbrances registered on the property, which do not have any effect on our valuation of the Property.
- Mortgages - There are mortgages registered on the property, which do not have any effect on our valuation of the Property
- Ownership – BH P80 OÜ (registry code 14065606)

1.2 Purpose of the valuation

The scope of this valuation is based on the client's valuation instructions as follows:

- Date of the value is 28th December, 2018.
- The valuation is required for internal use (case and purpose of valuation – other, for financial statements, on Client's request). The valuation is required for financial statements under IFRS in accordance with IAS 40 fair value disclosure requirement.
- Secondary purpose of valuation for secured lending (bank financing purposes).

Pursuant to the recommendations laid down in the IAS, IVS and the EVS, investment property must be valued at Market Value, this market value being the Fair value.

The valuation is undertaken on basis of Market value in accordance with the standards of IAS, standards and guidance notes of IAS, IVS and the EVS or an equivalent basis as used in local market.

Valuer has prepared a full valuation of the property in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2017 and Estonian Valuation Standards (EVS-875) as an equivalent basis considering the specific principles effective on the local market that not conflicts to RICS Standards or International Valuation Standards (IVS).

1.3 Basis of the valuation

We are assessing the Market Value of the property in accordance with the Practice Statements and Relevant Guidance Notes of the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards and approved by both the International Valuation Standards Committee (IVSC) and The European Group of Valuers' Association (TEGoVA) as follows:

> "**Market Value** – *The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing*

The property is owned freehold, there are encumbrances registered on the property (listed further in Valuation Report).

2.2 Client and valuation contract

The client of the valuation is BH P80 OÜ (address – Hobujaama st 5, Tallinn, Harju county; registry code – 14065606)

Written contract 4th May 2018.

2.3 Inspection

This valuation report contains market overview, property description and detailed analysis with estimation of Market Value of the subject Property.

Each of the property specific factors that influence respective cash flows, comparison analysis and market value appraisal were evaluated.

Property was inspected on **28th December, 2018**. Property was inspected by the valuer Rain Pints, Estonian licensed valuer, conducted by representative of the owner Christina Eller.

2.4 Valuer

Valuer Linas Daukus is approved by Royal Institution of Chartered Surveyors (RICS) as Chartered Surveyor (Membership No. 6510302).

Valuer Rain Pints is approved by Estonian Association of Appraisers as Certified Valuer (certificate no 127179) and has Republic of Estonia Land Board land valuation licence no 097 MA-mh.

Valuer confirms that he is in a position to provide an objective and unbiased valuation and is competent to undertake the subject valuation assignment; Valuer confirms that he has sufficient current local, national and international (as appropriate) knowledge of the particular market and the skills and understanding to undertake subject valuation competently.

Valuer is acting as External valuer.

The Valuer hereby declares that this valuation is carried out in line with the ethical standards of the Royal Institution of Chartered Surveyors (RICS) and the valuators have no direct interest in the property or the company owning it.

OÜ "NEWSEC VALUATIONS EE"

Address: Roseni 7, 101111 Tallinn, Estonia
Tel.: +372 6645090
Fax.: + 372 6645091

Bank account: EE192200221049294915
Bank: Swedbank
Bank code: HABAEE2X
Company code: 11930446
VAT payer code: EE101366122

2.5 Source data

For the purpose of this report we have been provided by Client with the following documents / information:

- Latest detailed profit and loss statement for the building
- Historical and future forecasted profit and loss statements for the building
- Tenancy schedule

5.5 Valuation conclusion

Based on the above calculations we therefore estimate the **Market Value of the property on the date of the value (28th December, 2018)** calculated using Discounted Cash Flow method to

EUR 16,830,000

In letters: sixteen million eight hundred thirty thousand euros

Subject to the foregoing, and based on values current as at **28th December, 2018**, we are of the opinion that the **Market Value** of the additional building rights (possible expansion) **under the special assumption** that adequate amount of parking spaces are available and provided to tenants in the close proximity to the property free of charge, as set out in Report, is the total sum of

EUR 410,000

In letters: EUR four hundred ten thousand 00/100

Special Assumptions applied:

- **170 parking places will be available in neighboring land plot (Paldiski rd. 80a, Tallinn, Estonia). Land plot to be used free of charge, parking lot construction expenses to be covered by BH P80 OÜ.**

The contents of this Report is intended to be confidential to the addressees and for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents. Before the Report or any part of its contents are reproduced or referred to in any document, circular or statement or disclosed orally to a third party, our written approval as to the form and content of such publication or disclosure must first be obtained. For avoidance of doubt, such approval is required whether or not this firm is referred to by name and whether or not our Report is combined with others.

Signature(s)

7th January, 2019 (date of Valuation Report)

Report approved by:
Linas Daukus, MRICS
Head of International Valuations, Baltics

/signed electronically/

Report written by:
Rain Pints
Valuer (Estonia)
Certificate no 127179
Land valuation licence no 097 MA-mh

/signed electronically/

1. Property under valuation, purpose of valuation, basis and assumptions

1.1 Property under valuation

In accordance with instructions received from "BH Lincona OÜ", we have been instructed to do a valuation of the property known as "LINCONA OFFICE BUILDING" (GBA 22,996.7 sq. m), located at Kohila st 2a // Pärnu rd 139a, Tallinn, Estonia (hereinafter referred to as **property / subject property**), currently owned by BH Lincona OÜ.

Interest to be valued – freehold interest in Real Estate property as listed below.

The property is registered in the Land Registry of Estonia under following property data:

- Land plot – 40,945 sq. m
- Land purpose – Commerial land 100%
- Registered Immovable No. – 198001
- Cadastral code – 78401:118:0074
- Property rights – freehold
- Property encumbrance – There are encumbrances registered on the property, which do not have any effect on our valuation of the Property.
- Mortgages - There are mortgages registered on the property, which do not have any effect on our valuation of the Property
- Ownership –
  - **BH Lincona OÜ (registry code 12127485) 7921/40945 parts of the joint ownership**
  - OÜ HNDC KINNISVARA (registry code 12155831) 5209/40945
  - OÜ KENTEX Arendus (registry code 11816153) 16220/40945
  - OÜ BEST IDEA (registry code 10955220) 4913/40945
  - Aktsionär OÜ (registry code 14300898) 6682/40945

1.2 Purpose of the valuation

The scope of this valuation is based on the client's valuation instructions as follows:

- Date of the value is 28th December, 2018.
- The valuation is required for internal use (case and purpose of valuation – other, for financial statements, on Client's request). The valuation is required for financial statements under IFRS in accordance with IAS 40 fair value disclosure requirement.
- Secondary purpose of valuation for secured lending (bank financing purposes).

Pursuant to the recommendations laid down in the IAS, IVS and the EVS, investment property must be valued at Market Value, this market value being the Fair value.

The valuation is undertaken on basis of Market value in accordance with the standards of IAS, standards and guidance notes of IAS, IVS and the EVS or an equivalent basis as used in local market.

Valuer has prepared a full valuation of the property in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2017 and Estonian Valuation Standards (EVS-875) as an equivalent basis considering the specific principles effective on the local market that not conflicts to RICS Standards or International Valuation Standards (IVS).

Property was inspected on 28th **December, 2018**. Property was inspected by the valuer Rain Pints, Estonian licensed valuer, conducted by representative of the owner Christina Eller.

2.4 Valuer

Valuer Linas Daukus is approved by Royal Institution of Chartered Surveyors (RICS) as Chartered Surveyor (Membership No. 6510302).

Valuer Rain Pints is approved by Estonian Association of Appraisers as Certified Valuer (certificate no 127179) and has Republic of Estonia Land Board land valuation licence no 097 MA-mh.

Valuer confirms that he is in a position to provide an objective and unbiased valuation and is competent to undertake the subject valuation assignment; Valuer confirms that he has sufficient current local, national and international (as appropriate) knowledge of the particular market and the skills and understanding to undertake subject valuation competently.

Valuer is acting as External valuer.

The Valuer hereby declares that this valuation is carried out in line with the ethical standards of the Royal Institution of Chartered Surveyors (RICS) and the valuators have no direct interest in the property or the company owning it.

OÜ "NEWSEC VALUATIONS EE"	
Address: Roseni 7, 101111 Tallinn, Estonia Tel.: +372 6645090 Fax.: + 372 6645091	Bank account: EE192200221049294915 Bank: Swedbank Bank code: HABAEE2X Company code: 11930446 VAT payer code: EE101366122

2.5 Source data

For the purpose of this report we have been provided by Client with the following documents / information:

- Latest detailed profit and loss statement for the building
- Historical and future forecasted profit and loss statements for the building
- Tenancy schedule
- General presentation about the building

Valuer has also used various publicly available information[1] as well as OU "NEWSEC VALUATIONS EE" database.

Valuer has in general relied on this information to be accurate and has generally not found any reason to believe otherwise, using this information as basis for our valuation. Our report is therefore using this information as basis for our valuation.

[1] Estonian public resources: (www.ehr.ee; www.maaamet.ee; https://kinnistusraamat.rik.ee; http://www.fin.ee)

5.5 Valuation conclusion

Based on the above calculations we therefore estimate the **Market Value of the property on the date of the value (28th December, 2018)** calculated using Discounted Cash Flow method to

EUR 17,170,000

In letters: seventeen million one hundred seventy thousand euros

The contents of this Report is intended to be confidential to the addressees and for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents. Before the Report or any part of its contents are reproduced or referred to in any document, circular or statement or disclosed orally to a third party, our written approval as to the form and content of such publication or disclosure must first be obtained. For avoidance of doubt, such approval is required whether or not this firm is referred to by name and whether or not our Report is combined with others.

Signature(s)

31st December, 2018 (date of Valuation Report)

Report approved by:
Linas Daukus, MRICS
Head of International Valuations, Baltics

/signed electronically/

Report written by:
Rain Pints
Valuer (Estonia)
Certificate no 127179
Land valuation licence no 097 MA-mh

/signed electronically/

Summary

The purpose of this Valuation report is to present and appraise the property – Business Centre DUETTO I, situated at the address Spaudos str. 8 – 1 and 8 – R1, Vilnius, Lithuania, currently owned by UAB "BH Duetto".

The Baltic region is fully integrated into the Eurozone after the euro adoption in Lithuania in 2015, following Estonia in 2011 and Latvia in 2014. The Baltic countries benefit from this due to the removal of the local currency risk opening opportunities for new investors and increasing the attractiveness of the region as a whole. Year of 2016 is described as a record year for office and retail investment transactions market, when nearly 75 % of total volume was investments into these segments. 2017 was a year of retail transactions, when nearly half of the total volume in Baltic states (including Lithuania) was made in this segment (46 % of total investment volume and more than 300 mEUR). There were attracted new international investors, who bought large scale projects in the Baltic market. Main principles applied for valuation:

- Due to the absence of the comparable market data direct Capitalization method is assumed not to reflect the true Market Value of the property;
- Sales Comparison approach was not applied due to absence of comparable transactions, as well as supply, during last 3 years (considering property physical, juridical and lease structure).
- The 10-year Discounted Cash Flow approach is considered to be the most reflective method given the forecasted income / expenses fluctuations.
- Replacement value (cost) approach was not applied as property under valuation is not of specific purpose or especially improved.

Estimated Market Value of the property on the date of valuation (27 December, 2018) is EUR 16,320,000 (EUR Sixteen million three hundred and twenty thousand).

Notes:

- Market value is exclusive of VAT.

The Lithuanian economy grew rapidly after the crisis and was among the fastest growing economies in the European Union. The GDP of Lithuania in 2015 and 2016 rose by 1.6 % and 2.3 % respectively. Lithuania's GDP in 2017 year, compared to the corresponding period of 2016, increased by 3.8 % and at current prices amounted to 41.857 billion euro. GDP growth was strongly influenced by the growth of the service sector and industry's added value, as well as the sharp increase in exports and the very rapid growth of the economy as a whole in the first half of last year. The GDP is projected to increase by 3.2 % and 2.8 % in 2018 and 2019 respectively.

Property under valuation – Business Centre DUETTO I, located in residential part of Vilnius, near intense Pilaitės avenue, Vilnius Western Bypass and Laisvės avenue. Discounted Cash Flow approach was used for estimation of Market Value of the property, detailed calculations of the market value by this method are set in the appendixes of the report; Sales Comparison approach was not applied due to absence of comparable transactions, as well as supply, during last 3 years; Replacement Value (Cost) approach was not applied as property under valuation is not of specific purpose or especially improved.

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Property under valuation / Interest to be valued

In accordance with instructions received from UAB "BH Duetto" (further called "Client"), Valuer has been instructed to do a valuation of the property known as Business Centre DUETTO I (premises gross area approx. 13,900 sq. m), located at the address Spaudos str. 8 – 1 and 8 – R1, Vilnius, Lithuania.

Interest to be valued – freehold (premises) interest in Real Estate property as listed below. The property is registered in the Real Estate Registry of Lithuania under following property numbers.

Buildings / premises

1. 8,621.51 sq. m administrative premises. Unique No. 4400-4451-3439:7048. Property rights – freehold (owner – UAB "BH Duetto").
2. 5,263.75 sq. m car parking premises. Unique No. 4400-4451-3428:7047. Property rights – freehold (owner – UAB "BH Duetto").

Owner

Property under valuation is owned by UAB "BH Duetto" (status – Joint Stock Company; address – Spaudos str. 8 – 1, Vilnius, Lithuania; company code – 304443754; data collected in Register of Legal Entities of Lithuania).

The property is owned freehold (premises). There are encumbrances registered on the properties (listed further in Valuation Report), but any effect on our valuation of the Property.

Client

Client – UAB "BH Duetto" (status – Joint Stock Company; address – Spaudos str. 8 – 1, Vilnius, Lithuania; company code – 304443754; data collected in Register of Legal Entities of Lithuania).

Valuer

Valuation is prepared by valuer Kristina Pilipavičiūtė; approved by The Authority of Audit, Accounting, Property Valuation and Insolvency Management under the Ministry of Finance of the Republic of Lithuania as Real Estate Valuer (No. 000169).

Valuation is approved by valuer Linas Daukus; approved by Royal Institution of Chartered Surveyors (RICS) as Chartered Surveyor (Membership No. 6510302).

Valuer confirms that is in a position to provide an objective and unbiased valuation and is competent to undertake the subject valuation assignment; Valuer confirms that has sufficient current local, national and international (as appropriate) knowledge of the particular market and the skills and understanding to undertake subject valuation competently.

Valuer is acting as External valuer.

Valuer hereby declares that subject valuation is carried out in line with the ethical standards of the Royal Institution of Chartered Surveyors (RICS) and Valuer has no direct interest in the property or the company owning it.

UAB "Newsec valuations"

Status – Joint Stock Company; address – Konstitucijos av. 21C, Vilnius, Lithuania; company code – 126212869; data collected in Register of Legal Entities of Lithuania.

UAB "Newsec valuations" Certificate issued by Lithuania Property Valuation Oversight Agency No. 000170.

Purpose of the valuation, date of valuation

The scope of this valuation is based on the client's valuation instructions as follows:

- Date of valuation is 27 December, 2018.
- The valuation is required for internal use (case and purpose of valuation – other, for financial statements, on Client's request). The valuation is required for financial statements under IFRS in accordance with IAS 40 fair value disclosure requirement.
- Secondary purpose for secured lending (bank financing purpose).

Pursuant to the recommendations laid down in the IAS, IVS and the EVS, investment property must be valued at Market Value, this market value being the Fair value.

The valuation is undertaken on basis of Market value in accordance with the standards of IAS, standards and guidance notes of IAS, IVS and the EVS or an equivalent basis as used in local market.

Valuer has prepared a full valuation of the property in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2017 – including the International Valuation Standards and Lithuanian Law on the Bases of Assessment of Property and Business No. XI-1497 dated 22.06.2011, Order of Minister of Finance of the Republic of Lithuania No. 1K-159 „On the Methods of Property Valuation" dated 27.04.2012, including inspection of the property and a detailed market survey.

Basis of value

Valuer as assessing the Market Value of the property in accordance with the Practice Statements and Relevant Guidance Notes of the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2017 – including the International Valuation Standards and approved by both the International Valuation Standards Committee (IVSC) and The European Group of Valuers' Association (TEGoVA) as follows:

> "***Market Value*** *– The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*" (*RICS 2017; IVS 2017*)

The Market Rent is also defined according to the manuals of the before-mentioned associations as follows:

> "***Market Rent*** *– The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*" (*RICS 2017; IVS 2017*).

Extent of investigation, inspections

This valuation report contains market overview and detail analysis with estimation of Market Value of the subject Property.

Conclusion on Market Value

The Baltic region is fully integrated into the Eurozone after the euro adoption in Lithuania in 2015, following Estonia in 2011 and Latvia in 2014. The Baltic countries benefit from this due to the removal of the local currency risk opening opportunities for new investors and increasing the attractiveness of the region as a whole. Year of 2016 is described as a record year for office and retail investment transactions market, when nearly 75 % of total volume was investments into these segments. 2017 was a year of retail transactions, when nearly half of the total volume in Baltic states (including Lithuania) was made in this segment (46 % of total investment volume and more than 300 mEUR). There were attracted new international investors, who bought large scale projects in the Baltic market. Main principles applied for valuation:

- Due to the absence of the comparable market data direct Capitalization method is assumed not to reflect the true market value of the Property;
- Sales Comparison approach was not applied due to absence of comparable transactions, as well as supply, during last 3 years (considering property physical, juridical and lease structure).
- The 10-year Discounted Cash Flow approach is considered to be the most reflective method given the forecasted income / expenses fluctuations.
- Replacement value (cost) approach was not applied as property under valuation is not of specific purpose or especially improved.

Based on the above calculations Valuer therefore estimate the **Market Value of the property** on the date of valuation (**27 December, 2018**) calculated using **Discounted Cash Flow approach**:

EUR 16,320,000.00

In letters: EUR Sixteen million three hundred and twenty thousand 00/100

Notes:

- Market value is exclusive of VAT.

Property under valuation constitutes complete whole.

This valuation report prepared not because of dispute between Client and Valuation Company (UAB "Newsec valuations") and / or other persons regarding value estimation.

Signature(s)

7 January, 2019 (date of Valuation Report)

Linas Daukus, MRICS
Head of Valuations, Baltics
UAB "Newsec valuations"

/signed electronically/

Kristina Pilipavičiūtė
Valuer
UAB "Newsec valuations"

/signed electronically/

Director / Authorized person
UAB "Newsec valuations"

S.P.

RICS

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1. Property under valuation, purpose of valuation, basis and assumptions

1.1 Property under valuation

In accordance with instructions received from "BH CC Plaza OÜ", we have been instructed to do a valuation of the property known as "CC PLAZA" cinema (GBA 11,458 sq. m), located at Hobujaama st 5, Tallinn, Estonia (hereinafter referred to as **property / subject property**), currently owned by BH CC Plaza OÜ.

Interest to be valued – freehold in Real Estate property as listed below.

The property is registered in the Land Registry of Estonia under following property data:

- Land plot – 3,934 sq. m
- Land purpose – Commerial land 100%
- Registered Immovable No. – 1131501
- Cadastral code – 78401:114:0880
- Property rights – freehold
- Property encumbrance – There are encumbrances registered on the property, which do not have any effect on our valuation of the Property.
- Mortgages - There are mortgages registered on the property, which do not have any effect on our valuation of the Property
- Ownership – BH CC Plaza OÜ (registry code 12399823)

1.2 Purpose of the valuation

The scope of this valuation is based on the client's valuation instructions as follows:

- Date of the value is 28th December, 2018.
- The valuation is required for internal use (case and purpose of valuation – other, for financial statements, on Client's request). The valuation is required for financial statements under IFRS in accordance with IAS 40 fair value disclosure requirement.
- Secondary purpose of valuation for secured lending (bank financing purposes).

Pursuant to the recommendations laid down in the IAS, IVS and the EVS, investment property must be valued at Market Value, this market value being the Fair value.

The valuation is undertaken on basis of Market value in accordance with the standards of IAS, standards and guidance notes of IAS, IVS and the EVS or an equivalent basis as used in local market.

Valuer has prepared a full valuation of the property in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2017 and Estonian Valuation Standards (EVS-875) as an equivalent basis considering the specific principles effective on the local market that not conflicts to RICS Standards or International Valuation Standards (IVS).

1.3 Basis of the valuation

We are assessing the Market Value of the property in accordance with the Practice Statements and Relevant Guidance Notes of the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards and approved by both the International Valuation Standards Committee (IVSC) and The European Group of Valuers' Association (TEGoVA) as follows:

> "**Market Value** – *The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing*

2.4 Valuer

Valuer Linas Daukus is approved by Royal Institution of Chartered Surveyors (RICS) as Chartered Surveyor (Membership No. 6510302).

Valuer Rain Pints is approved by Estonian Association of Appraisers as Certified Valuer (certificate no 127179) and has Republic of Estonia Land Board land valuation licence no 097 MA-mh.

Valuer confirms that he is in a position to provide an objective and unbiased valuation and is competent to undertake the subject valuation assignment; Valuer confirms that he has sufficient current local, national and international (as appropriate) knowledge of the particular market and the skills and understanding to undertake subject valuation competently.

Valuer is acting as External valuer.

The Valuer hereby declares that this valuation is carried out in line with the ethical standards of the Royal Institution of Chartered Surveyors (RICS) and the valuators have no direct interest in the property or the company owning it.

OÜ "NEWSEC VALUATIONS EE"	
Address: Roseni 7, 101111 Tallinn, Estonia Tel.: +372 6645090 Fax.: + 372 6645091	Bank account: EE192200221049294915 Bank: Swedbank Bank code: HABAEE2X Company code: 11930446 VAT payer code: EE101366122

2.5 Source data

For the purpose of this report we have been provided by Client with the following documents / information:

- Latest detailed profit and loss statement for the building
- Historical and future forecasted profit and loss statements for the building
- Tenancy schedule
- General presentation about the building

Valuer has also used various publicly available information[1] as well as OU "NEWSEC VALUATIONS EE" database.

Valuer has in general relied on this information to be accurate and has generally not found any reason to believe otherwise, using this information as basis for our valuation. Our report is therefore using this information as basis for our valuation.

[1] Estonian public resources: (www.ehr.ee; www.maaamet.ee; https://kinnistusraamat.rik.ee; http://www.fin.ee)

RICS

NEWSEC

5.5 Valuation conclusion

Based on the above calculations we therefore estimate the **Market Value of the property on the date of the value (28th December, 2018)** calculated using Discounted Cash Flow method to

EUR 14,470,000

In letters: fourteen million four hundred seventy thousand euros

The contents of this Report is intended to be confidential to the addressees and for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents. Before the Report or any part of its contents are reproduced or referred to in any document, circular or statement or disclosed orally to a third party, our written approval as to the form and content of such publication or disclosure must first be obtained. For avoidance of doubt, such approval is required whether or not this firm is referred to by name and whether or not our Report is combined with others.

Signature(s)

28th January, 2019 (date of Valuation Report)

Report approved by:
Linas Daukus, MRICS
Head of International Valuations, Baltics

/signed electronically/

Report written by:
Rain Pints
Valuer (Estonia)
Certificate no 127179
Land valuation licence no 097 MA-mh

/signed electronically/

RICS

NEWSEC

1. Property under valuation, purpose of valuation, basis and assumptions

1.1 Property under valuation

In accordance with instructions received from Pirita Center OÜ we have been instructed to do a valuation of the property known as "Pirita Keskus" shopping centre (GBA 6,574.2 sq. m), located at Merivälja rd 24-2, Tallinn, Estonia (hereinafter referred to as **property / subject property**), currently owned by Pirita Center OÜ.

Interest to be valued – freehold interest in Real Estate property as listed below.

The property is registered in the Land Registry of Estonia under following property data:

- Land plot – 5,516 sq. m
- Land purpose – commerial land 95%, residential land 5%
- Registered Immovable No. – 6406050
- Cadastral code – 78402:202:3080
- Property rights – freehold (apartment ownership)
- Property encumbrance – There are encumbrances registered on the property, which do not have any effect on our valuation of the Property.
- Mortgages - There are mortgages registered on the property, which do not have any effect on our valuation of the Property
- Ownership – Pirita Center OÜ (registry code 12992834)

1.2 Purpose of the valuation

The scope of this valuation is based on the client's valuation instructions as follows:

- Date of the value is 28th December, 2018.
- The valuation is required for internal use (case and purpose of valuation – other, for financial statements, on Client's request). The valuation is required for financial statements under IFRS in accordance with IAS 40 fair value disclosure requirement.
- Secondary purpose of valuation for secured lending (bank financing purposes).

Pursuant to the recommendations laid down in the IAS, IVS and the EVS, investment property must be valued at Market Value, this market value being the Fair value.

The valuation is undertaken on basis of Market value in accordance with the standards of IAS, standards and guidance notes of IAS, IVS and the EVS or an equivalent basis as used in local market.

Valuer has prepared a full valuation of the property in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2017 and Estonian Valuation Standards (EVS-875) as an equivalent basis considering the specific principles effective on the local market that not conflicts to RICS Standards or International Valuation Standards (IVS).

1.3 Basis of the valuation

We are assessing the Market Value of the property in accordance with the Practice Statements and Relevant Guidance Notes of the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards and approved by both the International Valuation Standards Committee (IVSC) and The European Group of Valuers' Association (TEGoVA) as follows:

Valuer Linas Daukus is approved by Royal Institution of Chartered Surveyors (RICS) as Chartered Surveyor (Membership No. 6510302).

Valuer Rain Pints is approved by Estonian Association of Appraisers as Certified Valuer (certificate no 127179) and has Republic of Estonia Land Board land valuation licence no 097 MA-mh.

Valuer confirms that he is in a position to provide an objective and unbiased valuation and is competent to undertake the subject valuation assignment; Valuer confirms that he has sufficient current local, national and international (as appropriate) knowledge of the particular market and the skills and understanding to undertake subject valuation competently.

Valuer is acting as External valuer.

The Valuer hereby declares that this valuation is carried out in line with the ethical standards of the Royal Institution of Chartered Surveyors (RICS) and the valuators have no direct interest in the property or the company owning it.

OÜ "NEWSEC VALUATIONS EE"

Address: Roseni 7, 101111 Tallinn, Estonia
Tel.: +372 6645090
Fax.: + 372 6645091

Bank account: EE192200221049294915
Bank: Swedbank
Bank code: HABAEE2X
Company code: 11930446
VAT payer code: EE101366122

2.5 Source data

For the purpose of this report we have been provided by Client with the following documents / information:

- Latest detailed profit and loss statement for the building
- Historical and future forecasted profit and loss statements for the building
- Tenancy schedule
- General presentation about the building

Valuer has also used various publicly available information[1] as well as OU "NEWSEC VALUATIONS EE" database.

Valuer has in general relied on this information to be accurate and has generally not found any reason to believe otherwise, using this information as basis for our valuation. Our report is therefore using this information as basis for our valuation.

3. Description of the property under valuation

3.1 Legal status

Project name / Address	"PIRITA SHOPPING CENTRE " / Merivälja rd 24-2, Tallinn, Estonia
Number of separate properties	1
Land size	5,516 sq. m
Land purpose	Commercial 95%, residential 5%
Land cadastral No.	78402:202:3080

[1] Estonian public resources: (www.ehr.ee; www.maaamet.ee; https://kinnistusraamat.rik.ee; http://www.fin.ee)

RICS NEWSEC

5.5 Valuation conclusion

Based on the above calculations we therefore estimate the **Market Value of the property on the date of the value (28th December, 2018)** calculated using Discounted Cash Flow method to

EUR 10,020,000

In letters: ten million twenty thousand euros

The contents of this Report is intended to be confidential to the addressees and for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents. Before the Report or any part of its contents are reproduced or referred to in any document, circular or statement or disclosed orally to a third party, our written approval as to the form and content of such publication or disclosure must first be obtained. For avoidance of doubt, such approval is required whether or not this firm is referred to by name and whether or not our Report is combined with others.

Signature(s)

7th January, 2019 (date of Valuation Report)

Report approved by:
Linas Daukus, MRICS
Head of International Valuations, Baltics

/signed electronically/

Report written by:
Rain Pints
Valuer (Estonia)
Certificate no 127179
Land valuation licence no 097 MA-mh

/signed electronically/

RICS

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Summary

The purpose of this valuation report is to present and appraise the property – SHOPPING CENTRE, located at located at the address Hipokrāta str. 28, Riga, Latvia, currently owned by SIA "BOF SKY".

The Baltic region is fully integrated into the Eurozone after the euro adoption in Lithuania in 2015, following Estonia in 2011 and Latvia in 2014. The Baltic countries benefit from this due to the removal of the local currency risk opening opportunities for new investors and increasing the attractiveness of the region as a whole. Year of 2016 is described as a record year for office and retail investment transactions market, when nearly 75% of total volume was investments into these segments. 2017 was a year of retail transactions, when nearly half of the total volume in Baltic states and in Lithuania as well was made in this segment (46% of total investment volume and more than 300 mEUR). There were attracted new international investors, who bought large scale projects in the Baltics market. 2017 was a year of retail transactions, when nearly half of the total volume is made in this segment. Main principles applied for valuation:

- Due to the absence of the comparable market data direct capitalization method is assumed not to reflect the true market value of the Property;
- The 10-year Discounted Cash Flow approach is considered to be the most reflective method given the conditions as outlined above.
- Sales Comparison Approach was not applied for valuation of Supermarket due to absence of comparable transactions, as well as supply, during last 3 years (considering size, purpose and tenancy state (as subject property under valuation are under long term leases)).
- Replacement Value (Cost) Approach was not applied as property under valuation is not of specific purpose or especially improved.

Estimated Market Value of the property on the date of valuation (28th December, 2018) is EUR 5,390,000 (EUR Five million three hundred and ninety thousand).

As of the end of 2010, the recession stopped in Latvia, and growth has resumed. From 2011 to 2013, the GDP grew by 4.4% per year on average. In 2014, GDP grew by 1.9%, while in 2015 – by 3.0%. The slowdown of growth in the last two years was determined by the trends in the external environment – slower growth in the EU than expected, as well as weakening of the economic situation in Russia. Latvia's economic growth in 2016 (2.0%) suffered from a drop in investment but reached an impressive 4.5% in 2017 due to the upturn in the EU financing cycle and an increase in household purchasing power.

Property being valued – SUPERMARKET (total area approx. 4,000 sqm), located in DREILINI district, on periphery of Riga city. Property valuation refers on owner's income and expenses on the property, also with valuators' conclusions and presumptions. Discounted Cash – Flow method was used for estimation of Market Value of the Business centre, detailed calculations of the market value by this method are set in the Appendixes to Valuation Report.

RICS

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Property under valuation / Interest to be valued

In accordance with instructions received from SIA "BOF SKY" (Client), we have been instructed to do a desktop valuation of the property – SUPERMARKET SKY (Retail building, shelter and land plots; retail building gross area approx. 4,000 sqm), located at the address Hipokrāta str. 28, Riga, Latvia.

Interest to be valued – freehold (buildings / premises, land) interest in Real Estate property as listed below. The property is registered under following property numbers.

Land

1. Hipokrata str. 28, Rīga, Latvia. Land plot area 3,970.00 sqm, Cadastral No. 01001222068, Land Registry Section No. 27543.
   Property rights – freehold (owner – SIA "BOF SKY", c.c. 40103538571).
2. Hipokrata str. 28, Rīga, Latvia. Land plot area 11,224.00 sqm, Cadastral No. 01001222047, Land Registry Section No. 25714.
   Property rights – freehold (owner – SIA "BOF SKY", c.c. 40103538571).

Buildings / premises

1. Hipokrata str. 28, Rīga, Latvia. Supermarket gross area 4,032.70 sqm, Cadastral No. 01001222047001, Land Registry Section No. 30600.
   Property rights – freehold (owner – SIA "BOF SKY", c.c. 40103538571).
2. Hipokrata str. 28, Rīga, Latvia. Shelter gross area 92.40 sqm, Cadastral No. 01001222047002, Land Registry Section No. 30600.
   Property rights – freehold (owner – SIA "BOF SKY", c.c. 40103538571).

Owner

Property under valuation is owned by SIA "BOF SKY", c.c. 40103538571, address Krišjana Valdemara str. 21 - 20, Riga, LV1010 Latvia.

The property is owned freehold. There are encumbrances registered on the properties (listed further in Valuation Report), but any effect on our valuation of the Property.

Client

Client – SIA "BOF SKY", c.c. 40103538571, address Krišjana Valdemāra str. 21 - 20, Riga, LV1010 Latvia.

Valuer

Valuer Andris Pūtelis is approved by Latvian Association of Property Valuators as Certified Valuator (Certificate No.130 in real estate valuation, issued by Latvian Association of Property Valuers).

Valuer Linas Daukus is approved by Royal Institution of Chartered Surveyors (RICS) as Chartered Surveyor (Membership No. 6510302).

Valuer confirms that is in a position to provide an objective and unbiased valuation and is competent to undertake the subject valuation assignment; Valuer confirms that has sufficient current local, national and international (as appropriate) knowledge of the particular market and the skills and understanding to undertake subject valuation competently.

Valuer is acting as External valuer.

Valuer hereby declare that this valuation is carried out in line with the ethical standards of the Royal Institution of Chartered Surveyors (RICS) and TEGoVA and the valuators have no direct interest in the property or the company owning it.

SIA "NEWSEC VALUATIONS LV"

Address: 1-16 Vīlandes Street, Riga, LV-1010
Latvia
Tel.: +371 6750 8400
Fax.: +371 6750 8401

Bank account: LV22HABA0551024551291
Bank: "Swedbank", AS
SWIFT code: HABALV22
Reg. code: 40103216919
VAT payer code: LV40103216919

Purpose of the valuation, valuation date

The scope of this valuation is based on the client's valuation instructions as follows:

- Date of valuation is 28th December, 2018.
- The valuation is required for internal use (case and purpose of valuation – other, for financial statements, on Client's request). The valuation is required for financial statements under IFRS in accordance with IAS 40 fair value disclosure requirement.
- Secondary purpose of valuation for secured lending (bank financing purposes).

Valuer has prepared a full valuation of the property in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2017 – including the International Valuation Standards and Latvian Valuation Standards 401:2013, including inspection of the property and a market survey.

Basis of value

We as assessing the Market Value of the property in accordance with the Practice Statements and Relevant Guidance Notes of the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards and approved by both the International Valuation Standards Committee (IVSC) and The European Group of Valuers' Association (TEGoVA) as follows:

> "***Market Value*** *– The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" (RICS 2017; IVS 2017)*

The Market Rent is also defined according to the manuals of the above mentioned associations as follows:

> "***Market Rent*** *– The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" (RICS 2017; IVS 2017).*

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Conclusion on Value

Based on the above calculations we therefore estimate the **Market Value** of the property on the date of valuation **(28th December, 2018)** calculated using Discounted Cash Flow method to

EUR 5,390,000.00

In letters: EUR five million three hundred and ninety thousand 00/100

Signature(s)

Date of Report: 31st December, 2018

Andris Pūtelis
Valuer, Report Compiler
SIA „ NEWSEC VALUATIONS LV"

/signed electronically/

Linas Daukus, MRICS
Valuer, Report Inspector /
Head of Valuations, Baltics
SIA „ NEWSEC VALUATIONS LV"

/signed electronically/

NEWSEC

Purpose of the consultation

In accordance with instructions received from UAB BH Duetto (further called "Client"), UAB "Newsec valuations" (further called "Consultant") has been instructed to do a consultation of the property – Business Centre DUETTO II (GLA approx. 8,500 sq. m), situated at the address Spaudos str. 6, Vilnius, Lithuania.

The scope of this consultation is based on the Client's consultation instructions as follows:

- Date of estimation is 21 November, 2018.
- **Possible Value for Sale on Special Assumption (Full finish). Consultation is made with assumption, that property is Fully finish, Construction completion act is issued by State Territorial Planning and Construction Inspectorate under The Ministry of Environment and 2018-08-15 Cadastral measurements are registered in VĮ "Registrų centras" database and Lease contracts (Tenancy schedule provided by Client) are signed and valid on the date of consultation** (According to VĮ "Registrų centras" database Administrative building (unique No. 4400-4114-5980) status – forming. On the date of concultation, the building is "white finish", according to 2018-08-15 Cadastral measurements gross area of the building 14,336.94 sq. m, completion of construction – 100 %).
- The consultation is required for internal use.

Consultant is requested to undertake an estimation on the basis of restricted information – Valuation Advice. This report shall be considered as a Valuation Advice and may not be treated as a Full Valuation Report. This report is prepared for Client internal use ONLY and may not be used for any external purposes as financial reporting, secured lending etc.

Nature and source of information

For the purpose of this report Consultant has been provided with the following documents / information:

- Plan of Land plot;
- Cadastral file of the building;
- Tenancy schedule.

Property was inspected on 21 November, 2018. Property was inspected by Kristina Pilipavičiūtė.

Consultant has in general relied on this information to be accurate and has generally not found any reasons to believe otherwise. This report is therefore using this information as basis for the desktop valuation.

Consultant has also used various publicly available information as well as UAB "Newsec valuations" data base.

Scope of the consultation

Consultation Report contains general Property description with Possible Value for Sale estimation.

Interest to be analyzed – freehold (building) interest in Real Estate property as listed further.

Possible Value for Sale estimation is based on owner's income and expenses on the property (provided by Client, also considering Consultant's conclusions and presumptions). Each of the property specific factors that influence respective cash flows and Possible Value for Sale were evaluated.

Discounted Cash – Flow method was used for estimation of Possible Value for Sale of the property, detailed calculations of the Possible Value for Sale by this method are set in the appendixes of the report.

Consultant is requested to undertake an estimation on the basis of restricted information – Valuation Advice. This report shall be considered as a Valuation Advice and may not be treated as a Full Valuation

NEWSEC

Report. This report is prepared for Client internal use ONLY and may not be used for any external purposes as financial reporting, secured lending etc.

Consultant

UAB "Newsec valuations"

Status – Joint Stock Company; address – Konstitucijos av. 21C, Vilnius, Lithuania; company code – 126212869; data collected in Register of Legal Entities of Lithuania.

Restriction on use, distribution or publication

This Valuation Advice is prepared for above indicated purposes. This Valuation Advice does not include property under consultation technical, legal, financial or economical audit points. The conclusion of property under consultation Possible Value for Sale is not compulsory to the Client and other third parties for decisions making related to the property under consultation.

This Valuation Advice is a confidential document prepared for a Client. Valuation Advice, a part or citation of it cannot be published in public documents, notes, petitions or be publicized in other way without Consultant's written permission, except for a purpose of consultation, indicated in Valuation Advice. Consultant does not assume responsibility if this report is used by other persons for before-mentioned or other purposes.

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Conclusion

Subject to the foregoing, and based on values current as at **21 November, 2018**, Consultant is of the opinion that the **Possible Value for Sale on Special Assumption (Full finish)** of the freehold interest in the **Property**, as set out in Report, is the total sum of

EUR 18,300,000.00

In letters: EUR Eighteen million three hundred thousand 00/100

Possible Value for Sale on Special Assumption (Full finish). Consultation is made with assumption, that property is Fully finish, Construction completion act is issued by State Territorial Planning and Construction Inspectorate under The Ministry of Environment and 2018-08-15 Cadastral measurements are registered in VĮ "Registrų centras" database and Lease contracts (Tenancy schedule provided by Client) are signed and valid on the date of consultation (According to VĮ "Registrų centras" database Administrative building (unique No. 4400-4114-5980) status – forming. On the date of concultation, the building is "white finish", according to 2018-08-15 Cadastral measurements gross area of the building 14,336.94 sq. m, completion of construction – 100 %).

Detailed calculations of the Possible Value for Sale by Discounted Cash Flow are set in Appendixes to the report.

Consultant is requested to undertake an estimation on the basis of restricted information – Valuation Advice. This report shall be considered as a Valuation Advice and may not be treated as a Full Valuation Report. This report is prepared for Client internal use ONLY and may not be used for any external purposes as financial reporting, secured lending etc.

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The contents of this Valuation Advice are intended to be confidential to the addressees and for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents. Before the Valuation Advice or any part of its contents are reproduced or referred to in any document, circular or statement or disclosed orally to a third party, Consultant's written approval as to the form and content of such publication or disclosure must first be obtained. For avoidance of doubt, such approval is required whether or not this firm is referred to by name and whether or not this Valuation Advice is combined with others.

Signature(s)

7 December 2018 (date of Valuation Advice)

Kristina Pilipavičiūtė
UAB "Newsec valuations"

VALUATION REPORT

PART OF THE CBRE AFFILIATE NETWORK

CPB Real Estate Services SIA
Mukusalas iela 71,
Riga,
LV-1004, Latvia

Switchboard +371 (0) 679 300 13
Fax + 371 (0) 678 218 10

Report Date	25th of January 2019
Addressee	BOF SKY, SIA
The Property	16 Audeju Street, et al. - S/C Gallerija Centrs, Riga, Latvia
Property Description	As at the valuation date the subject property is a fully functional shopping centre comprised of 2 buildings with a total gross building indoor area of 29 352.1 sq.m., and 7 associated land plots of 5 916 sq.m. total. The existing improvements correspond to the highest and best use of the site.
Ownership Purpose	Income generating multifunctional asset
Instruction	To value the unencumbered freehold interest in the property on the basis of Market Value and Value assuming forced sale as at the valuation date in accordance with the terms of engagement entered into between CPB Real Estate Services and the addressee(s) dated 4th of December, 2018.
Valuation Date	As at 31st of December 2018
Capacity of Valuer	External
Purpose	Acquisition pricing, financial reporting, loan security
Function	Estimation of market value and value assuming forced sale circumstances

Scope	Full valuation service including inspection, analysis of property circumstances and the current market situation, value calculation and reporting of results.
Market Value	EUR 77 200 000 (seventy-seven million two hundred thousand euro)
Value assuming forced sale	EUR 65 600 000 (sixty-five million six hundred thousand euro) The above value is exclusive of VAT Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using the income approach discounted cashflow methodology.
Compliance with Valuation Standards	The valuations have been prepared in accordance with the RICS Valuation – Professional Standards global ("the Red Book"), as well as LVS 401:2013 and IVS. We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuations competently. Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CPB Real Estate Services, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.
Assumptions	The property details on which each valuation is based are as set out in this report. We have made various assumptions as to town planning and the condition of the site – including ground and groundwater contamination – as set out below. If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None

Market Conditions

The values stated in this report represent our objective opinion of Market Value in accordance with the definition set out above as of the date of valuation. Amongst other things, this assumes that the properties had been properly marketed and that exchange of contracts took place on this date.

We would draw your attention to the fact that the ongoing volatility in regional geopolitics as a result of deteriorating relations between Russia, the EU and the USA continues to create some degree of turbulence in real estate markets across the Baltics. Additional hesitation on the part of potential investors entering the market means that it may be more difficult to achieve a sale of property assets. We would therefore recommend that the situation and the valuations are kept under regular review.

Verification

We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of the information contained within our report and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the Property reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

Valuer

The Property has been valued by a valuer who is qualified for the purpose of the valuation in accordance with the RICS Valuation – Professional Standards global, LVS 401:2013 and IVS.

Independence

The total fees, including the fee for this assignment, earned by CPB Real Estate Services (or other companies forming part of the same group of companies within the LV from the Addressee (or other companies forming part of the same group of companies) do not exceed 5.0% of the total LV revenues.

Disclosure

The principal signatory of this report has not continuously been the signatory of valuations for the same addressee and valuation purpose as this report. CPB Real Estate Services has not continuously been carrying out valuation instructions for the addressee of this report.

Conflicts of Interest

The appraiser does not have any present or prospective interest in the property that is the subject of this report. There is no conflict of interests.

Reliance

This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

Yours faithfully

Arturs Lezdins MRICS, IRRV (Hons) REV

Head of Research & Valuation Advisory Services | Baltics

For and on behalf of

CPB Real Estate Services

T: +371 29499781

E: arturs.lezdins@cbre.lv

APPENDIX F

Independent auditor´s assurance report on the compilation of pro forma financial information included in the Listing Prospectus

KPMG Baltics OÜ
Narva mnt 5
Tallinn 10117
Estonia

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Fax +372 6 268 777
Internet www.kpmg.ee

Independent Practitioner's Assurance Report on the Compilation of Pro Forma Financial Information Included in a Listing Prospectus

To the Management Board of Northern Horizon Capital AS

We have completed our assurance engagement to report on the compilation of pro forma financial information of Baltic Horizon Fund (the Fund") by the Management Board of Northern Horizon Capital AS. The pro forma financial information comprises pro forma statement of financial position and income statement for the year ended 31 December 2018 and it is set out in the section 5.20 "Unaudited Pro Forma Financial Information" of the Listing Prospectus issued by Baltic Horizon Fund and dated 15 July 2019. The applicable basis used by the management in compiling the pro forma financial information is specified in Annex II of Commission Regulation (EC) No 809/2004 and described in the section 5.20 - "Unaudited Pro Forma Financial Information" of the Listing Prospectus.

The pro forma financial information has been compiled by the management to illustrate the impact of the acquisition set out in the section „Unaudited Pro Forma Financial Information". The pro forma financial information is presented as if the transaction had taken place on 1 January 2018 with respect to unaudited pro forma income statement, and on 31 December 2018 with respect to unaudited pro forma statement of financial position. As part of this process, information about the Fund's financial position and financial performance has been extracted by management from the Fund's financial statements for the period ended 31 December 2018, on which an audit report has been published.

Responsible Persons' Responsibility

The Management Board of Northern Horizon Capital is responsible for compiling the pro forma financial information in accordance with the Commission Regulation (EC) No 809/2004.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility

Our responsibility is to express an opinion, as required by item 7 of Annex II of Commission Regulation (EC), No 809/2004, about whether the pro forma financial information has been compiled, in all material respects, by the Management Board of Northern Horizon Capital on the basis stated and whether that basis is consistent with the accounting policies applied by the issuer.

We conducted our engagement in accordance with International Standard of Assurance Engagements (ISAE) 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner plan and perform procedures to obtain reasonable assurance as to whether the management has compiled, in all materials respects, the pro forma financial information in accordance with Commission Regulation (EC) No 809/2004.

For the purposes of this engagement we are not responsible for updating or re-issuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of the pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Fund as if the event had occurred or the transaction had been undertaken at an earlier date selected for the purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis stated and that basis is consistent with the accounting policies of the issuer involves performing procedures to assess whether the basis used by the management in the compilation of the pro forma financial information provides a reasonable basis for presenting the significant effects directly attributable to the event or transactions, and to obtain sufficient appropriate evidence whether:

- The basis stated has been consistently applied in the pro forma adjustments; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgement, having regard to the practitioner's understanding of the nature of the Fund, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

Opinion

In our opinion,

- the pro forma financial information has been properly compiled, in all material respects, on the basis stated in the section "Unaudited Pro Forma Financial Information"; and
- the basis stated is consistent with the accounting policies applied by the Fund.

Tallinn, 12 July 2019

Eero Kaup
Certified public accountant certificate no 459

KPMG Baltics OÜ
Audit firm activity licence no. 17
Narva mnt. 5, Tallinn 10117

The Issuer

BALTIC HORIZON FUND

Tornimäe 2, 10145 Tallinn, Estonia
www.baltichorizon.com

Management Company

NORTHERN HORIZON CAPITAL AS

Tornimäe 2, 10145 Tallinn, Estonia
www.nh-cap.com

Legal Advisor to the Management Company

ADVOKAADIBÜROO SORAINEN AS

Kawe Plaza, Pärnu mnt 15, 10141 Tallinn, Estonia
www.sorainen.com