



Baltic Horizon Fund

Portfolio Valuation Condensed Report

Value date: June 30, 2023

Prepared by: Colliers International

Summary

Valuation Results

- Valuation date: June 30, 2023
- Document released: July 28, 2023
- Geography: Estonia, Latvia and Lithuania
- Sectors: retail, office, leisure, development
- Currency: EUR
- VAT: valuation inputs and results are net-VAT
- Changes vs previous valuation: -13.211 mEUR / -5.0% (mid-2023 vs end-2022; Total like-for-like assets)

	Count	Reported Market Value, €	Market Value, €/sqm	WA Initial Yield
Estonia	3	58 520 000	1 384	6.76%
Latvia	5	124 800 000	1 844	5.20%
Lithuania	3	72 150 000	1 409	5.35%
Total/ Average	11	255 470 000	1 590	5.60%

Individual Objects: Figures (1)

Valuation Summary

No	Property	Type	NLA: Net Leasable Area	Long-term vacancy	NOI: Net Operating Income (Y1)	Effective Rental Income (Y1)	Effective Rental Income: EUR/sqm
1	Coca-Cola Plaza + Postimaja SC	Leisure / Retail	18 372	3.0%	2 238 941	3 198 913	14.51
2	Lincona Office Complex	Office	10 776	8.0%	987 862	1 826 258	14.12
4	Pirita SC	Retail	5 441	6.0%	730 394	1 324 622	20.29
Estonia			34 589		3 957 197	6 349 793	15.30
6	LNK Centre	Office	6 849	5.0%	536 608	1 156 698	14.07
7	Upmalas Biroji	Office	9 876	5.0%	952 133	1 492 301	12.59
8	Vainodes I	Office	6 950	5.0%	1 324 369	1 811 776	21.72
9	Galerija Centrs	Retail	19 271	3.5%	3 214 850	6 745 928	29.17
10	SKY Supermarket	Retail	3 241	5.0%	412 693	1 052 296	27.06
Latvia			46 187		6 440 653	12 258 999	22.12

Individual Objects: Figures (2)

Valuation Summary

No	Property	Type	NLA: Net Leasable Area	Long-term vacancy	NOI: Net Operating Income (Y1)	Effective Rental Income (Y1)	Effective Rental Income: EUR/sqm
1	Meraki (development)	Development	16 782	5.0%	781 514	901 525	4.48
4	North Star BC	Office	10 458	5.0%	1 187 168	1 379 498	10.99
5	Europa SC	Retail	17 051	5.0%	1 890 589	2 540 700	12.42
Lithuania			44 291		3 859 271	4 821 723	9.07
Total			125 066		14 257 121	23 430 515	15.61

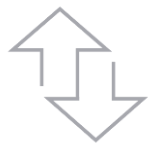
Individual Objects: Figures (3)

Valuation Summary

No	Property	Discount rate	Exit yield	Reported value: EUR	Reported Value: EUR/sqm (NLA)
1	Coca-Cola Plaza + Postimaja SC	8.30%	6.80%	35 520 000	1 933
2	Lincona Office Complex	9.10%	7.90%	14 180 000	1 316
3	Pirita SC	9.30%	7.80%	8 820 000	1 621
Estonia				58 520 000	1 692
1	LNK Centre	8.40%	6.25%	15 260 000	2 228
2	Upmalas Biroji	8.85%	6.75%	20 000 000	2 025
3	Vainodes I	8.10%	6.65%	17 220 000	2 338
4	Galerija Centrs	9.30%	7.00%	66 840 000	3 468
5	SKY Supermarket	9.20%	7.25%	5 480 000	1 691
Latvia				124 800 000	2 681
1	Meraki (development)	9.80%	7.25%	16 240 000	968
4	North Star BC	9.40%	7.00%	20 240 000	1 935
5	Europa SC	9.00%	7.00%	35 670 000	2 092
Lithuania				72 150 000	1 629
Total				255 470 000	2 043

On Market and Portfolio

General Comments



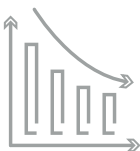
Estonia:

- Q2 2023 saw calm investment activity with a YTD volume decrease of 65% compared to the previous year.
- Notable transactions included hotel purchases and ground floor commercial premises, with yields experiencing upward pressure.



Latvia:

- Investment volume in Q2 2023 reached EUR 55 million, showing improvement from Q1 but still below typical figures.
- Key deals encompassed hotel sales, mixed-use property acquisitions, and limited greenfield/brownfield activity, while yields adjusted based on financing costs and market sentiment.



Lithuania:

- Despite uncertain forecasts, Lithuania's investment market demonstrated resilience with notable activity in office and entertainment segments.
- Significant transactions involved office acquisitions by East Capital and Grinvest, alongside other noteworthy deals, leading to yield increases across all segments due to prevailing interest rates and market sentiment.

The BHF portfolio's aggregated market value decrease is mainly attributed to: (-) weaker performance of specific assets; (-) increased discount and capitalization rates due to rising market interest rates; (-) rental income growth lagging behind inflation, coupled with higher cost base leading to an adverse impact on NOI change.

Individual Objects Focus (1)

Main Factors Behind Market Value Changes

ID	Country	Property	Market Value, €	Comments
EE01	Estonia	Coca-Cola Plaza + Postimaja SC	35 520 000	(-) decrease in NLA (-) Increase in the cap rate from 6.3% to 6.8% (-) due to the increase in lending rates, the discount rate increased
EE02	Estonia	Lincona Office Complex	14 180 000	(-) cap rate increased from 7.5% to 7.9% (-) due to the increase in lending rates, the discount rate increased (-) comparing to the year-end slight decrease in the contact rent by ca. 2% (-) vacancy increased from 9% to 14%. In addition, given that the contract with Rimi ends in October, the potential vacancy of the building could reach 16%
EE04	Estonia	Pirita SC	8 820 000	(-) cap rate increased from 7.5% to 7.8% (-) due to the increase in lending rates, the discount rate increased (-) increase in vacancy
LV01	Latvia	LNK Centre	15 260 000	(-) higher cap rate and higher discount rate; (-) two larger tenants terminating leases in 2023
LV02	Latvia	Upmalas Biroji	20 000 000	(-) higher cap rate (-) higher discount rate
LV03	Latvia	Vainodes I	17 220 000	(-) higher cap rate (-) higher discount rate

Individual Objects Focus (2)

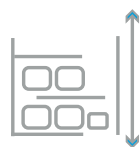
Main Factors Behind Market Value Changes

ID	Country	Property	Market Value, €	Comments
LV04	Latvia	Galerija Centrs	66 840 000	(+) food-court performance exceeding budgeted levels (+) new tenant Arket starting from Nov 2023 (-) higher cap rate (-) significant increase in vacancy rate; (-) significant planned CAPEX (-) Kolonna premises about to be vacant
LV05	Latvia	SKY Supermarket	5 480 000	(-) higher cap rate (-) higher discount rate
LT01	Lithuania	Meraki (development)	16 240 000	(-) higher cap rate (-) higher discount rate
LT04	Lithuania	North Star BC	20 240 000	(-) higher cap rate (-) higher discount rate
LT05	Lithuania	Europa SC	35 670 000	(-) slightly higher discount rate (-) higher CAPEX / OPEX (-) still high vacancy after reconstruction

Valuation Instruction

General Scope (1)

The following is a summary on the scope of work, deliverable and other heads of terms of the performed instruction.



Assets valued

11 real property objects (Estonia, Latvia, Lithuania)



Valuer's status

Independent external valuer



Valuation purpose

Financial reporting, internal management decision making, secured lending, investor relations



Previous involvement

End-2022



Intended users

Client and related entities, auditors, banks, fund investors



Applicable valuation standard

Definitions and procedures are compliant with the relevant national and international standards (RICS RedBook, IVS), IFRS (International Financial Reporting Standards) in accordance with IAS 40 (Investment Property) fair value disclosure requirements.

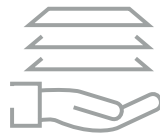
Valuation Instruction

General Scope (2)



Basis of Value

Market Value AS IS



Unit of account

Individual objects



Value date

Mid-year: June 30, 2023

Market Value is the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.

Source: International Valuation Standards (IVS 2022):
[IVS 104; 30.1.]

Valuation Instruction

Detailed Scope

Repeated: mid-2023

Nature and extent of the Valuer's work		review and critical analysis of provided information, upon request Valuer may provide comprehensive explanation of calculations, opinions and conclusions
Inspection		Desktop
Depth of enquiry and investigation	Publicly available information	[+] Valuer has performed reasonable research and used that information
	Non-public information to be requested from the Client by the Valuer	[+] The Valuer has provided the Client a detailed list of information that is relevant and is required for proper execution of the assignment
Depth of analysis		Standard
Deliverable	Format	Electronic
	Language	English
	Content	[+] calculation export files in XLSX format [+] ARGUS calculation files (upon request, if relevant) [+] portfolio summary report

Parties related to the instruction



Client: Baltic Horizon Fund (REIF) and related entities

Valuer: Colliers International (Colliers)
offices in Latvia, Lithuania and Estonia have acted as co-contractors, completing valuation work related to the Objects located in the respective countries

3

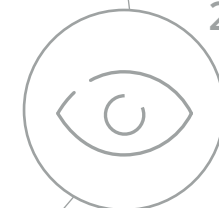


The valuation process was carried out by the **valuation experts (incl. experts with local and international certification)** of Colliers' Estonia, Latvia and Lithuania

1



2



Compilers and Verifiers of the Valuation

Estonia:



Darja Liping
Valuer, Valuation Department
 darja.liping@colliers.com
 +372 5569 0178
 Tallinn, ESTONIA



Jana Kiik
Head of Valuation Department
 jana.kiik@colliers.com
 +372 512 8114
 Tallinn, ESTONIA

Lithuania



Aleksej Kalev
Valuation Department Director
 aleksej.kalev@colliers.com
 +370 6722 6435
 Vilnius, LITHUANIA



Jurgita Peslekaite
Valuer, Valuation Department
 jurgita.peslekaite@colliers.com
 +370 6878 4811
 Vilnius, LITHUANIA

Latvia:



Jānis Ozols
MRICS, Partner | Valuation & Advisory
 janis.ozols@colliers.com
 +371 29630044
 Riga, LATVIA



Jānis Kalniņš
Valuer, Director | Valuation Department
 janis.kalnins@colliers.com
 +371 29186656
 Riga, LATVIA



Didzis Usenieks
Senior Valuer
 didzis.usenieks@colliers.com
 +371 26258143
 Riga, LATVIA



Sandis Kurilovičs
MRICS, Senior Valuer
 sandis.kurilovics@colliers.com
 +371 26157 991
 Riga, LATVIA

Colliers International Advisors | Estonia

Valukoja 8 Tallinn | Estonia

Phone +372 6160 777

E-mail colliers.estonia@colliers.com

www.colliers.com

Colliers International Advisors | Latvia

Origo One Business Center

Satekles 2B - 512 , Riga | Latvia

Phone +371 6778 3333

E-mail colliers.latvia@colliers.com

www.colliers.com

Colliers International Advisors | Lithuania

Gynėjų Street 14, Vilnius | Lithuania

Phone +370 5 249 1212

E-mail colliers.lithuania@colliers.com

www.colliers.com

