



# Baltic Horizon Fund

Portfolio Valuation  
Condensed Report

**Value date: December 31, 2023**  
Prepared by: Colliers International

## Summary

# Valuation Results

- Valuation date: December 31, 2023
- Document released: February 9, 2024
- Geography: Latvia and Lithuania
- Sectors: retail, office, development
- Currency: EUR
- VAT: valuation inputs and results are net-VAT
- Changes vs previous valuation: -3.0 mEUR / -1.5% (end-2023 vs mid-2023; Total like-for-like assets)

	Count	Reported Market Value, €	Market Value, €/sqm	WA Initial Yield
<b>Latvia</b>	5	121 350 000	1 777	4.68%
<b>Lithuania</b>	3	72 600 000	1 418	5.47%
<b>Total/ Average</b>	<b>8</b>	<b>193 950 000</b>	<b>1 622</b>	<b>4.98%</b>

# 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	LNK Centre	Office	6 849	5.0%	10 037	438 744	5.34
2	Upmalas Biroji	Office	9 876	5.0%	862 547	1 360 934	11.48
3	Vainodes I	Office	6 950	5.0%	1 351 524	1 796 580	21.54
4	Galerija Centrs	Retail	19 306	3.5%	2 968 938	6 148 897	26.54
5	SKY Supermarket	Retail	3 241	5.0%	443 371	950 556	24.44
<b>Latvia</b>			<b>46 222</b>		<b>5 636 417</b>	<b>10 695 711</b>	<b>19.28</b>
1	Meraki (development)	Development	16 221	5.0%	805 616	921 753	4.74
4	North Star BC	Office	10 579	5.0%	1 223 744	1 397 714	11.01
5	Europa SC	Retail	17 185	5.0%	1 941 158	2 751 011	13.34
<b>Lithuania</b>			<b>43 985</b>		<b>3 970 518</b>	<b>5 070 478</b>	<b>9.61</b>
<b>Total</b>			<b>90 207</b>		<b>9 606 935</b>	<b>15 766 189</b>	<b>14.56</b>

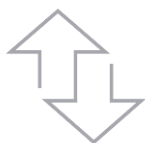
## Individual Objects: Figures (2)

# Valuation Summary

No	Property	Discount rate	Exit yield	Reported value: EUR	Reported Value: EUR/sqm (NLA)
1	LNK Centre	8.45%	6.50%	13 960 000	2 038
2	Upmalas Biroji	8.90%	7.00%	20 440 000	2 070
3	Vainodes I	8.20%	6.90%	16 710 000	2 265
4	Galerija Centrs	9.50%	7.50%	64 580 000	3 345
5	SKY Supermarket	9.05%	7.25%	5 660 000	1 746
<b>Latvia</b>				<b>121 350 000</b>	<b>2 264</b>
1	Meraki (development)	9.90%	7.25%	16 340 000	1 007
4	North Star BC	9.50%	7.00%	19 900 000	1 881
5	Europa SC	9.30%	7.25%	36 360 000	2 116
<b>Lithuania</b>				<b>72 600 000</b>	<b>1 651</b>
<b>Total</b>				<b>193 950 000</b>	<b>2 139</b>

# On Market and Portfolio General Comments

## Lithuania:



- In Q4 2023, Lithuanian investment market was more active compared to the previous quarter, especially in the industrial and office segments. However, the transaction volume in Q4 2023 was half of that recorded in Q4 2022.



- Significant transactions acquisition of Megarent Logistic Center by PREF IV. Lords LB Asset Management and Technopolis Lietuva have agreed on the sale of the Technopolis Ozas business park. The deal is not yet officially closed and most likely will be counted in statistics of 1HY 2024.



- The marginal increase in yields recorded in the retail and office segments was insufficient to offset the prevailing investment slowdown.

## Latvia:

- Investment volume in 2023 slightly exceeded EUR 200 million, which is the second lowest result in the last 10 years after EUR 150 million closed in 2017. Most of the annual investment volume came from 2 deals closed in Q4.
- Key deals encompassed industrial and retail property acquisitions by East Capital and Indexo Real Estate Fund, and low greenfield/brownfield activity, while yields adjusted based on financing costs and market sentiment.

**The Baltic Horizon Fund portfolio's market value contraction is predominantly attributable to: (-) the diminished performance of select assets, (-) elevated discount and capitalization rates due to an uptrend in market interest rates, and (-) rental income expansion trailing behind inflation rates, thereby exerting a detrimental effect on the Net Operating Income (NOI).**

## Individual Objects Focus

# Main Factors Behind Market Value Changes

ID	Country	Property	Market Value, €	Comments
LV01	Latvia	LNK Centre	13 960 000	(-) higher cap rate and higher discount rate; (-) very high vacancy with potential fit-out investment
LV02	Latvia	Upmalas Biroji	20 440 000	(-) new long-term tenant (-) higher cap rate and higher discount rate
LV03	Latvia	Vainodes I	16 710 000	(-) higher cap rate (-) higher discount rate
LV04	Latvia	Galerija Centrs	64 580 000	(+) Arket store opening in Dec 2023 (-) lower turnover prognosis for multiple tenants (-) higher cap rate and higher discount rate
LV05	Latvia	SKY Supermarket	5 660 000	(+) property fully leased, no vacancy (-) higher cap rate and higher discount rate
LT01	Lithuania	Meraki (development)	16 340 000	(-) higher cap rate (-) higher discount rate
LT04	Lithuania	North Star BC	19 900 000	(-) higher cap rate (-) higher discount rate
LT05	Lithuania	Europa SC	36 360 000	(-) higher cap rate (-) higher discount rate

# 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

8 real property objects (Latvia, Lithuania)



### Valuer's status

Independent external valuer



### Valuation purpose

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



### Previous involvement

Mid-2023



### 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

Year-end: December 31, 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: end-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

Yes, site visits done

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



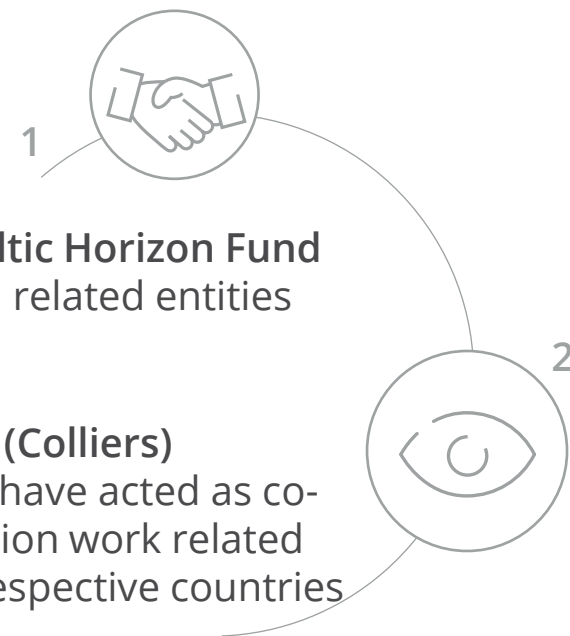
**Client: Baltic Horizon Fund (REIF) and related entities**

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

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



# Compilers and Verifiers of the Valuation

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## Baltic Horizon Fund 2023 year-end valuation summary

Property	Type	NLA	NOI	Discount Rate	Exit Yield	Market Value	Valuation Report
Coca Cola Plaza, Postimaja	Cinema, Shopping Centre	16 278	1 180 505 (2024) / 2 395 082 (2025)	8,6%	7%	33 050 000	EE-24-01-22-0278
Pirita Keskus	Shopping Centre	5 425	698 174	10%	8%	8 760 000	EE-24-01-22-0277
Lincona	Office Complex	10 775	742 195	9,3%	7,5%	14 370 000	EE-24-02-12-0289

**Date of valuation:** 2023-12-31  
**Purpose of valuation:** Financial statements under IFRS in accordance with IAS 40 fair value disclosure requirements / Secured lending (bank financing purposes)  
**Standards:** RICS, IVS, EVS, IAS, IFRS  
**Valuers:** Linas Daukus, MRICS, Priit Vender, level 7 valuer  
**Valuers' status:** Independent External Valuer  
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