



Fund objective

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

Financial goals

- 12-15% return on equity p.a.
- 55% leverage target

Structure and governance

- As of Q4 2021, Baltic Horizon Fund is one of the biggest real estate Fund listed in the Baltics.
- Baltic Horizon Fund is also the first AIF on the alternative investment funds list of Nasdaq Stockholm.
- Baltic Horizon Fund operates under the REIF concept where vast majority of Fund's cash earnings are paid out quarterly to investors.
- Baltic Horizon Fund has declared approx. 42.14 mEUR dividend distribution to investors since first listing.
- The Fund was the first issuer listed on the Nasdaq Baltic Stock Exchange that has been rated by a global rating agency - S&P Global Ratings. On 12 April 2021, the mid-market evaluation rating on Baltic Horizon remained at 'MM3', despite the pandemic. The indicative corresponding rating for "MM3" on the global rating scale is "BB+/BB".

Fund overview

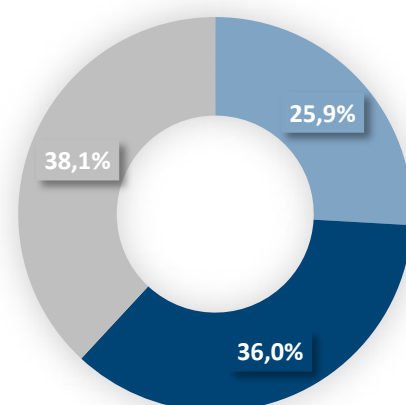
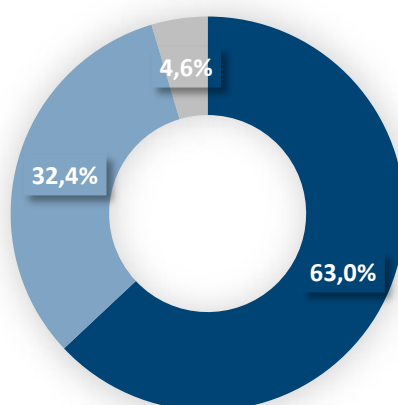
Ticker (TLN/STO)	NHCBHFFT/NHCBFS
Fund manager	Northern Horizon Capital AS
Number of units	119 635 429
Type	closed-end contractual evergreen
Unit Net Asset Value, EUR	1.1082
Size	346 338 EUR thousand
Equity	132 584 EUR thousand
LTV	60.7%
Distribution to investors since first listing	approx. 42.14 mEUR
Focus	direct investments to Baltic countries, particular focus on capital cities

Dividend capacity (dividend distribution continued during COVID-19 restrictions)

EUR '000	Q4 2020	Q1 2020	Q2 2021	Q3 2021	Q4 2021
Generated net cash ow (GNCF)	2 650	2 034	2 203	2 505	2 007
GNCF per weighted unit	0.022	0.017	0.018	0.021	0.017
12-months rolling GNCF yield ¹	8.6%	7.4%	7.0%	7.0%	6.8%
Dividends declared per weighted unit	0.011	0.011	0.011	0.017	0.019
12-months rolling dividend yield ¹	5.8%	5.4%	5.0%	4.5%	5.4%

¹ 12-month rolling GNCF and dividend yields are based on the closing market price of the unit as at the end of the quarter (Q4 2021: closing market price of the unit as of 31 December 2021).

Properties by NOI (Q4 2021)



Main portfolio financial covenants

1 2 3 4 5 6 7

Lower risk
Potentially lower reward

Higher risk
Potentially higher reward

Fund management



Tarmo Karotam, MRICS

Fund manager, Baltic Horizon Fund
Northern Horizon Capital AS

tarmo.karotam@nh-cap.com
M +372 5089044

Baltic Horizon Fund is managed by Northern Horizon Capital AS, a subsidiary of Northern Horizon group. Northern Horizon Capital AS is a licensed AIFM and is supervised by Estonian FSA.

Portfolio

Cost of debt ²	2.70%
NOI 2021	17 004 EUR thousand
NOI for 2020	19 934 EUR thousand
Weighted debt financing average	1.5 years
Portfolio yield ¹	5.0%
Vacancy ²	7.9%

¹ As of Q1-Q4 2021 ² As of December 31, 2021

Owned properties			
Property name	City	NLA (m ²)	% of Total NOI
Lincona BC	Tallinn	10 870	6.96%
CC Plaza	Tallinn	8 664	4.86%
Pirita SC	Tallinn	5 508	3.03%
Postimaja SC	Tallinn	9 145	6.43%
Sky SC	Riga	3 254	2.47%
Upmalas Biroji BC	Riga	10 459	10.88%
Vainodes I BC	Riga	8 052	9.06%
LNK Centre BC	Riga	7 453	6.80%
Galerija Centrs SC	Riga	20 022	9.05%
Domus Pro SC	Vilnius	11 247	7.16%
Europa SC	Vilnius	16 856	6.29%
Duetto I BC	Vilnius	8 587	7.65%
Domus Pro Office	Vilnius	4 831	3.36%
Duetto II BC	Vilnius	8 674	8.46%
North Star BC	Vilnius	10 550	7.55%
Meraki BC	Vilnius	*Under construction	
SC - Shopping centre BC - Business centre	Total LNA:	144,081	100%

Top tenants
Rimi
SEB
Latvian State Forestry
Forum Cinemas
Intrum Group
EMERGN
Lithuania Tax Inspectorate
Vilnius heating network company
LNK
New Yorker Eesti

Top 6 investors on behalf of their clients
Svenska kyrkans pensionskassa
SEB Baltic Pensions
Skandinaviska Enskilda Banken S.A.
Vienna Insurance Group
VP Bank S.A.
EIKOS AB

Impact of COVID-19 pandemic

BHF's operating results of Q4 2021 continued to be affected by the pandemic through the support measures for weakened retail tenants, especially during the latest Latvian lockdown in November. It is expected that broad diversification of the portfolio should allow the Fund to limit the COVID-19 impacts and maintain healthy consolidated operational performance throughout the next year as the central retail sector is set to recover. The Fund's operational performance has largely recovered every time heavy restrictions were lifted in all Baltic countries.

Gross & Net Asset Value

At the end of December 2021, the Fund's GAV was EUR 346.3 million (31 December 2020: EUR 355.6 million), which was a drop of 2.6% over the period. The decrease is mainly related to the negative property revaluation of EUR 7.2 million and the disposal of G4S Headquarters which was slightly offset by capital investments in assets and an increase in the cash balance.

The Group made capital investments (EUR 7.0 million) in the Meraki office building development

project during 2021. The Fund aims to carry on with the construction of the Meraki office building throughout 2022/2023. An additional EUR 2.1 million was invested in other (re)development projects.

At the end of December 2021, the Fund's NAV slightly decreased to EUR 132.6 million (31 December 2020: EUR 136.3 million) due to a negative overall investment property revaluation for the financial year. Compared to the year-end 2020 NAV, the Fund's NAV decreased by 2.7%. The increase in operational performance was offset by a EUR 6.0 million dividend distribution to the unitholders. As at 31 December 2021, IFRS NAV per unit stood at EUR 1.1082 (31 December 2020: EUR 1.1395), while EPRA net tangible assets and EPRA net reinstatement value were EUR 1.1884 per unit (31 December 2020: EUR 1.2219). EPRA net disposal value was EUR 1.1086 per unit (31 December 2020: EUR 1.1435).

Net profit and net rental income

In 2021, the Group recorded a net profit of EUR 1.4 million as compared to a net loss of EUR 13.5 million in 2020. Compared to 2020, the Fund re-

cognised smaller valuation losses on investment properties but a decrease in net rental income throughout 2021. Even with hard COVID-19 restrictions in 2021, the Fund managed to maintain the positive operational performance of its investment properties. The net result for the whole 2021 was mostly impacted by a negative valuation result of EUR 7.2 million. Year-end valuations showed recovery as the Fund brought down overall yearly valuation losses by recognizing a valuation gain of EUR 7.1 million in Q4 2021. Excluding the valuation impact on the net result, net profit for 2021 would have amounted to EUR 8.6 million (2020: EUR 11.7 million). Earnings per unit for 2021 were positive at EUR 0.01 (2020: negative at EUR 0.12).

Earnings per unit excluding valuation losses on investment properties amounted to EUR 0.07 (2020: EUR 0.10). In 2021, the Group earned net rental income of EUR 17.0 million, a decrease of 14.7% compared to the net rental income of EUR 19.9 million for 2020. Net rental income decreased due to increased vacancies across portfolio, relief measures granted to tenants during the pandemic and disposal of G4S Headquarters in November 2021.