



NORTHERN HORIZON

BALTIC HORIZON FUND WEBINAR

Interim Results

H1 2021



NORTHERN HORIZON

Key highlights





NORTHERN HORIZON

ABOUT BALTIC HORIZON FUND

>5,000
Total investors

119.6m
Units outstanding

EUR 139.2m
Market capitalisation

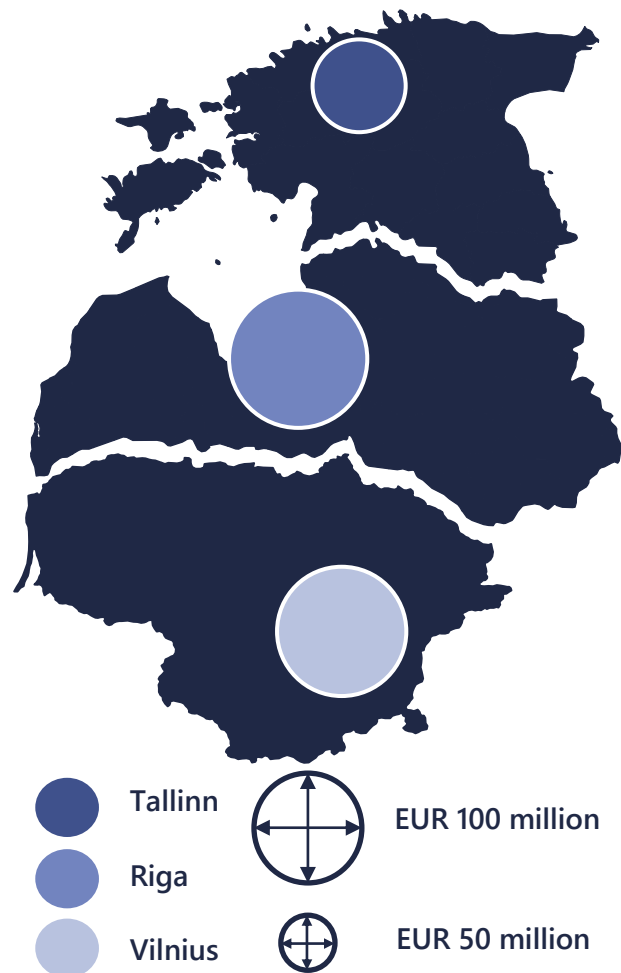
153,351 sq.m.
Net lettable area

EUR 7.1m
Dividend payout TTM

MM3 (BB/BB+)
S&P rating

Baltic Horizon Fund is a regulated closed-end contractual investment fund registered in Estonia on 23 May 2016. The Fund is currently dual-listed on the Fund List of the Nasdaq Tallinn Stock Exchange and the Nasdaq Stockholm Alternative Investment Funds market.

- Focus on high-quality real estate properties in the Baltic capitals
- High dividend capacity - REIT aiming to pay at least 80% of net cash flow from operations
- Active management and solid existing portfolio
- Efficient and investor-friendly structure including favourable tax status
- Diversified portfolio with medium term leases
- Liquidity through the stock market listings Tallinn/Stockholm
- Strong investor base with sizeable investments from Swedish church pension fund, SEB Baltic pension funds, Muirfield Invest, ETON, EIKOS and Vienna Insurance Group





NORTHERN HORIZON

KEY FIGURES

30 June 2021

328,449

Portfolio value
(EUR '000)

63.8%

LTV

1.0439

IFRS NAV
(EUR per unit)

1.1176

EPRA NRV
(EUR per unit)

H1 2021

8,530

Net rental income
(EUR '000)

5.2%

Net initial yield



31 December 2020

339,992

Portfolio value
(EUR '000)

60.5%

LTV

1.1395

IFRS NAV
(EUR per unit)

1.2219

EPRA NRV
(EUR per unit)

H1 2020

10,390

Net rental income
(EUR '000)

5.9%

Net initial yield



Variance

(3.4%)

Portfolio value

330bps

LTV

(8.4%)

IFRS NAV

(8.5%)

EPRA NRV

Variance

(17.9%)

Net rental income

(70bps)

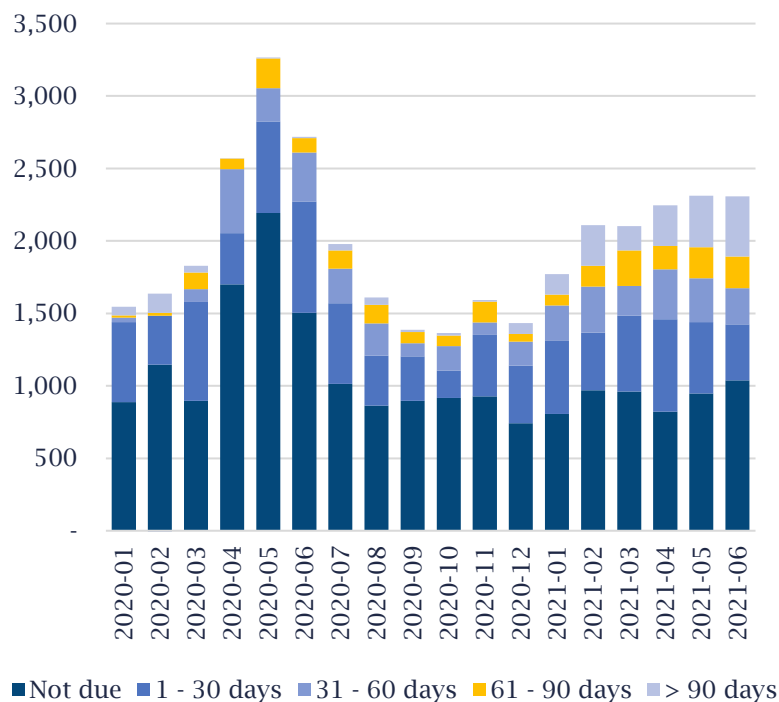
Net initial yield



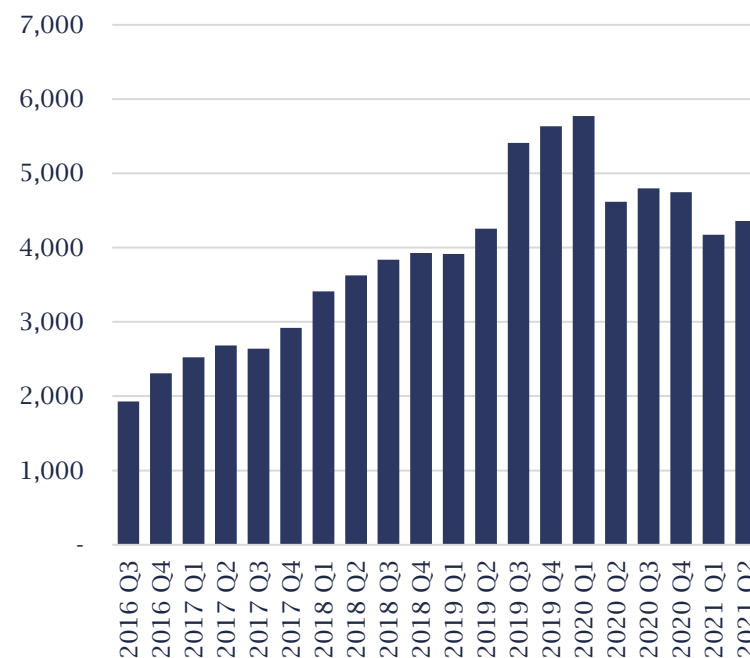
NORTHERN HORIZON

KEY FIGURES

Trade receivables (monthly)



Net rental income (quarterly)





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NOTABLE EVENTS FOR THE FUND

VERSLO CENTRAS **MERAKI**

On 12 May 2021, BH Meraki UAB completed an oversubscribed private placement of 18 months secured bonds of EUR 4.0 million. The bonds bear a fixed-rate coupon of 5.0% payable semi-annually. Investors subscribed bonds for a total of EUR 11.15 million which means that the issue volume was oversubscribed 2.78 times. The net proceeds from the issuance of the bonds will be used for financing the construction of the Meraki office building. The bonds are issued in tranches to match the financing and investment cash flows for the project.

S&P Global

Standard and Poor's rating has remained unchanged. On 12 April 2021, S&P Global Ratings affirmed Baltic Horizon Fund "MM3" mid-market rating despite the pandemic. The indicative corresponding rating for "MM3" on the global rating scale is "BB+/ BB". A full report of the S&P Global Ratings analysis can be found on the S&P Global Ratings website.

CBRE | Baltics

In May 2021, the Fund has finished an international tender for property management and accounting services across the whole portfolio. The Fund has selected CBRE Baltics as its main partner for property management and accounting services. CBRE Baltics will provide commercial real estate management, rental, accounting, maintenance and marketing services in Lithuania, Latvia and Estonia. In addition, Censeo will provide services to the Lithuanian business centres Duetto and North Star, as well as to the Domus Pro shopping centre and office complex. New property management companies will start to provide services for the entire portfolio starting from 1 September 2021.



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RETAIL FOOTFALL AND TURNOVERS ARE RECOVERING WHEN RESTRICTIONS ARE LIFTED

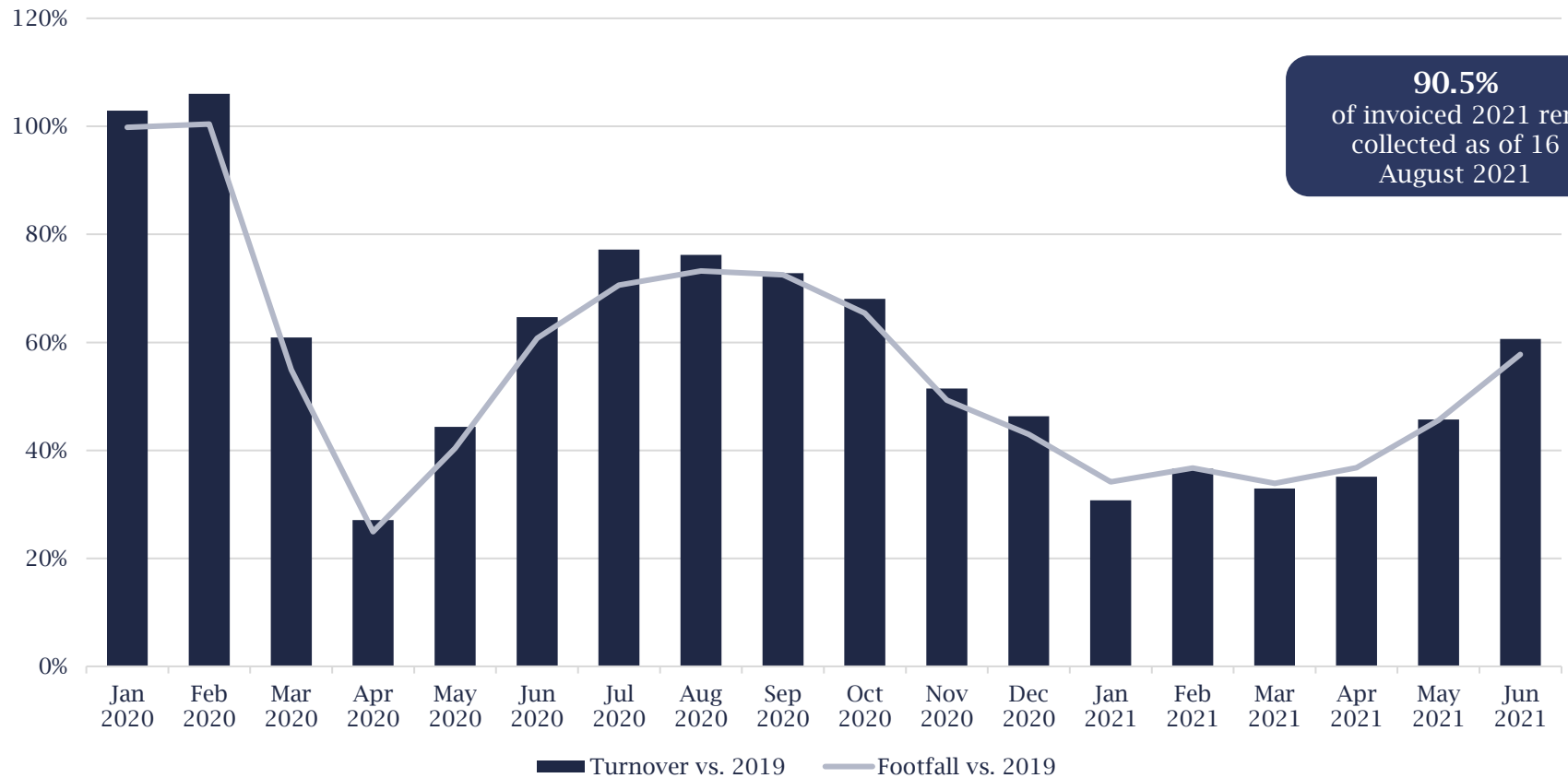
Pre-COVID-19

First COVID-19
lockdown

Reopening with restrictions

Second COVID-19 lockdown

Reopening
with
restrictions



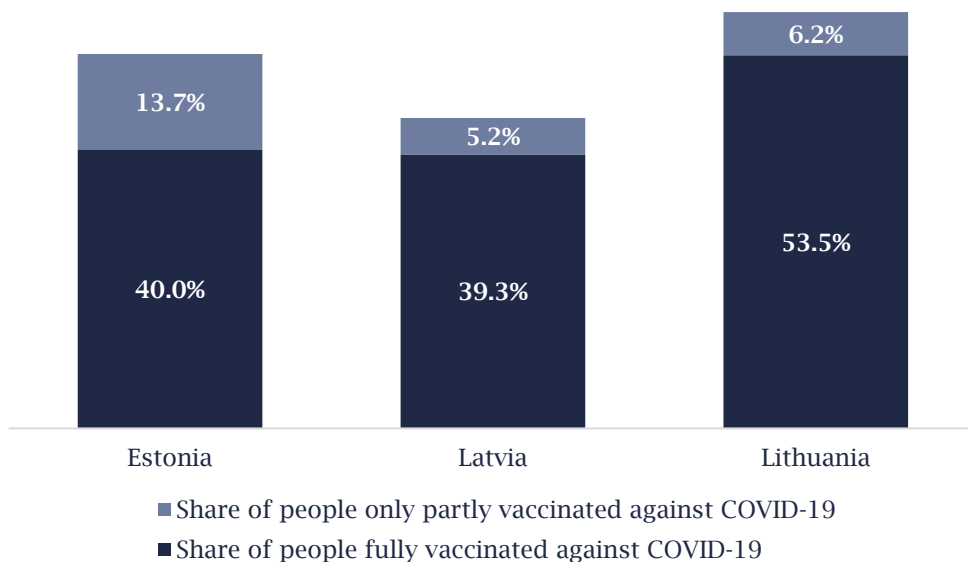


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VACCINATIONS IN THE BALTICS

- Baltic Horizon Fund has committed to support the fight against the COVID-19 virus. In cooperation with local authorities in Latvia we have established a vaccination centre in Galerija Centrs.
- Baltic Horizon's Europa shopping centre in Vilnius and Galerija Centrs in Riga received SAFE RetailDestination© certification from the COVID-19 shopping centre certification program.

Vaccinated % of population in the Baltics



Source: Our World in Data

Galerija Centrs





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Vainodes

Financial results



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FINANCIAL RESULTS FOR H1 2021

PROFIT AND LOSS

EUR '000	H1 2021	H1 2020	Change (%)
Rental income	9,512	11,282	(15.7%)
Service charge income	2,426	2,504	(3.1%)
Cost of rental activities	(3,408)	(3,396)	(0.4%)
Net rental income	8,530	10,390	(17.9%)
Administrative expenses	(1,501)	(1,523)	(1.4%)
Other operating income	-	186	(100.0%)
Valuation losses on investment properties	(14,259)	(15,753)	(9.5%)
Operating profit	(7,230)	(6,700)	(7.9%)
Financial income	1	2	(50.0%)
Financial expenses	(2,752)	(2,750)	0.1%
Net financing costs	(2,751)	(2,748)	0.1%
Loss before tax	(9,981)	(9,448)	5.6%
Income tax charge	759	(8)	(9,587.5%)
Loss for the period	(9,222)	(9,456)	(2.5%)

Key comments:

- In H1 2021, the Group earned net rental income of EUR 8.5 million, a decrease of 17.9% compared to the net rental income of EUR 10.4 million for H1 2020.
- Net rental income decreased due to the relief measures granted to tenants during the pandemic.
- The Group recorded a net loss of EUR 9.2 million for H1 2021 against a net loss of EUR 9.5 million for H1 2020.
- The net result was significantly impacted by the one-off negative valuation result of EUR 14.3 million during H1 2021 (valuation loss of EUR 15.8 million during H1 2020).
- Excluding the valuation impact on the net result, net profit for H1 2021 would have amounted to EUR 5.0 million (H1 2020: EUR 6.3 million).
- Earnings per unit for H1 2021 were negative at EUR 0.08 (H1 2020: negative at EUR 0.08).



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FINANCIAL RESULTS FOR H1 2021

FINANCIAL POSITION

EUR '000	30.06.2021	31.12.2020
Investment properties	324,509	334,518
Investment property under construction	3,940	5,474
Property, plant and equipment	3	2
Other non-current assets	23	22
Total non-current assets	328,475	340,016
Trade and other receivables	2,444	1,901
Prepayments	492	352
Cash and cash equivalents	15,476	13,333
Total current assets	18,412	15,586
Total assets	346,887	355,602
Paid in capital	145,200	145,200
Cash flow hedge reserve	(1,241)	(1,661)
Retained earnings	(19,072)	(7,218)
Total equity	124,887	136,321
Interest bearing loans and borrowings	132,909	195,670
Deferred tax liabilities	5,280	6,009
Derivative financial instruments	1,190	1,736
Other non-current liabilities	1,024	1,026
Total non-current liabilities	140,403	204,441
Interest bearing loans and borrowings	76,983	10,222
Trade and other payables	3,554	3,640
Income tax payable	-	1
Derivative financial instruments	122	27
Other current liabilities	938	950
Total current liabilities	81,597	14,840
Total liabilities	222,000	219,281
Total equity and liabilities	346,887	355,602

Key comments:

- At the end of H1 2021, the Fund's GAV was EUR 346.9 million (31 December 2020: EUR 355.6 million), which was a drop of 2.5% over the period. The decrease is mainly related to the negative property revaluation of EUR 14.3 million or 3.4% of the portfolio value at the end of 2020.
- Cash inflow from core operating activities for H1 2021 amounted to EUR 6.4 million (H1 2020: cash inflow of EUR 6.7 million).
- At the end of June 2021, the Fund's consolidated cash and cash equivalents amounted to EUR 15.5 million (31 December 2020: EUR 13.3 million).
- The Fund is planning to invest outstanding cash to (re)development projects during the remaining year.
- During Q2 2021, the Fund completed a private placement of 18 months secured bonds of EUR 4.0 million. The bonds bear a fixed-rate coupon of 5.0% payable semi-annually.



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PORTFOLIO VALUATIONS

EUR '000	Fair value 30.06.2021	Fair value 31.12.2020	Change (EUR '000)	Change (%)
Like-for-like assets				
Retail	160,795	166,667	(5,872)	(3.5%)
Office	149,454	153,681	(4,227)	(2.8%)
Leisure	14,260	14,170	90	0.6%
Total like-for-like assets	324,509	334,518	(10,009)	(3.0%)
Development assets				
Office	3,940	5,474	(1,534)	(28.0%)
Total portfolio assets	328,449	339,992	(11,543)	(3.4%)

EUR '000	Fair value 30.06.2021	Fair value 31.12.2020	Change (EUR '000)	Change (%)
Like-for-like assets				
Estonia	84,980	85,790	(810)	(0.9%)
Latvia	125,591	131,920	(6,329)	(4.8%)
Lithuania	113,938	116,808	(2,870)	(2.5%)
Total like-for-like assets	324,509	334,518	(10,009)	(3.0%)
Development assets				
Lithuania	3,940	5,474	(1,534)	(28.0%)
Total portfolio assets	328,449	339,992	(11,543)	(3.4%)

Key comments:

- The like-for-like value of the property portfolio excluding developments decreased by EUR 10.0 million (3.0%) in H1 2021, compared to year-end 2020.
- The decrease was mainly caused by a more conservative valuation approach to CBD shopping centres and single tenant office buildings with short lease terms.
- Multi-tenant office buildings and small neighbourhood shopping centres were less affected by the downward valuation adjustments related to COVID-19 due to their strong tenant base and payment discipline.



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BALTIC HORIZON FUND

CASH DISTRIBUTIONS



EUR '000	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Generated net cash flow (GNCf)	2,589	2,674	2,650	2,034	2,203
GNCf per weighted unit (EUR)	0.023	0.024	0.022	0.017	0.018
12-months rolling GNCf yield ¹ (%)	9.6%	9.4%	8.6%	7.4%	7.0%
Dividends declared for the period	1,701	3,111	1,316	1,316	1,316
Dividends declared per unit² (EUR)	0.015	0.026	0.011	0.011	0.011
12-months rolling dividend yield¹ (%)	7.2%	7.5%	5.8%	5.4%	5.0%

1. Gross 12-month rolling GNCf and dividend yields are based on the closing market price of the unit as at the end of the quarter (Q2 2021: closing market price of the unit as of 30 June 2021).

2. Based on the number of units entitled to dividends.

- With reduced pay-outs over 2020 and 2021 in the light of prevailing market uncertainty, the Fund has opted to retain EUR 6.0 million of distributable cash flow.
- Despite the lockdown, during Q2 2021, the Fund made cash distribution of EUR 1.3 million and paid regular interest on bank loans and bonds.



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FINANCING SUMMARY

AS OF 30 JUNE 2021

Summary of financing terms

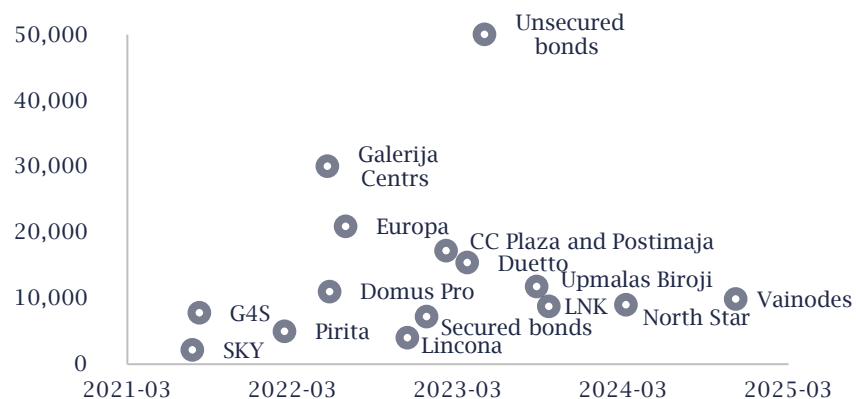
63.8%
LTV

2.7%
Cost of debt

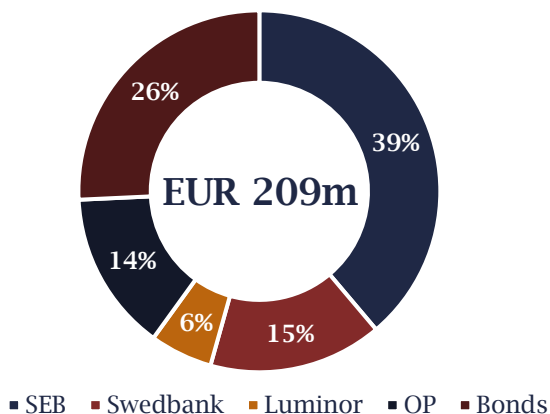
0.2%
Annual debt
amortization

1.6 years
Weighted debt
maturity

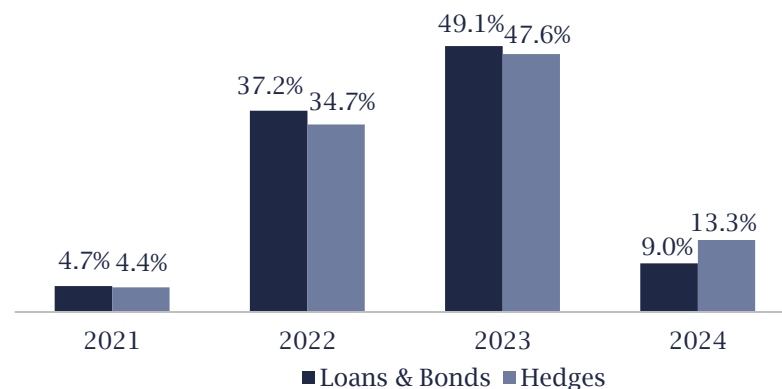
Maturity by separate loan (EUR '000)



Diversification by creditor



Loan and hedge maturity





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FINANCIAL DEBT STRUCTURE

AS OF 30 JUNE 2021

Property	Maturity	Carrying amount (EUR'000)	% of total	Fixed rate portion
Galerija Centrs	26 May 2022	30,000	14.3%	100.0%
Europa SC	5 July 2022	20,900	10.0%	88.0%
CC Plaza and Postimaja	12 February 2023	17,200	8.2%	100.0% ¹
Duetto I and II	31 March 2023	15,376	7.3%	46.8% ²
Upmalas Biroji BC	31 August 2023	11,750	5.6%	90.0%
Domus Pro	31 May 2022	11,000	5.2%	63.2%
Vainodes I	13 November 2024	9,842	4.7%	50.0%
North Star	27 September 2023	9,000	4.3%	-%
LNK	15 March 2024	8,723	4.2%	66.5%
G4S Headquarters	16 August 2021	7,750	3.7%	100.0%
Lincona	31 December 2022	7,188	3.4%	95.4%
Pirita SC	20 February 2022	4,944	2.4%	117.9%
Sky SC	1 August 2021	2,120	1.0%	-%
Total bank loans		155,793	74.3%	78.0%
Less capitalized loan arrangement fees ³		(167)		
Total bank loans recognised in the statement of financial position		155,626		
5 - year unsecured bonds	08 May 2023	50,000	23.8%	100.0%
1.5 - year secured bonds	19 November 2022	4,000	1.9%	100.0%
Total bonds		54,000	25.7%	100.0%
Less capitalized bond arrangement fees ³		(223)		
Total bonds recognized in the statement of financial position		53,777		
Total debt recognised in the statement of financial position		209,403	100.0%	83.6%

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

FINANCING STRATEGY FOR THE NEXT FEW YEARS

Leverage:

- Gradual decrease in Fund's leverage over the next 2 years is **planned** by prepaying a part of loans at maturity and/or financing of new acquisitions at lower LTV.

Debt term:

- EUR 88m (i.e. 42% of all the debt) matures in 2022 and EUR 103m EUR (49%) in 2023. All the investments made by BH are typically financed for a period of around 5 years which is usually the longest debt term available in the market. As a consequence of new acquisitions/loan extensions in 2017 and 2018, the major part of long term debt mature in 2022 and 2023.

Property	Maturity	Carrying amount (EUR'000)
Sky SC	31 January 2022	2,120
Pirita SC	20 February 2022	4,944
Galerija Centrs	26 May 2022	30,000
Domus Pro	31 May 2022	11,000
Europa SC	5 July 2022	20,900
G4S Headquarters	31 October 2022	7,750
Meraki	19 November 2022	4,000
Lincona	31 December 2022	7,188
Total bank loans		87,902

Debt extension:

- After analyses of various debt extension scenarios it was concluded that the most favourable financing conditions could be **obtained from local banks**. The extension of bank loans was discussed with all the banks already in Spring 2021 and the banks expressed their willingness to extend the loans.
- Financing tenders will be arranged as usual aiming to get the best financing conditions. Based on the publicly available information it can be concluded that BH has attractive financing conditions compared to its direct competitors.
- Financing through debt capital markets and/or other alternative financiers is not excluded either.



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Europa SC

Portfolio performance

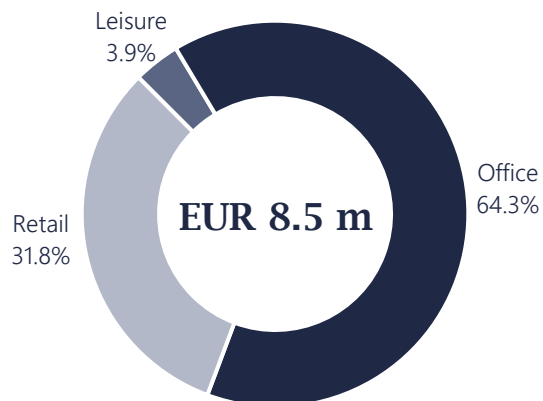




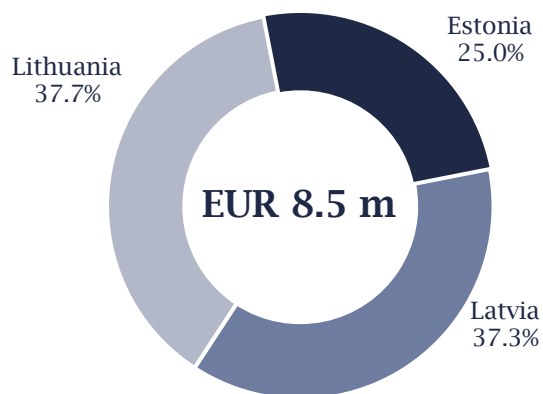
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BALTIC HORIZON FUND PORTFOLIO SUMMARY

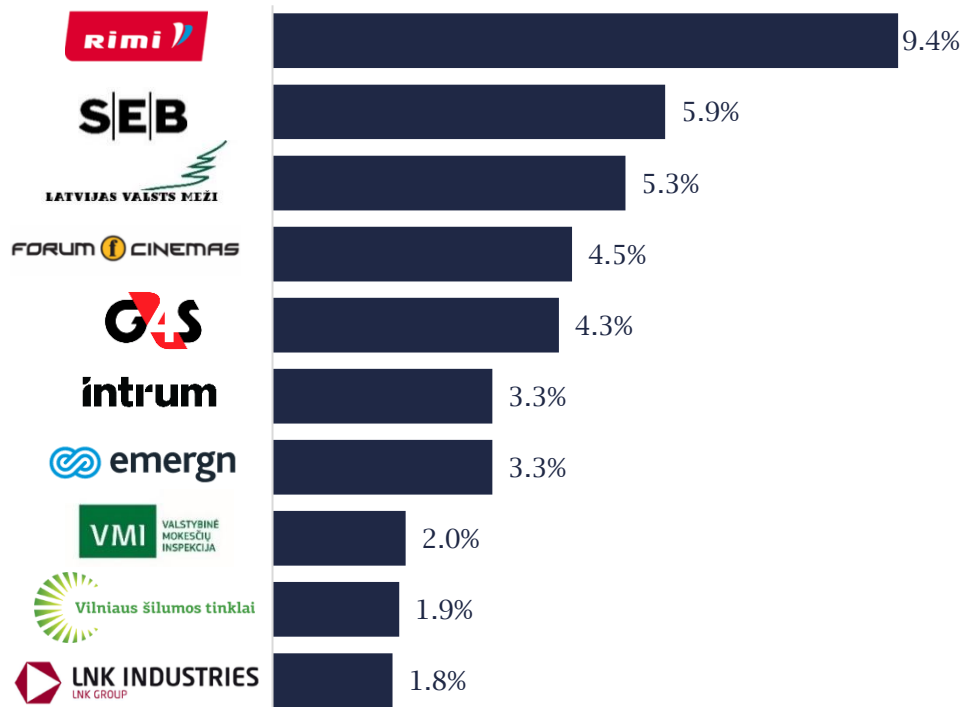
Net rental income by segment as of 30 June 2021



Net rental income by country as of 30 June 2021



Rental concentration: 10 largest tenants as of 30 June 2021



Other tenants – 58.3%



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PROPERTY PERFORMANCE AS OF 30 JUNE 2021

EUR '000	Sector	Fair value ¹ EUR '000	Direct property yield Q2 2021 ²	Net initial yield Q2 2021 ³	Occupancy rate
Duetto I	Office	16,569	8.4%	7.6%	100.0%
Duetto II	Office	19,455	7.0%	6.9%	100.0%
Europa SC	Retail	35,071	2.9%	2.9%	85.1%
Domus Pro Retail Park	Retail	16,230	7.2%	6.9%	100.0%
Domus Pro Office	Office	7,620	8.2%	7.0%	100.0%
North Star	Office	18,993	6.0%	6.5%	89.7%
Meraki Development	Office	3,940	-	-	-
Total Vilnius		117,878	5.8%	5.6%	94.1%
Upmalas Biroji BC	Office	21,247	7.3%	7.7%	100.0%
Vainodes I	Office	18,140	6.9%	7.7%	100.0%
LNK Centre	Office	16,120	6.5%	6.9%	100.0%
Sky SC	Retail	4,903	7.9%	8.0%	96.7%
Galerija Centrs	Retail	65,181	2.9%	3.2%	81.7%
Total Riga		125,591	4.8%	5.3%	92.4%
Postimaja & CC Plaza	Retail	29,820	2.6%	3.1%	93.7%
Postimaja & CC Plaza	Leisure	14,260	6.0%	5.1%	100.0%
G4S Headquarters	Office	15,400	8.0%	7.9%	100.0%
Lincona	Office	15,910	6.9%	6.8%	90.3%
Pirita SC	Retail	9,590	5.2% ⁴	6.8% ⁴	89.2%
Total Tallinn		84,980	5.1%	5.4%	94.9%
Total portfolio		328,449	5.2%	5.5%	93.7%

1. Based on the latest valuation as at 30 June 2021 and recognised right-of-use assets.
2. Direct property yield (DPY) is calculated by dividing NOI by the acquisition value and subsequent capital expenditure of the property.
3. The net initial yield (NIY) is calculated by dividing NOI by the market value of the property.
4. Excluding one-off rental guarantee write-off in an amount of EUR 0.2 million.



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STRONG ON-SITE RETAILS TEAMS...

- Changed 100% of retail site management team.
- Attracted leaders of retail market who has experience over 10 or 20 years working with the largest retail landlords: DEKA Immobilien, Linstow, Akropolis Group, CBRE, Nepi Rockcastle and others.
- The active dedicated leasing team increased 3 times.
- Attracted market leading companies as the main partners in the main areas of retail business - property management and marketing (CBRE Baltics, leading marketing agency TBWA, one of the P.R. leaders in the market Nova Media).



PILNATIES
KODAS

▶▶▶ #Saldumas

RUGPJŪČIO 19 - 22 D.

Daugiau: www.pceuropa.lt

MĖGAUKIS IŠSKIRTINIŲ ALI DESERTU,
APSIPIRKĖS UŽ 20 EUR

EUROPA

#AfterShoppingDrink
MATCHA LATTE

GĖRIMĄ ATSIIMK
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MĖGAUKIS SAVO MATCHA LATTE,
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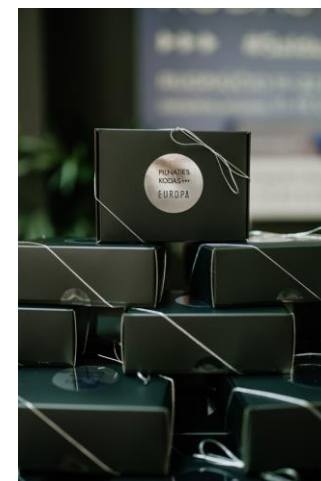


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...AND ACTIVE FOCUS ON CUSTOMER EXPERIENCE...



- Started repositioning of the Galerija Centrs and Europa - stagnant and traditional marketing campaigns were changed to customers experience and dialog type of marketing.
- SCs are prepared for the leading positions in Convenience type of SCs field.
- During the last 6 months the pipeline of the new negotiating leases reached over 30 thousand sq.m.
- Started cooperation and signed master lease in Europa SC with the Food Hall concept leaders - SAPUS.





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... RESULTS IN NEW AND EXTENDED RELATIONSHIPS WITH TENANTS



PINKO

GIVEN
BY GRENARDI

THE BODY SHOP®



GUESS



intrum

MARCCAIN

PANDORA

LIEWENTHAL ELECTRONICS
Software and Electronics



SUITSUPPLY

Calvin Klein

happeak



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DEVELOPMENT PROJECTS

Planning



CC Plaza and Postimaja, Tallinn

- The final building permit for joining the Postimaja and CC Plaza buildings was received in January 2021.
- The Fund is preparing control estimates of the project and starting to sign letters of intent with the anchor and core tenants in the reconstruction area.
- Expected start of construction - 2022

Under construction



Europa, Vilnius

- Refurbishment project was initiated with the aim of introducing a new concept that would meet growing CBD and clients' post-COVID-19 needs.
- Approx. EUR 5m will be invested during 2021 to create a food hall, upgrade interior design and install new vertical connections. Europa will remain open during the whole reconstruction period.

Under construction



Meraki, Vilnius

- New building/construction
- 10% of net leasable area of one tower pre-let to 2 local tenants
- Approx. 15,800 sq.m. of NLA office area
- Expected costs - EUR 32.7 million
- BREEAM New Construction - Excellent
- Expected delivery - Q1 2022



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BALTIC HORIZON – ESG GOALS

ESG has become an important aspect of Fund's long-term business strategy

Short-term ESG Goals

01 100% of office buildings will obtain building certifications by end of 2021. Chosen certification program – BREEAM.

02 100% of new leases / extensions / amendments will have green lease clauses from 2021. Additionally, Fund will aim to include green lease clauses to existing leases in retail, portfolio, and are already included in most of office portfolio leases.

03 Review economic and physical feasibility of solar panels on all office buildings by end of 2021¹.

04 Install electric vehicle charging stations in all office properties by end of 2022¹.

Long-term ESG Goals

01 At least 50% of all portfolio by value will obtain building certifications by end of 2023. Chosen certification program – BREEAM, LEED or local equivalent.

02 All new acquisitions should have an EPC of at least B or better. The Fund might consider assets that are certified lower than B on the EPC scale with consideration to transition these assets.

A+ / A

rating achieved in
2020 assessment from



rating achieved in
2020 assessment from



¹Considerations for retail portfolio could be postponed due to ongoing / planned construction / redevelopment.



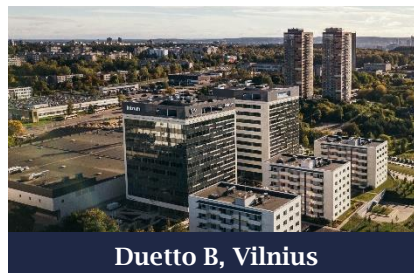
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ABOVE 59% OF PORTFOLIO IS EXPECTED TO BE CERTIFIED DURING 2021/2022

BREEAM Certified buildings



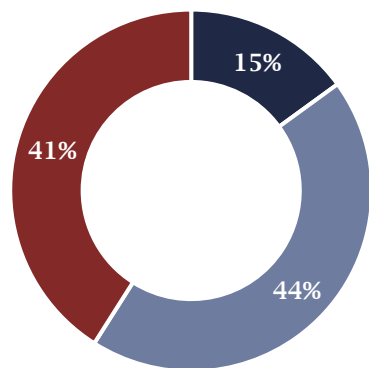
Duetto A, Vilnius



Duetto B, Vilnius



Domus BC, Vilnius



- BREEAM Certified
- BREEAM Certification in progress
- Not certified

BREEAM Certification in progress



G4S HQ, Tallinn



Lincona, Tallinn



Upmalas Biroji, Riga



LNK Centre, Riga



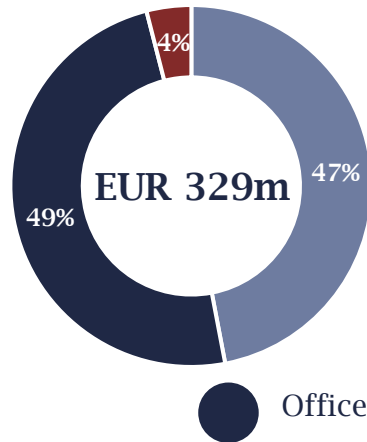
Vainodes, Riga



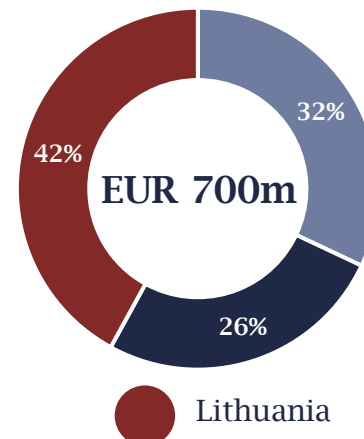
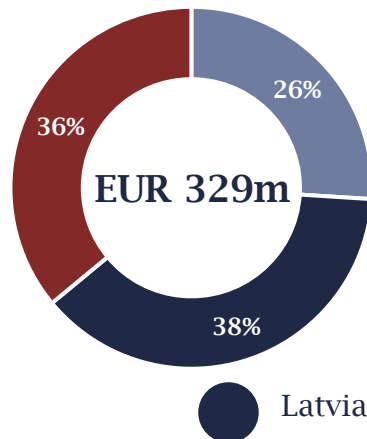
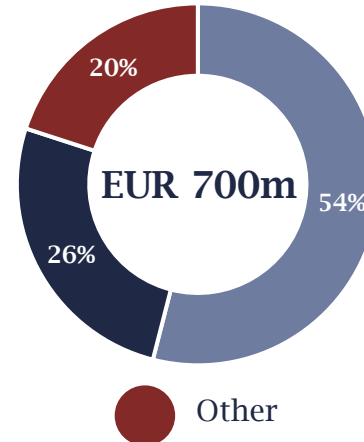
North Star, Vilnius

BALTIC HORIZON FUND STRATEGIC PRIORITIES 2021 AND BEYOND

2021



2023



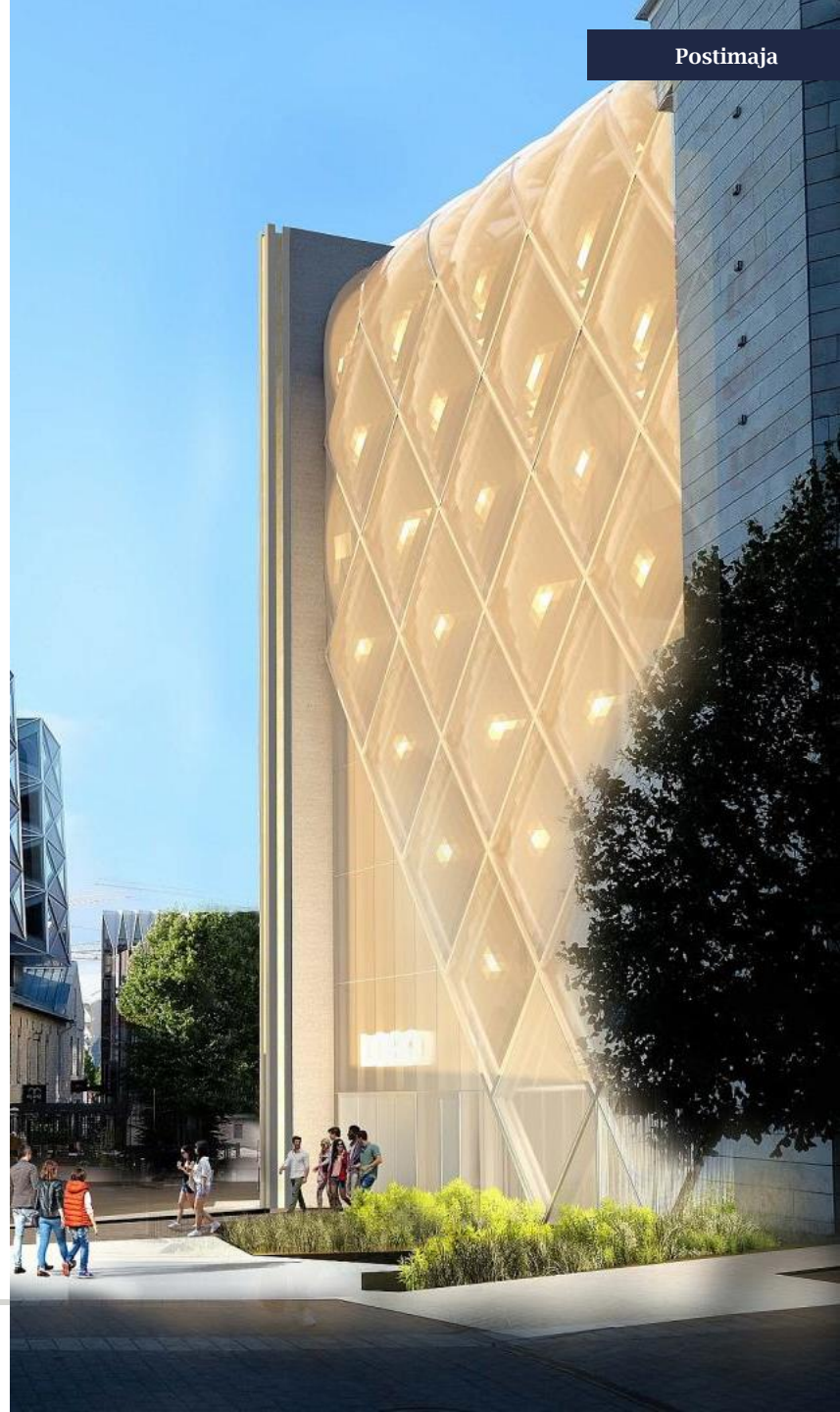


NORTHERN HORIZON

PRIORITIES AND OUTLOOK

- On-boarding of new property management company with the aim to improve operational excellence
- Capital recycling in the portfolio to realise significant value creation and prepare for post-pandemic trends
- Equity investments into development projects to reduce LTV
- Intensive focus on leasing to expand the WAULT of the portfolio and maintain good leasing momentum
- Strengthening acquisition pipeline and concentrating on new market opportunities
- Fund process optimization through digitalization
- Completion of Europa and Meraki development projects and successful launch of other projects
- Enhancing sustainability by executing long-term and short-term ESG goals

Postimaja





NORTHERN HORIZON

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