



NORTHERN HORIZON

BALTIC HORIZON FUND WEBINAR

Annual General Meeting

Q1 2021



NORTHERN HORIZON

Europa SC

Key highlights





NORTHERN HORIZON

DIVERSIFIED INVESTMENT STRATEGY

Fund information

Total investors >5,000

Units outstanding EUR >119 million

Nasdaq churn p.a ca 17% of the market cap

Largest investors Swedish church pension fund; SEB Baltic pension funds; Muirfield Invest; ETON; EIKOS, Vienna Insurance Group

Net lettable area 153,351 sq.m.

LTV 60.2%, max LTV 65%

Net LTV 56.8%

Dividend payout TTM EUR 7.4 million

S&P rating MM3 (BB/BB+)

- **Focus on high-quality 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 TAX**
- **Diversified portfolio with medium term lease agreements**
- **Liquidity through the stock market listings Tallinn/Stockholm**
- **Collected more than 84% of its retail rents in 2020 and has maintained a high occupancy ratio (more than 90% in the retail segment and 96% in the office segment)**

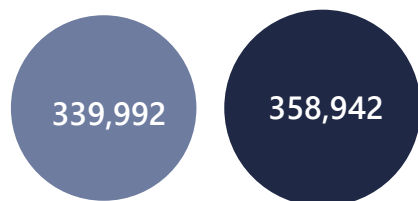


NORTHERN HORIZON

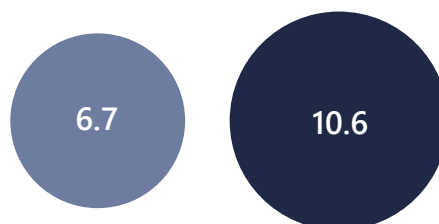
BALTIC HORIZON FUND

KEY FIGURES 2020 VS 2019

Fair value of portfolio, EUR thousand



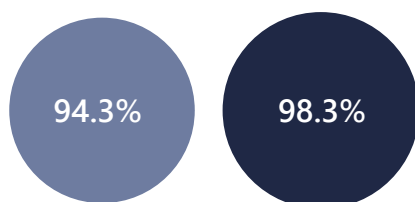
Dividends per unit, EUR cent



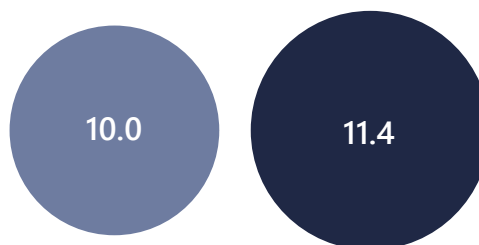
Net rental income, EUR thousand



Occupancy, %



Generated net cash flow per unit¹, EUR cent



Net (loss) profit, EUR thousand



■ 2020 ■ 2019

¹The Fund's generated net cash flow for 2020 was EUR 0.10 per weighted average number of units for the year (2019: EUR 0.11). The payout ratio based on total generated net cash flow was 68.6% for 2020 (2019: 102.8%).

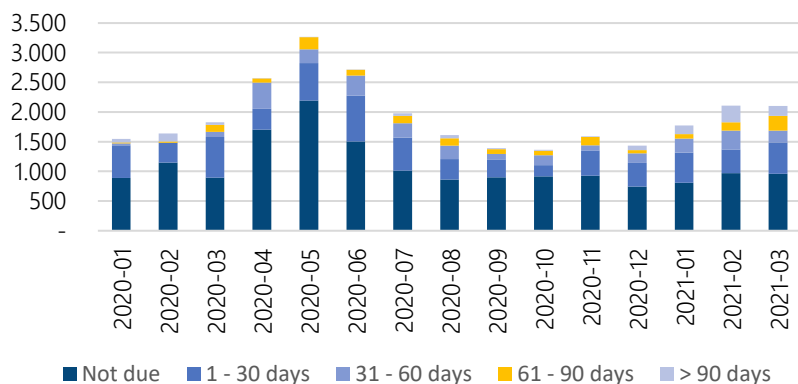


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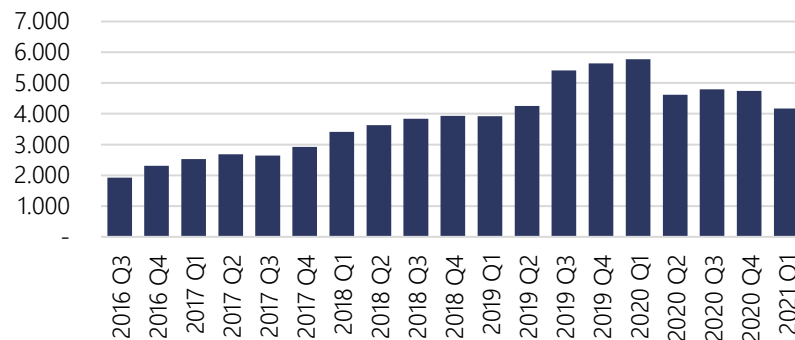
BALTIC HORIZON FUND

KEY FIGURES AS OF 31 MARCH 2021

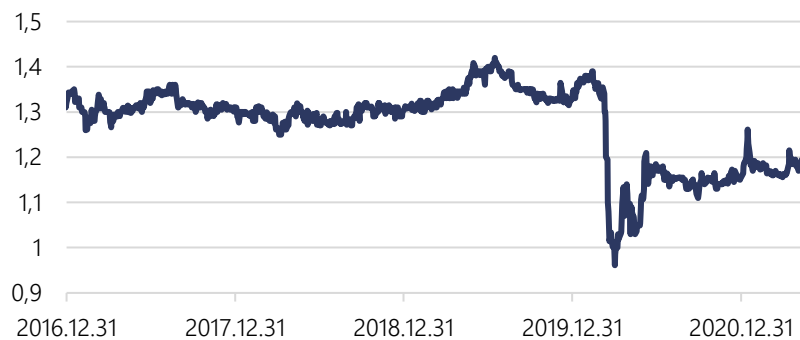
Trade receivables (monthly)



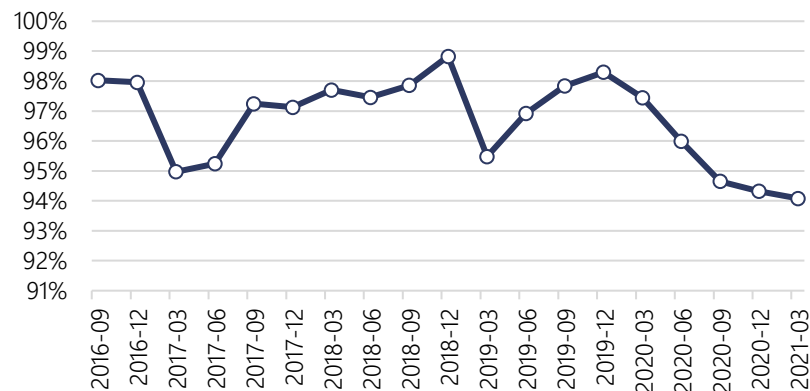
Net rental income (quarterly)



Unit market price



Occupancy (quarterly)





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NOTABLE EVENTS FOR THE FUND



From the governance point of view, Baltic Horizon Fund received two awards from EPRA: “Gold Award” for the adoption of EPRA Best Practices Recommendations (BPR) – widely accepted industry standards for the highest level of transparency, comparability and compliance in financial reporting. Baltic Horizon was also awarded a “Most Improved Annual Report Award” for the outstanding improvement in reporting quality and compliance with the Association’s BPR.¹



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.



In February 2021, the Fund started an **international tender for property management and accounting services across the whole portfolio**. The international competition was announced in accordance with the Fund’s operating policies which states that the property managers are selected every three years. The Fund has received offers from top international and local companies and intends to announce the winner(s) of the tender and future service provider(s) in May this year

¹Source. www.baltichorizon.com/news/baltic-horizon-fund-wins-twice-in-epra-annual-financial-reporting-awards/?fbclid=IwAR12z644BaV6XcnZx7FcsHEURkVeh6zPGVE9atUPyR2AFaY4Mq2GUGOBeQ



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Vainodes I

Financial results



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FINANCIAL RESULTS FOR Q1 2021

PROFIT AND LOSS

EUR '000	Q1 2021	Q1 2020	Change (%)
Rental income	4,677	6,209	(24.7%)
Service charge income	1,217	1,356	(10.3%)
Cost of rental activities	(1,721)	(1,793)	(4.0%)
Net rental income	4,173	5,772	(27.7%)
Administrative expenses	(745)	(889)	(16.2%)
Other operating income	-	8	(100.0%)
Valuation losses on investment properties	(4)	(4)	-
Operating profit	3,424	4,887	(29.9%)
Financial income	-	1	(100.0%)
Financial expenses	(1,390)	(1,377)	0.9%
Net financing costs	(1,390)	(1,376)	1.0%
Profit before tax	2,034	3,511	(42.1%)
Income tax charge	(129)	(157)	(17.8%)
Profit for the period	1,905	3,354	(43.2%)

Key comments:

- In Q1 2021, the Group earned net rental income of EUR 4.2 million, a decrease of 27.7% compared to the net rental income of EUR 5.8 million for Q1 2020. Net rental income decreased due to the relief measures granted to tenants during the pandemic.
- The Group recorded a net profit of EUR 1.9 million for Q1 2021 against a net profit of EUR 3.4 million for Q1 2020. The net result was significantly impacted by the weaker operational performance of investment properties in Q1 2021. The negative impact of the decrease in net rental income was partially offset by a decrease in administrative expenses. Earnings per unit for Q1 2021 were EUR 0.02 (Q1 2020: EUR 0.03).



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FINANCIAL RESULTS FOR 2020

PROFIT AND LOSS

EUR '000	2020	2019	Change (%)
Rental income	21,697	20,776	4.4%
Service charge income	4,990	4,525	10.3%
Cost of rental activities	(6,753)	(6,082)	11.0%
Net rental income	19,934	19,219	3.7%
Administrative expenses	(2,918)	(3,251)	(10.2%)
Other operating income	204	26	684.6%
Valuation losses on investment properties	(25,245)	(2,064)	1,123.1%
Operating (loss) profit	(8,025)	13,930	(157.6%)
Financial income	3	5	(40.0%)
Financial expenses	(5,524)	(4,718)	17.1%
Net financing costs	(5,521)	(4,713)	17.1%
(Loss) profit before tax	(13,546)	9,217	(247.0%)
Income tax charge	5	(426)	(101.2%)
(Loss) profit for the period	(13,541)	8,791	(254.0%)

Key comments:

- In 2020, the Group earned net rental income of EUR 19.9 million exceeding the previous year's net rental income for the same period by EUR 0.7 million or 3.7% (2019: 19.2 million). The increase was achieved through new acquisitions that were made following the capital raisings in 2019.
- The valuation losses on the property portfolio came to EUR 25.2 million during 2020 (2019: EUR 2.1 million). Valuations were negatively affected primarily due to downward adjustments to valuation assumptions resulting from the uncertainty associated with the COVID-19 pandemic.
- Excluding the valuation impact on the net result, the net profit for 2020 would have amounted to EUR 11.7 million (2019: EUR 10.9 million).



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FINANCIAL RESULTS FOR Q1 2021

FINANCIAL POSITION

EUR '000	31.03.2021	31.12.2020
Investment properties	334,699	334,518
Investment property under construction	6,537	5,474
Property, plant and equipment	3	2
Other non-current assets	23	22
Total non-current assets	341,262	340,016
Trade and other receivables	2,525	1,901
Prepayments	408	352
Cash and cash equivalents	11,790	13,333
Total current assets	14,723	15,586
Total assets	355,985	355,602
Paid in capital	145,200	145,200
Cash flow hedge reserve	(1,466)	(1,661)
Retained earnings	(6,629)	(7,218)
Total equity	137,105	136,321
Interest bearing loans and borrowings	169,816	195,670
Deferred tax liabilities	6,152	6,009
Derivative financial instruments	1,493	1,736
Other non-current liabilities	1,040	1,026
Total non-current liabilities	178,501	204,441
Interest bearing loans and borrowings	36,019	10,222
Trade and other payables	3,335	3,640
Income tax payable	-	1
Derivative financial instruments	60	27
Other current liabilities	965	950
Total current liabilities	40,379	14,840
Total liabilities	218,880	219,281
Total equity and liabilities	355,985	355,602

Key comments:

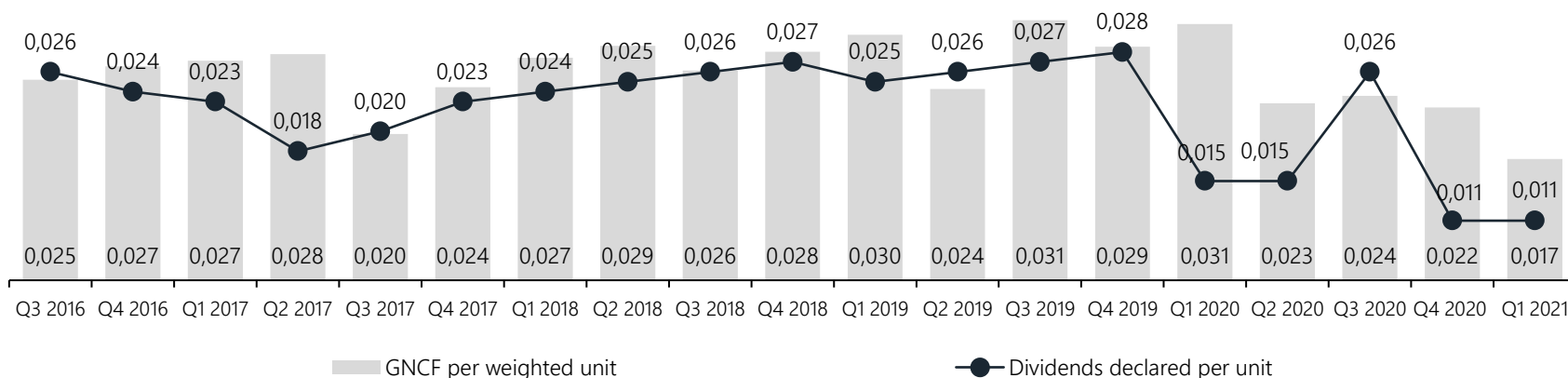
- At the end of Q1 2021, the Fund's GAV was EUR 356.0 million (31 December 2020: EUR 355.6 million), 0.1% higher than at the end of Q4 2020. The increase is mainly related to the capital investments made in the Meraki office building development project. The Fund aims to carry on with the construction of the Meraki office building throughout 2021.
- Cash inflow from core operating activities for Q1 2021 amounted to EUR 2.8 million (Q1 2020: cash inflow of EUR 4.3 million).
- At the end of Q1 2021, the Fund's consolidated cash and cash equivalents amounted to EUR 11.8 million (31 December 2020: EUR 13.3 million) which demonstrates sufficient liquidity and financial flexibility.
- Equity Ratio stood at 40.3% on 31 March 2021 (31 December 2020: 40.3%) and Debt Service Coverage Ratio at 2.71 (31 December 2020: 3.05).



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BALTIC HORIZON FUND

CASH DISTRIBUTIONS



EUR '000	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Generated net cash flow (GNCf)	3,496	2,589	2,674	2,650	2,034
GNCf per weighted unit (EUR)	0.031	0.023	0.024	0.022	0.017
12-months rolling GNCf yield ¹ (%)	11.5%	9.6%	9.4%	8.6%	7.4%
Dividends declared for the period	1,701	1,701	3,111	1,316	1,316
Dividends declared per unit² (EUR)	0.015	0.015	0.026	0.011	0.011
12-months rolling dividend yield¹ (%)	9.6%	7.2%	7.5%	5.8%	5.4%

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 (Q1 2021: closing market price of the unit as of 31 March 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 5.1 million of distributable cash flow.
- Despite the lockdown, during Q1 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 31 MARCH 2021

Summary of financing terms

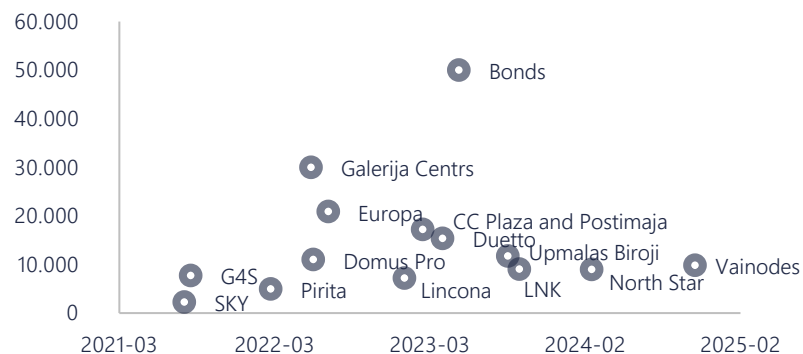
60.2%
LTV

2.6%
Cost of debt

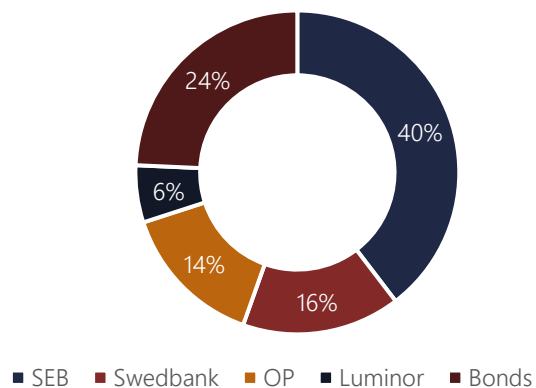
0.2%
Annual debt
amortization

1.8 years
Weighted debt
maturity

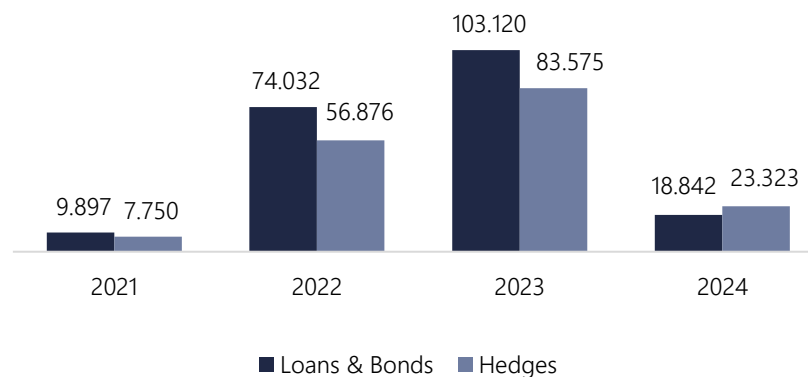
Maturity by separate loan (EUR '000)



Diversification by creditor



Loan and hedge maturity (EUR '000)





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FINANCIAL DEBT STRUCTURE

AS OF 31 MARCH 2021

Property	Maturity	Carrying amount (EUR'000)	% of total	Fixed rate portion
Galerija Centrs	26 May 2022	30,000	14.6%	100%
Europa SC	5 July 2022	20,900	10.2%	88%
CC Plaza and Postimaja	12 February 2023	17,200	8.3%	100% ¹
Duetto I and II	31 March 2023	15,376	7.5%	47% ²
Upmalas Biroji BC	31 August 2023	11,750	5.7%	90%
Domus Pro	31 May 2022	11,000	5.3%	64%
Vainodes I	13 November 2024	9,842	4.8%	50%
North Star	15 March 2024	9,000	4.4%	-%
LNK	27 September 2023	8,794	4.3%	66%
G4S Headquarters	16 August 2021	7,750	3.8%	100%
Lincona	31 December 2022	7,188	3.5%	95%
Pirita SC	20 February 2022	4,944	2.4%	118%
Sky SC	1 August 2021	2,147	1.0%	-%
Total bank loans		155,891	75.8%	78%
Less capitalized loan arrangement fees ³		(196)		
Total bank loans recognised in the statement of financial position		155,695		
5 year-unsecured bonds	08 May 2023	50,000	24.2%	100%
Less capitalized bond arrangement fees ³		(144)		
Total debt recognised in the statement of financial position		205,551	100.0%	83%

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.



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G4S HQ

Property performance



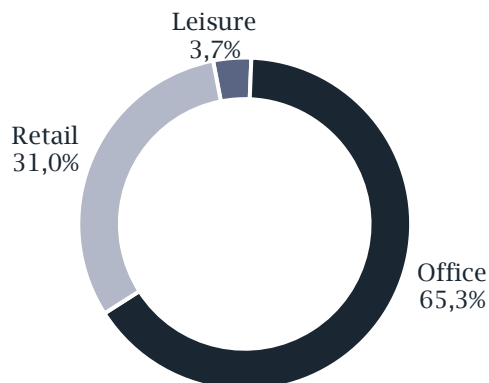


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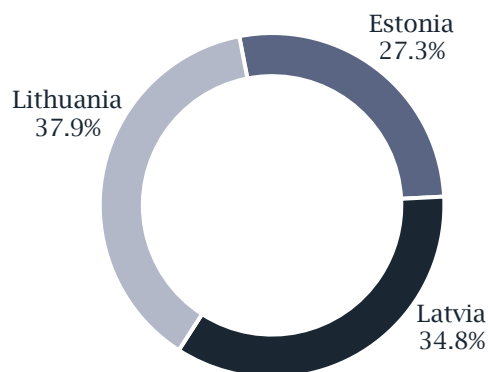
BALTIC HORIZON FUND PORTFOLIO SUMMARY

The Fund is minimising concentration risk by diversifying the client base, segment, and geographical allocation

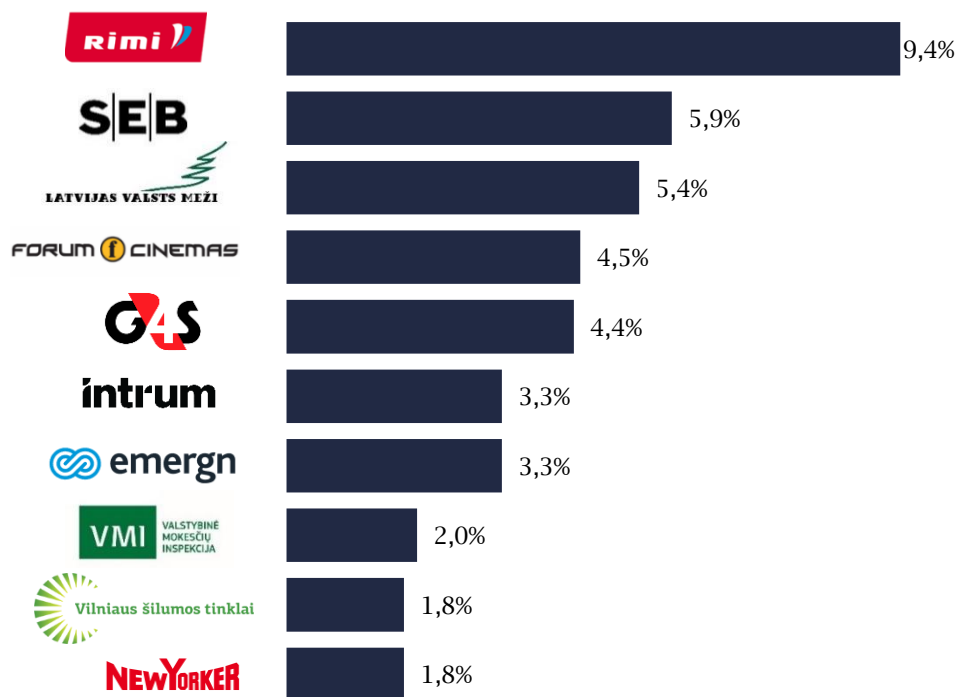
Net rental income by segment as of 31 March 2021



Net rental income by country as of 31 March 2021



Rental concentration: 10 largest tenants as of 31 March 2021



Other tenants – 58.2%



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BALTIC HORIZON FUND'S PORTFOLIO

Property portfolio in Vilnius, Lithuania



Duetto I

Type	Office
Rentable area	8,587
Occupancy	100%
NOI, EUR M ¹	1.2
Fair value ² , EUR M	16.4

PMC¹ YIT Kausta UAB

Major tenants



Duetto II

Type	Office
Rentable area	8,674
Occupancy	100%
NOI, EUR M	1.4
Fair value, EUR M	18.8

PMC YIT Kausta UAB

Major tenants



Domus Pro

Type	Office /Retail
Rentable area	16,078
Occupancy	99.9%
NOI, EUR M	1.5
Fair value, EUR M	23.7

PMC BPT Real Estate UAB

Major tenants



Europa SC

Type	Retail
Rentable area	16,856
Occupancy	88.8%
NOI, EUR M	1.4
Fair value, EUR M	38.9

PMC BPT Real Estate UAB

Major tenants



North Star

Type	Office
Rentable area	10,550
Occupancy	86.6%
NOI, EUR M	1.4
Fair value, EUR M	19.1

Major tenants



Meraki land plot

0.87 ha land acquired in 2018

Fair value EUR 6.5M

Building permit received in Q4 2019 with NLA 15,132 m²

Construction started Q4 2019

Expected completion in Q3 2021

At the end of Q1 2021, 18% of the first tower is preleased.

¹PMC – Property management company.

All NOI figures stated as trailing-12 months (01 April 2020 – 31 March 2021).



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BALTIC HORIZON FUND'S PORTFOLIO

Property portfolio in Riga, Latvia



Upmalas Biroji BC

Type	Office
Rentable area	10,459
Occupancy	100%
NOI, EUR M	1.6
Fair value, EUR M	23.5

PMC Bauplan NORD

Major tenants



Vainodes I

Type	Office
Rentable area	8,052
Occupancy	100%
NOI, EUR M	1.5
Fair value, EUR M	20.0

PMC BPT Real Estate SIA

Major tenants



LNK Centre

Type	Office
Rentable area	7,453
Occupancy	100%
NOI, EUR M	1.1
Fair value, EUR M	16.1

PMC BPT Real Estate SIA

Major tenants



Sky SC

Type	Retail
Rentable area	3,254
Occupancy	96.7%
NOI, EUR M	0.4
Fair value, EUR M	5.0

PMC BPT Real Estate SIA

Major tenants



Galerija Centrs

Type	Retail
Rentable area	20,022
Occupancy	83.2%
NOI, EUR M	2.2
Fair value, EUR M	67.4

PMC BPT Real Estate SIA

Major tenants





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BALTIC HORIZON FUND'S PORTFOLIO

Property portfolio in Tallinn, Estonia



G4S HQ

Type	Office
Rentable area	9,179
Occupancy	100%
NOI, EUR M	1.2
Fair value, EUR M	16.2

PMC BPT Real Estate AS
Major tenants



pipedrive



Postimaja SC

Type	Retail
Rentable area	9,145
Occupancy	95.6%
NOI, EUR M	1.7 ¹
Fair value, EUR M	29.8

PMC Real Estate AS
Major tenants



Coca-Cola Plaza

Type	Cinema
Rentable area	8,664
Occupancy	100%
NOI, EUR M	1.7 ¹
Fair value, EUR M	14.2

PMC Forum Cinemas AS
Major tenants



Lincona

Type	Office
Rentable area	10,870
Occupancy	90.3%
NOI, EUR M	1.2
Fair value, EUR M	16.1

PMC BPT Real Estate SIA
Major tenants



Pirita SC

Type	Retail
Rentable area	5,508
Occupancy	85.8%
NOI, EUR M	0.6
Fair value, EUR M	9.6

PMC BPT Real Estate AS
Major tenants



¹NOI in total for Postimaja and CC Plaza complex.

All NOI figures stated as trailing-12 months (01 April 2020 – 31 March 2021).



NORTHERN HORIZON

LOCKDOWN PROPERTY PERFORMANCE AS OF 31 MARCH 2021

EUR '000	Sector	Fair value ¹ EUR '000	Direct property yield Q1 2021 ²	Net initial yield Q1 2021 ³	Occupancy rate
Duetto I	Office	16,419	8.0%	7.3%	100.0%
Duetto II	Office	18,765	7.4%	7.3%	100.0%
Europa SC	Retail	38,852	3.0%	2.9%	88.8%
Domus Pro Retail Park	Retail	16,142	6.1%	5.9%	99.8%
Domus Pro Office	Office	7,590	7.6%	6.5%	100.0%
North Star	Office	19,135	5.7%	6.2%	86.3%
Meraki Development	Office	6,537	-	-	-
Total Vilnius		123,440	5.6%	5.4%	94.5%
Upmalas Biroji BC	Office	23,478	7.3%	7.4%	100.0%
Vainodes I	Office	19,970	6.7%	7.2%	100.0%
LNK Centre	Office	16,063	6.3%	6.7%	100.0%
Sky SC	Retail	4,970	8.5%	8.6%	96.7%
Galerija Centrs	Retail	67,447	1.5%	1.7%	83.2%
Total Riga		131,928	4.1%	4.4%	92.9%
Postimaja & CC Plaza	Retail	29,836	2.6%	3.1%	95.6%
Postimaja & CC Plaza	Leisure	14,170	5.2%	4.3%	100.0%
G4S Headquarters	Office	16,161	8.0%	7.7%	100.0%
Lincona	Office	16,121	7.3%	7.1%	90.3%
Pirita SC	Retail	9,580	4.9%	6.4%	85.8%
Total Tallinn		85,868	5.0%	5.3%	94.8%
Total portfolio		341,236	4.8%	5.0%	94.1%

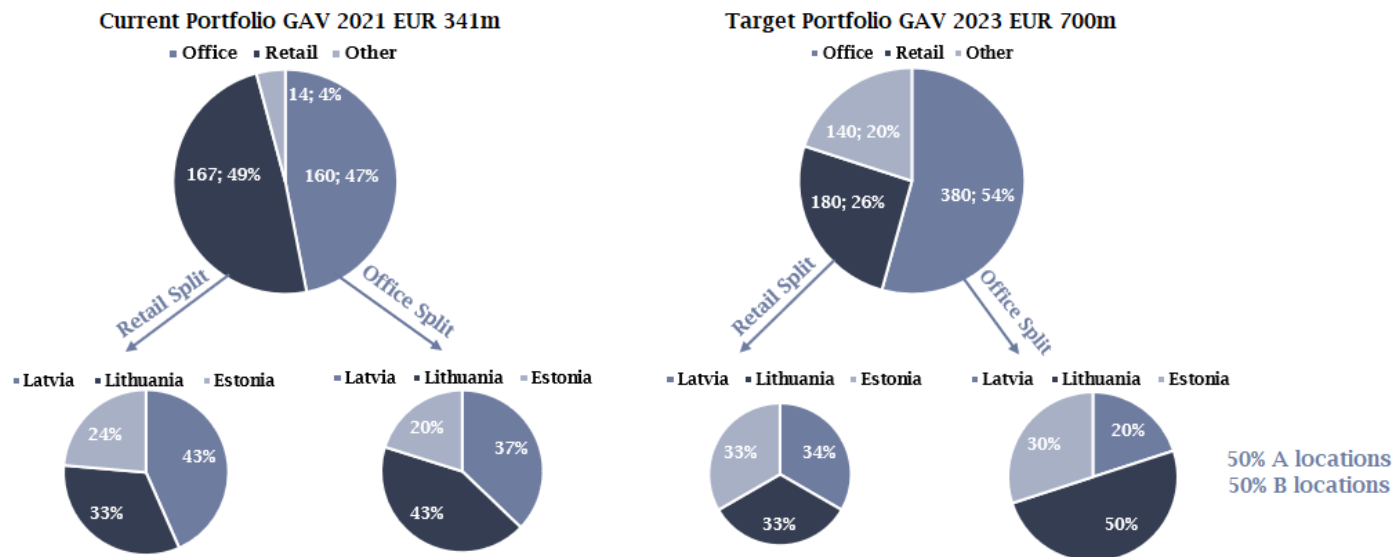
1. Based on the latest valuation as at 31 December 2020, subsequent capital expenditure and recognised right-of-use assets.
2. Direct property yield (DPY) is calculated by dividing NOI by the acquisition value and subsequent capital expenditure of the property.
3. The net initial yield (NIY) is calculated by dividing NOI by the market value of the property.

BALTIC HORIZON FUND STRATEGIC PRIORITIES 2021 AND BEYOND

Baltic Horizon Fund aims to be the leading real estate investment Fund in the Baltics with an efficient and investor-friendly structure, focusing on appealing investment returns and value-creation through active management of the existing portfolio.

PORTFOLIO TARGETS

1. Create a diversified portfolio of high-quality assets located in the capital cities of Baltics with the following portfolio asset class and country allocation targets:



2. The Fund should prioritize environment-friendly, multifunctional assets (hubs) that would enhance the daily needs of customers and would be in a good position to meet current and future market trends;

Other asset classes stand for logistics, senior housing or other investment opportunities with long term leases. Investments into a single real estate object and (or) SPV shall be no more than 30% of the Fund's net asset value.



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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. Certification aim – BREEAM In-Use – Very Good or better.

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.

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. Certification aim – BREEAM In-Use – Very Good or better.

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

ratings 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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