



NORTHERN HORIZON

BALTIC HORIZON FUND WEBINAR

Interim Results

Q3 2021



NORTHERN HORIZON

Key highlights





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ABOUT BALTIC HORIZON FUND

>5,000
Total investors

119.6m
Units outstanding

EUR 133.3m
Market capitalisation

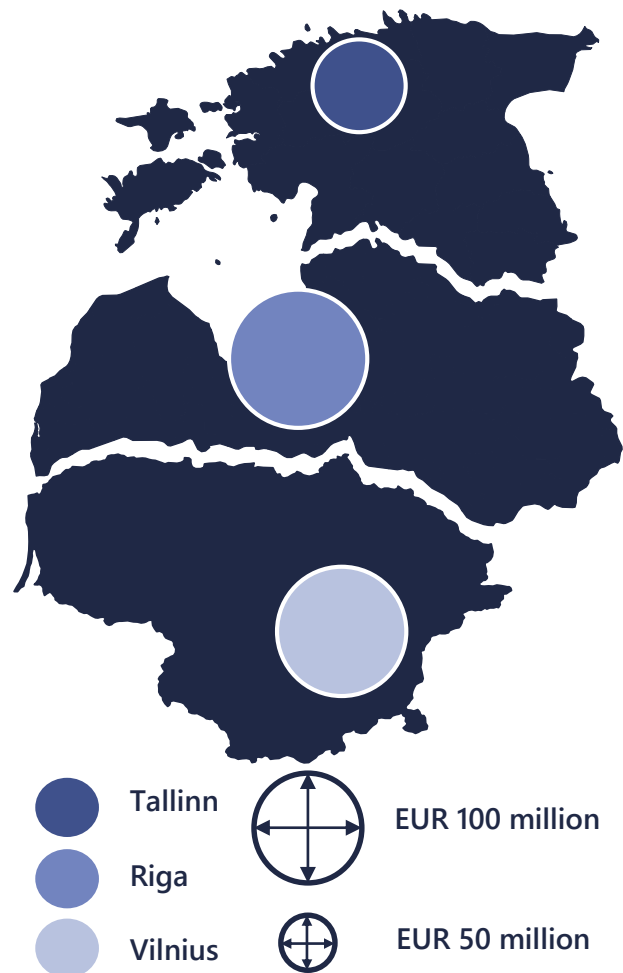
153,351 sq.m.
Net lettable area

EUR 6.0m
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





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KEY FIGURES

30 September 2021

330,860

Portfolio value
(EUR '000)

63.3%

LTV

1.0539

IFRS NAV
(EUR per unit)

1.1273

EPRA NRV
(EUR per unit)

Q1-Q3 2021

13,206

Net rental income
(EUR '000)

5.4%

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)

Q1-Q3 2020

15,189

Net rental income
(EUR '000)

5.8%

Net initial yield



Variance

(2.7%)

Portfolio value

280bps

LTV

(7.5%)

IFRS NAV

(7.7%)

EPRA NRV

Variance

(13.1%)

Net rental income

(40bps)

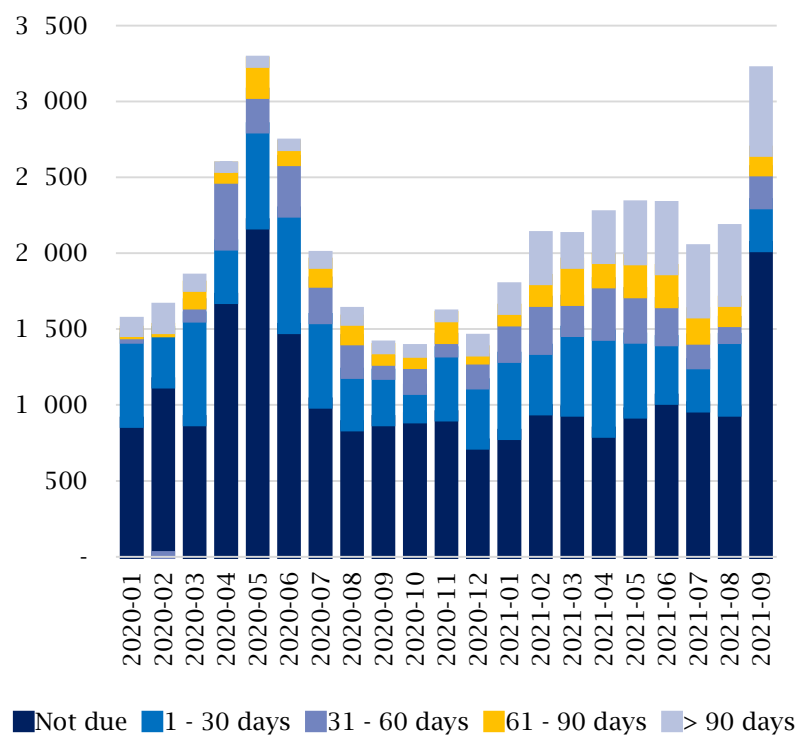
Net initial yield



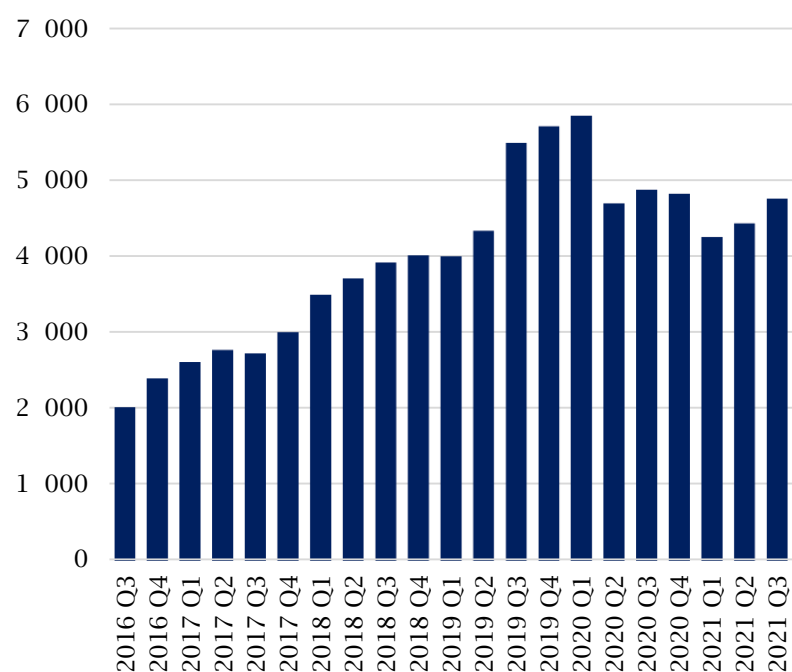
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KEY FIGURES

Trade receivables (monthly)



Net rental income (quarterly)





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NOTABLE EVENTS FOR THE FUND



Baltic Horizon Fund received a prestigious award at the European Public Real Estate Association (EPRA) virtual annual conference 2021 for the second year in a row. **The Fund scored a “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. EPRA assessed the financial statements of 181 European listed real estate entities as part of its annual award process.

EBRD

Northern Horizon Capital AS and European Bank for Reconstruction and Development (“EBRD”) entered into a framework agreement whereby Baltic Horizon Fund has undertaken to comply with certain EBRD policies and requirements regarding environment, social compliance and corporate governance for EBRD to subscribe for Baltic Horizon Fund units.

BREEAM®

7 buildings in the Baltic Horizon Fund portfolio have just achieved BREEAM In-Use certification. 6 of the buildings have achieved BREEAM In-Use certification with a ‘Very good’ rating. These office buildings are Upmalas, Vainodes and LNK in Riga, Domus PRO SC and North Star in Vilnius. P80 in Tallinn that Baltic Horizon announced the sale of on 8 November also achieved a ‘Very good’ rating. The last building – Lincona in Tallinn - has received a ‘Good’ rating.



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FOOTFALL AND TENANT TURNOVERS

RECOVERY IS IMMINENT AFTER PHYSICAL RESTRICTIONS ARE LIFTED

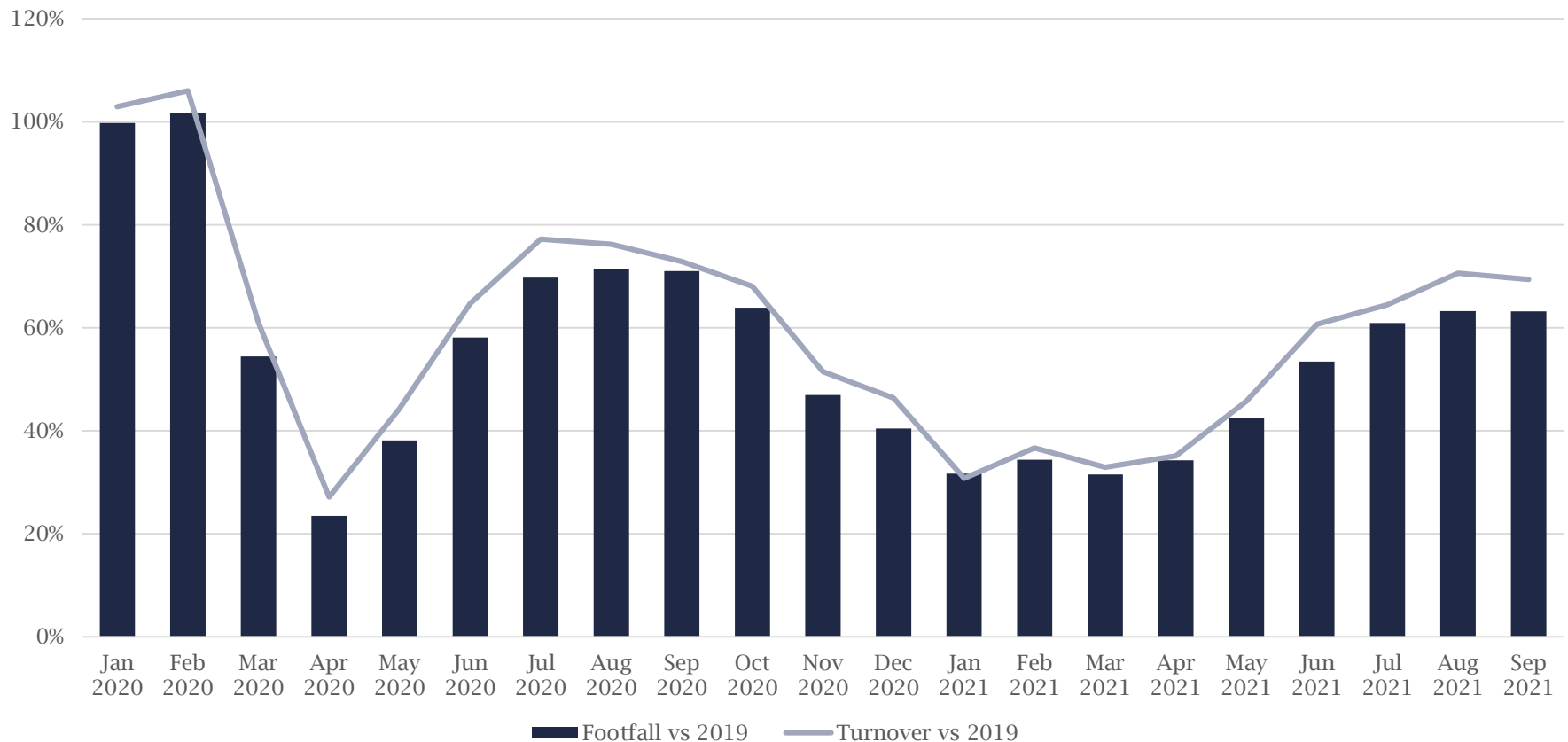
Pre-COVID-19

First COVID-19
lockdown

Reopening with restrictions

Second COVID-19 lockdown

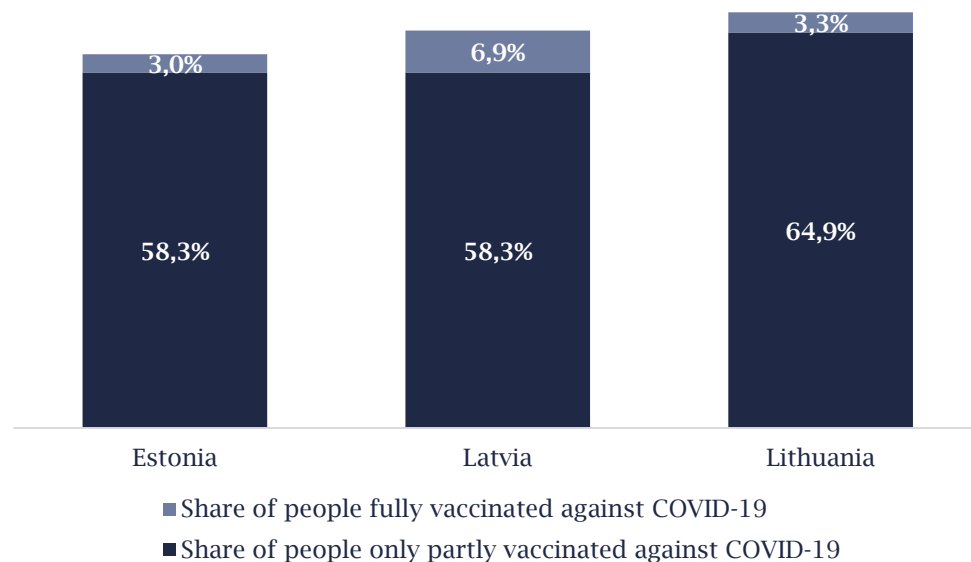
Reopening
with
restrictions



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 (10th of November)

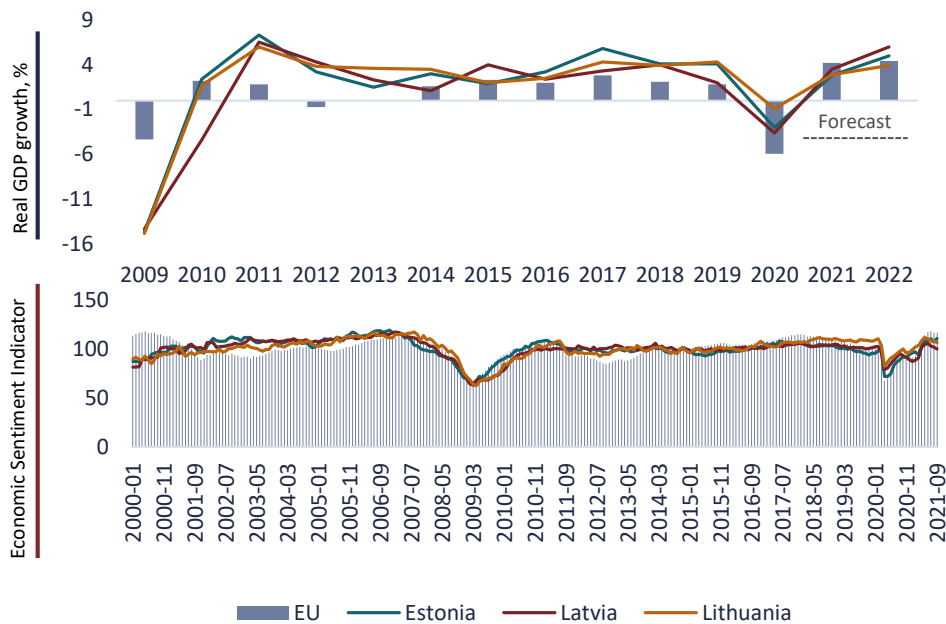




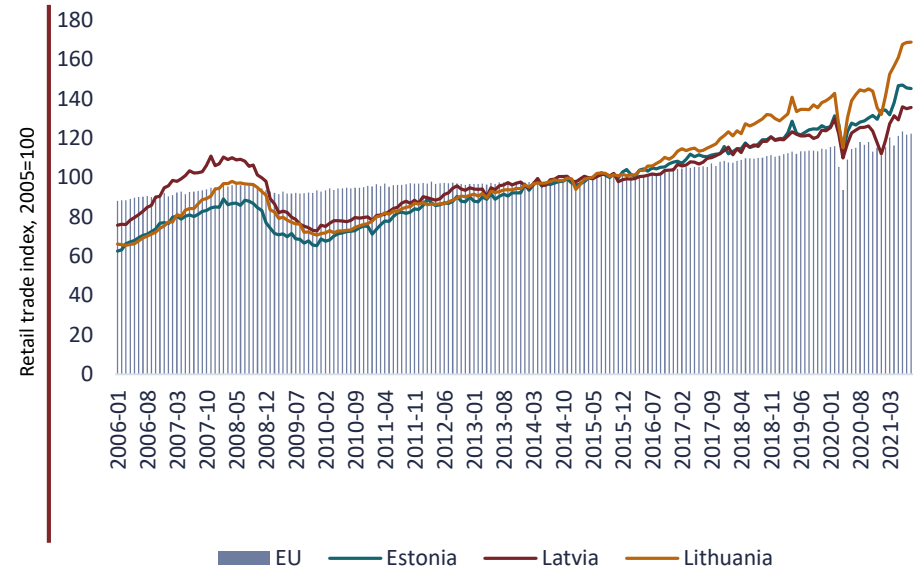
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ECONOMIES AND SALARIES GROWING

Real GDP growth and economic sentiment



Retail trade, except of motor vehicles and motorcycles





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Europa SC

Portfolio performance

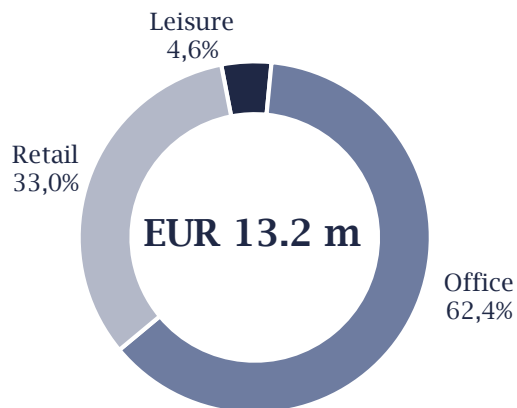




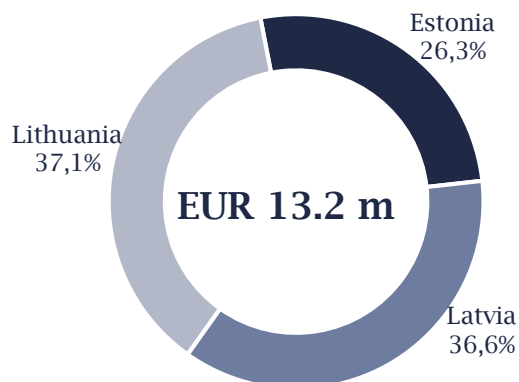
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BALTIC HORIZON FUND PORTFOLIO SUMMARY

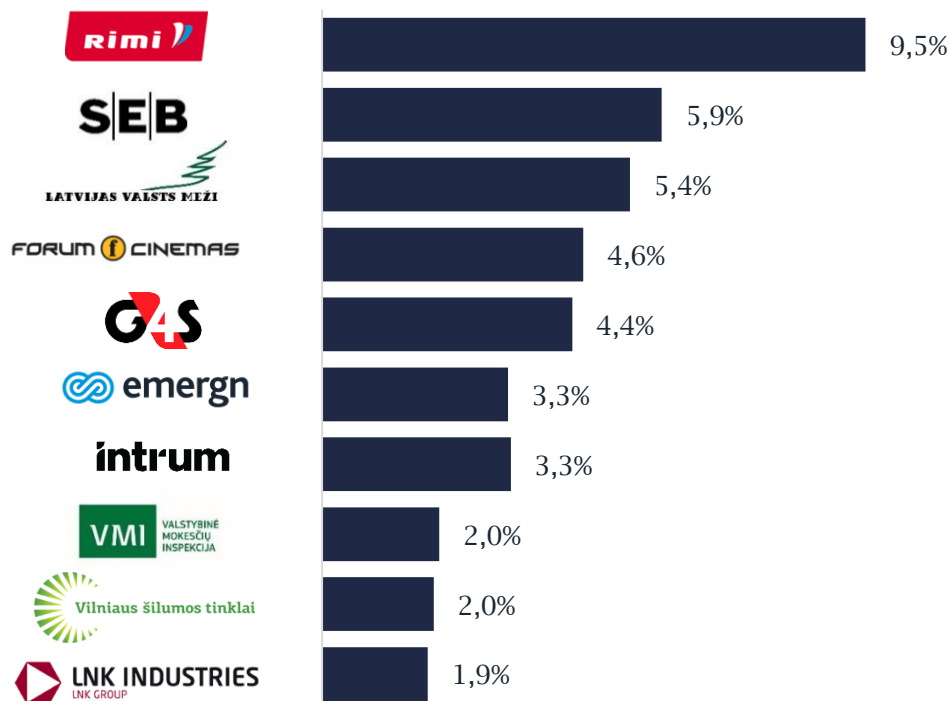
Net rental income by segment



Net rental income by country



Rental concentration: 10 largest tenants as of 30 September 2021



Other tenants – 57.7%



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PROPERTY PERFORMANCE AS OF 30 SEPTEMBER 2021

EUR '000	Sector	Fair value ¹ EUR '000	Direct property yield Q3 2021 ²	Net initial yield Q3 2021 ³	Occupancy rate
Duetto I	Office	16,569	8.0%	7.2%	100.0%
Duetto II	Office	19,455	7.4%	7.1%	100.0%
Europa SC	Retail	35,284	2.7%	2.9%	82.0%
Domus Pro Retail Park	Retail	16,241	8.3%	8.0%	99.5%
Domus Pro Office	Office	7,620	8.9%	7.6%	91.6%
North Star	Office	18,999	6.0%	6.6%	89.7%
Meraki Development	Office	6,072	-	-	-
Total Vilnius		120,240	5.9%	5.9%	92.5%
Upmalas Biroji BC	Office	21,244	7.4%	8.3%	100.0%
Vainodes I	Office	18,141	6.7%	8.0%	100.0%
LNK Centre	Office	16,124	6.4%	6.8%	100.0%
Sky SC	Retail	4,916	7.3%	7.5%	96.9%
Galerija Centrs	Retail	65,181	2.6%	3.0%	80.6%
Total Riga		125,606	4.6%	5.3%	91.9%
Postimaja & CC Plaza	Retail	29,852	3.4%	4.1%	92.9%
Postimaja & CC Plaza	Leisure	14,260	9.1%	7.6%	100.0%
G4S Headquarters	Office	15,401	7.7%	7.8%	100.0%
Lincona	Office	15,911	7.2%	7.1%	90.3%
Pirita SC	Retail	9,590	5.9%	7.7%	88.5%
Total Tallinn		85,014	5.9%	6.3%	94.6%
Total portfolio		330,860	5.4%	5.8%	92.9%

1. Based on the latest valuation as at 30 June 2021, subsequent investments 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 annualized NOI by the market value of the property.



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EUROPA REFURBISHMENT PROJECT

Fund will invest approx. EUR 5 million in the reconstruction of Europa SC during 2021 with the aim of creating a food hall, upgrading interior design and installing new vertical connections. The shopping centre will remain open throughout the whole reconstruction period.

Master lease contract with the food hall operator (860 sq. m, 10 restaurants) has been signed, project design stage has been completed, and main contractor selected - JSC Agentus. The simple repair stage started in September 2021.



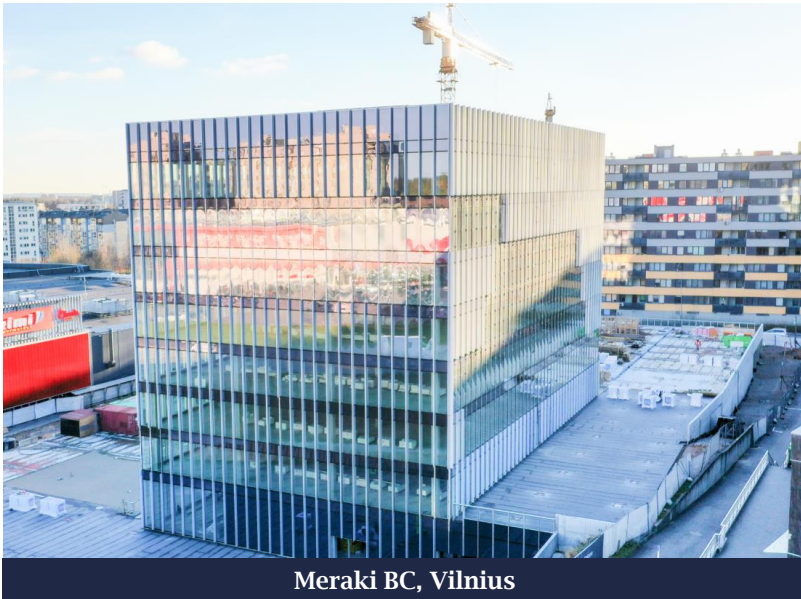
	New leases		Prolongations			Prelim. LA/LOI		Pipeline	
	Units	sqm.	Units	sqm.	Avg. period of prolongation (months)	Units	sqm.	Units	sqm.
Galerija Centrs	2	29	3	190	10	-	-	18	14,101
SKY	-	-	1	2,593	84	-	-	3	101
Europa	1	53	6	1,448	16	2	324	22	7,700
Pirita	-	-	-	-	-	-	-	7	760
Postimaja	-	-	-	-	-	-	-	4	1,711
CC Plaza	-	-	-	-	-	-	-	2	11,440
Total	3	82	10	4,231	110	2	324	56	35,813





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MERAKI DEVELOPMENT PROJECT



Meraki BC, Vilnius

The first tower is expected to be completed in Q2 2022 and the second one in 2023. Meraki development costs were EUR 10.7 million as of 30 September 2021 and the expected total development of both towers costs about EUR 32.7 million

At the end of Q3 2021 one tower was let to 2 local tenants and the management team is in negotiations to find anchor and additional tenants for the property now that it is almost completed.



Meraki BC, Vilnius



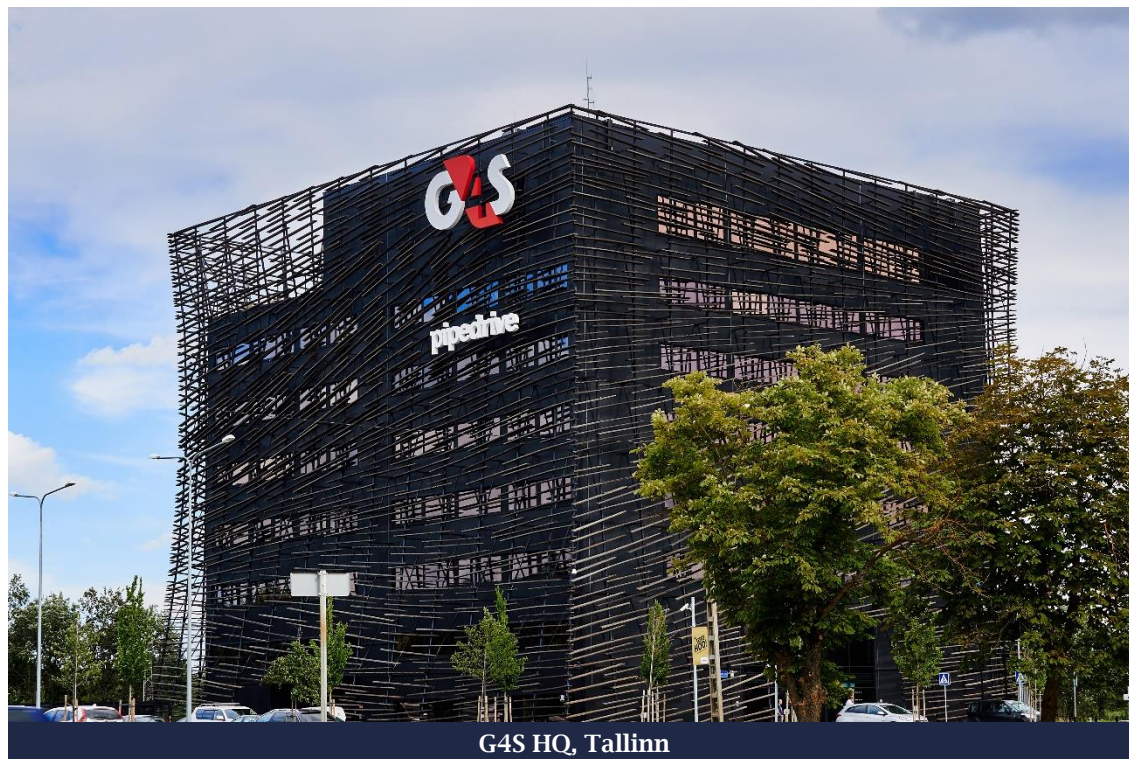
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SALE OF G4S HQ

On 8th of November Baltic Horizon Fund signed a real right agreement with HITS Investments OÜ to sell the land plot located in Paldiski mnt 80, Tallinn together with G4S office building.

The sales price is EUR 15.35 million (excluding value added tax) matching approximately the latest valuation. The IRR for the holding period of more than 5 years is around 11.2%, while equity multiple is 1.7.

The proceeds of the transaction will be used for new and more energy efficient investments for the fund's portfolio in the Baltics.



G4S HQ, Tallinn



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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



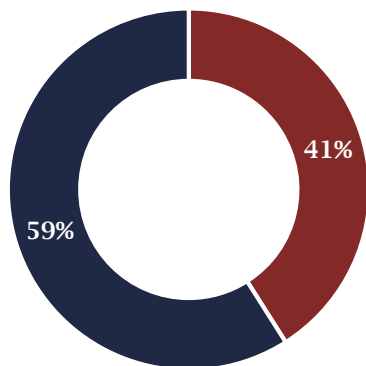
¹Considerations for retail portfolio could be postponed due to ongoing / planned construction / redevelopment.



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59% OF PORTFOLIO IS BREEAM CERTIFIED

BREEAM Certified buildings



■ Not certified ■ BREEAM Certified



Duetto A, Vilnius



Duetto B, Vilnius



Domus BC, Vilnius



G4S HQ, Tallinn



Lincona, Tallinn



Upmalas Biroji, Riga



LNK Centre, Riga

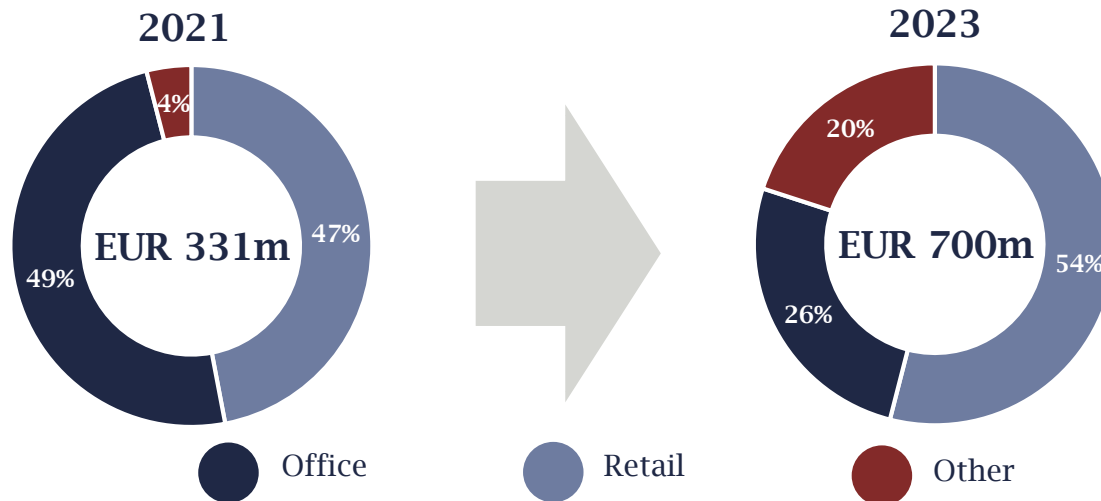


Vainodes, Riga



North Star, Vilnius

BALTIC HORIZON FUND STRATEGIC PRIORITIES 2021 AND BEYOND



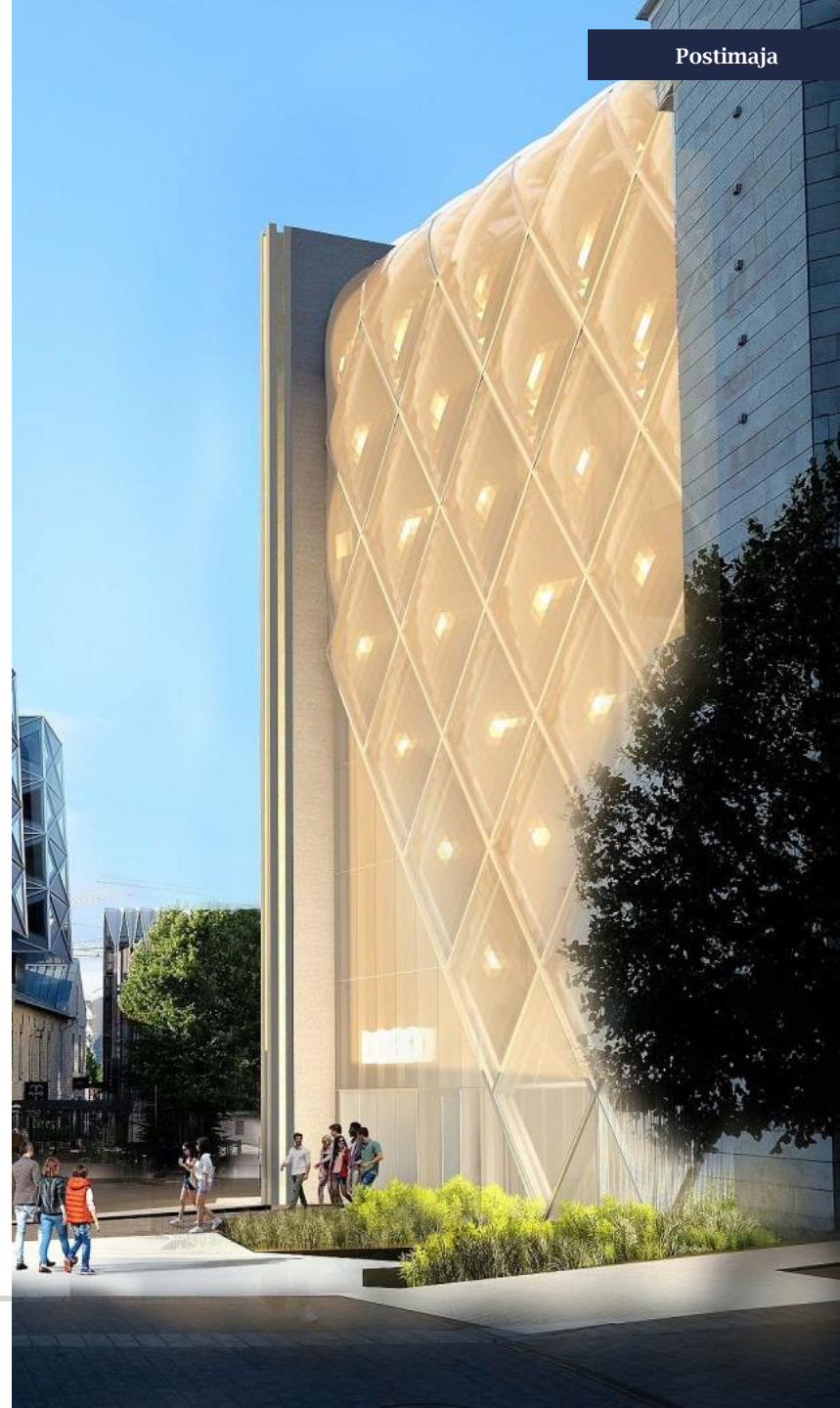


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PRIORITIES AND OUTLOOK

- Intensive focus on leasing to expand the WAULT of the portfolio and maintain good leasing momentum
- Capital recycling in the portfolio to realise significant value creation and prepare for post-pandemic trends
- Strengthening acquisition pipeline and concentrating on new market opportunities
- Completion of Europa and Meraki development projects and successful launch of other projects like Postimaja
- Enhancing sustainability by executing long-term and short-term ESG goals

Postimaja





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Vainodes

Financial results



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FINANCIAL RESULTS FOR Q1-Q3 2021

PROFIT AND LOSS

EUR '000	Q1-Q3 2021	Q1-Q3 2020	Change (%)
Rental income	14,844	16,549	(10.3%)
Service charge income	3,697	3,749	(1.4%)
Cost of rental activities	(5,335)	(5,109)	4.4%
Net rental income	13,206	15,189	(13.1%)
Administrative expenses	(2,236)	(2,205)	1.4%
Other operating income	4	186	(97.8%)
Valuation losses on investment properties	(14,264)	(15,757)	(9.5%)
Operating loss	(3,290)	(2,587)	27.2%
Financial income	1	3	(66.7%)
Financial expenses	(4,222)	(4,118)	2.5%
Net financing costs	(4,221)	(4,115)	2.6%
Loss before tax	(7,511)	(6,702)	12.1%
Income tax charge	632	(161)	(492.5%)
Loss for the period	(6,879)	(6,863)	0.2%

Key comments:

- In Q1-Q3 2021, the Group earned net rental income of EUR 13.2 million, a decrease of 13.1% compared to the net rental income of EUR 15.2 million for Q1-Q3 2020.
- Net rental income decreased due to the relief measures granted to tenants during the pandemic.
- During Q1-Q3 2021, the Group recorded a net loss of EUR 6.9 million (Q1-Q3 2020: a net loss of EUR 6.9 million).
- The net result was significantly impacted by the one-off negative valuation result of EUR 14.3 million recognized in June 2021 (a valuation loss of EUR 15.8 million recognized in June 2020).
- Excluding the valuation impact on the net result, net profit for Q1-Q3 2021 would have amounted to EUR 7.4 million (Q1-Q3 2020: EUR 8.9 million)
- Earnings per unit for Q1-Q3 2021 were negative at EUR 0.06 (Q1-Q3 2020: negative at EUR 0.06).



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FINANCIAL RESULTS FOR Q1-Q3 2021

FINANCIAL POSITION

EUR '000	30.09.2021	31.12.2020
Investment properties	324,788	334,518
Investment property under construction	6,072	5,474
Property, plant and equipment	3	2
Other non-current assets	22	22
Total non-current assets	330,885	340,016
Trade and other receivables	3,523	1,901
Prepayments	549	352
Cash and cash equivalents	14,598	13,333
Total current assets	18,670	15,586
Total assets	349,555	355,602
Paid in capital	145,200	145,200
Cash flow hedge reserve	(1,076)	(1,661)
Retained earnings	(18,045)	(7,218)
Total equity	126,079	136,321
Interest bearing loans and borrowings	140,611	195,670
Deferred tax liabilities	5,407	6,009
Derivative financial instruments	1,060	1,736
Other non-current liabilities	1,136	1,026
Total non-current liabilities	148,214	204,441
Interest bearing loans and borrowings	69,220	10,222
Trade and other payables	4,719	3,640
Income tax payable	4	1
Derivative financial instruments	84	27
Other current liabilities	1,235	950
Total current liabilities	75,262	14,840
Total liabilities	223,476	219,281
Total equity and liabilities	349,555	355,602

Key comments:

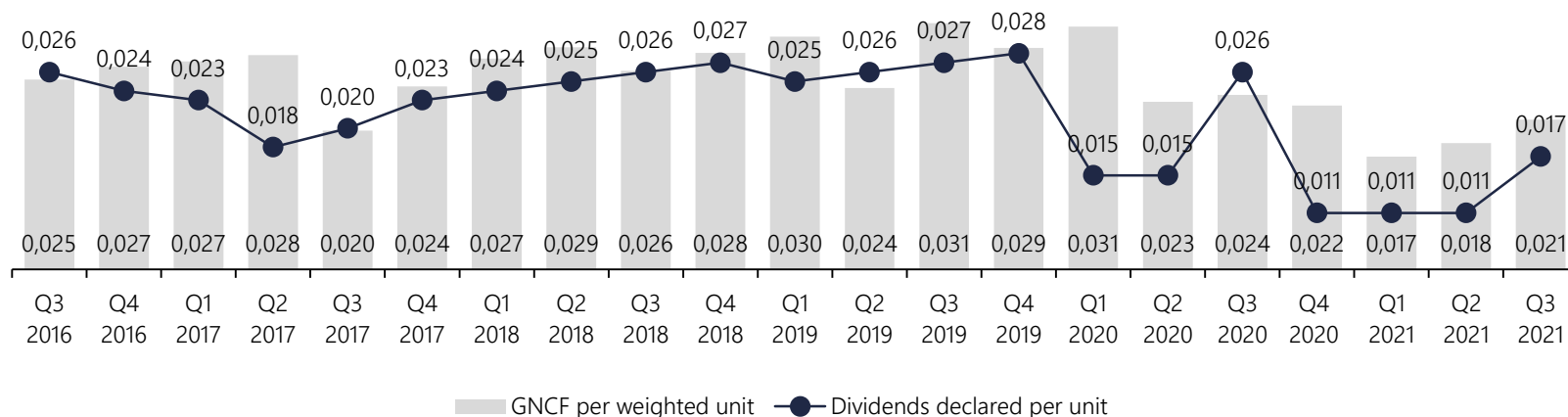
- At the end of September 2021, the Fund's GAV was EUR 349.6 million (31 December 2020: EUR 355.6 million), which was a drop of 1.7% over the period. The decrease is mainly related to the negative property revaluation of EUR 14.3 million which was slightly offset by capital investments in assets and an increase in the cash balance.
- Cash inflow from core operating activities for Q1-Q3 2021 amounted to EUR 9.7 million (Q1-Q3 2020: cash inflow of EUR 11.9 million).
- At the end of Q3 2021, the Fund's consolidated cash and cash equivalents amounted to EUR 14.6 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 Q1-Q3 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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BALTIC HORIZON FUND

CASH DISTRIBUTIONS



EUR '000	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Generated net cash flow (GNCf)	2,674	2,650	2,034	2,203	2,505
GNCf per weighted unit (EUR)	0.024	0.022	0.017	0.018	0.021
12-months rolling GNCf yield ¹ (%)	9.4%	8.6%	7.4%	7.0%	7.0%
Dividends declared for the period	3,111	1,316	1,316	1,316	2,034
Dividends declared per unit² (EUR)	0.026	0.011	0.011	0.011	0.017
12-months rolling dividend yield¹ (%)	7.5%	5.8%	5.4%	5.0%	4.5%

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 (Q3 2021: closing market price of the unit as of 30 September 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 6.4 million of distributable cash flow.
- During Q3 2021, the Fund made cash distribution of EUR 2.03 million and paid regular interest on bank loans and bonds.



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FINANCING SUMMARY

AS OF 30 SEPTEMBER 2021

Summary of financing terms

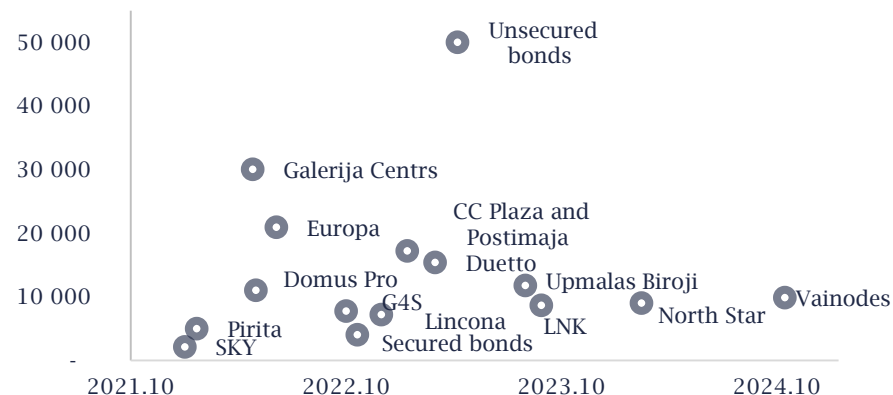
63.3%
LTV

2.7%
Cost of debt

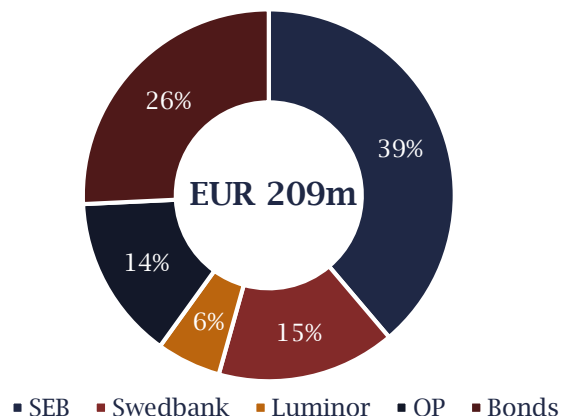
0.2%
Annual debt
amortization

1.4 years
Weighted debt
maturity

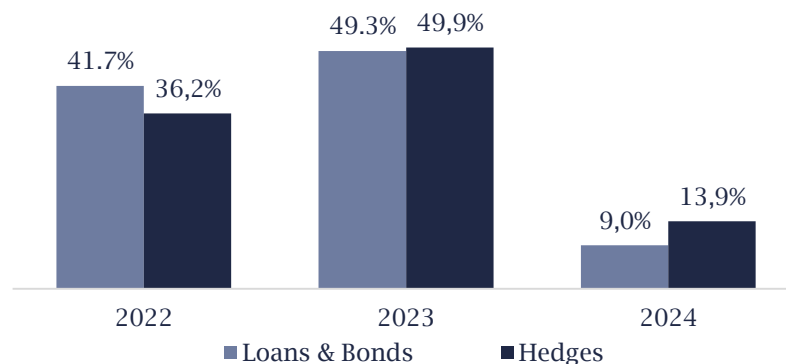
Maturity by separate loan (EUR '000)



Diversification by creditor



Loan and hedge maturity





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FINANCIAL DEBT STRUCTURE

AS OF 30 SEPTEMBER 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%	62.7%
Vainodes I	13 November 2024	9,842	4.7%	50.0%
North Star	15 March 2024	9,000	4.3%	-%
LNK	27 September 2023	8,653	4.2%	67.0%
G4S Headquarters	31 October 2022	7,750	3.7%	-%
Lincona	31 December 2022	7,188	3.4%	95.4%
Pirita SC	20 February 2022	4,944	2.4%	116.6%
Sky SC	31 January 2022	2,094	1.0%	-%
Total bank loans		155,697	74.3%	73.0%
Less capitalized loan arrangement fees ³		(148)		
Total bank loans recognised in the statement of financial position		155,549		
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		(203)		
Total bonds recognized in the statement of financial position		53,797		
Total debt recognised in the statement of financial position		209,346	100.0%	79.9%

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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