

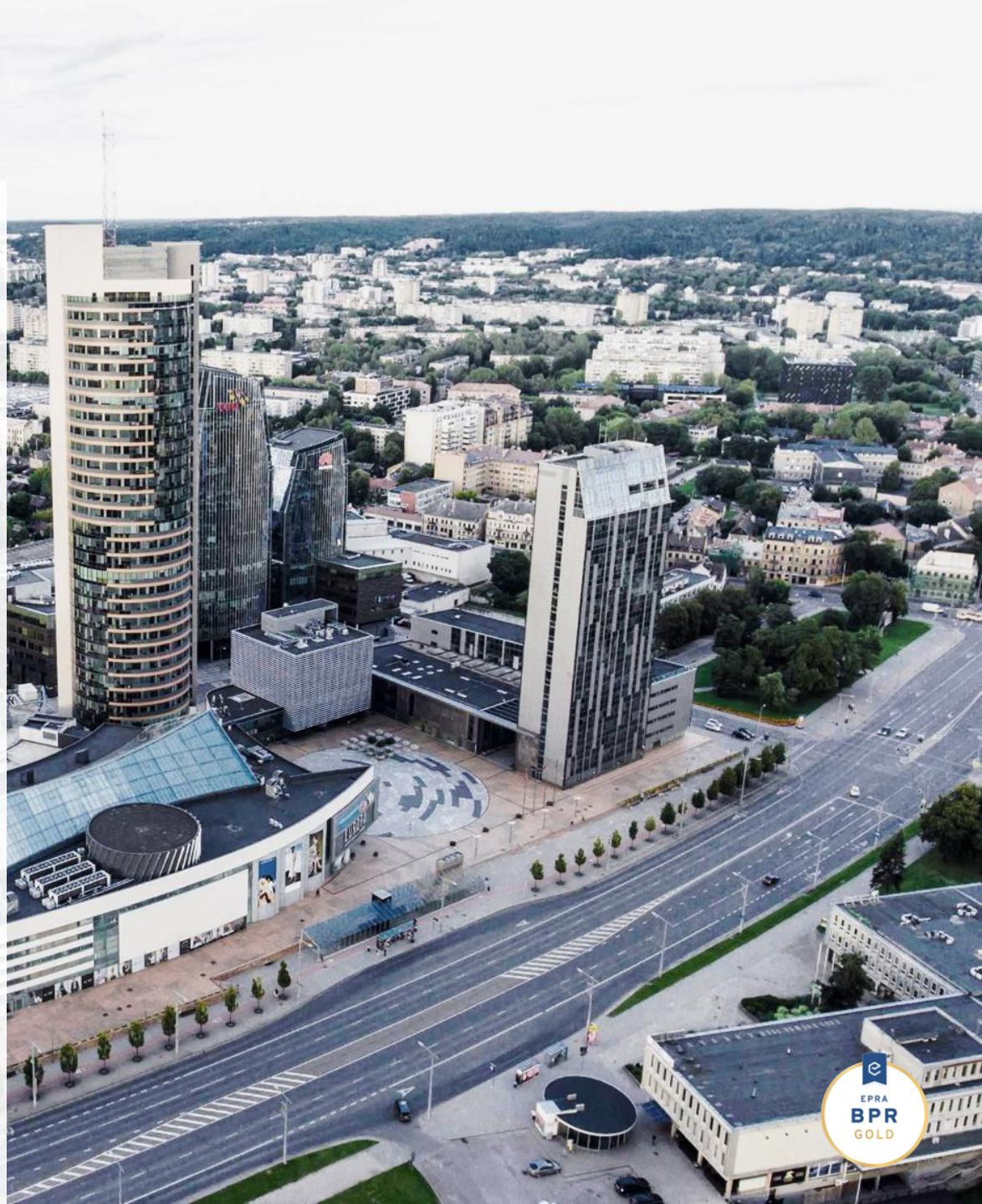


NORTHERN HORIZON

# Baltic Horizon Fund

Webinar

August 2022



## Notable events for the Fund in H1 2022



By summer 2022, the reconstruction works in Europa have mainly been finished. The Dialogai food hall is the first sizeable food hall in the CBD area of Vilnius, filled with greenery in the sitting area and different types of food. In addition, Meraki first tower is finished and fully commissioned.

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Standard and Poor's rating has remained unchanged. On 22 April 2022, S&P Global Ratings affirmed Baltic Horizon Fund "MM3" mid-market rating.

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On 16 May 2022, the Fund announced invitation to the annual General Meeting of investors on 7 June 2022. **Among the other items, the Fund's management proposes to establish a buy-back program of Baltic Horizon Fund units in amount of EUR 10m over the period of 3 years.**

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During Jan-May 2022, the Group successfully extended its Europa SC, Galerija Centrs, Domus PRO, Pirita SC and SKY SC bank loans with the same banks. In total, EUR 65.9m of loans were extended.

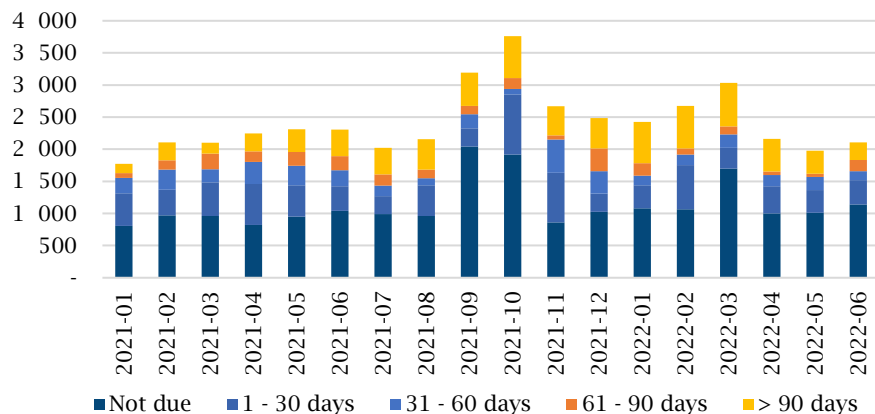
**More than EUR 100m of loans and bonds to be extended in H2 2022.**

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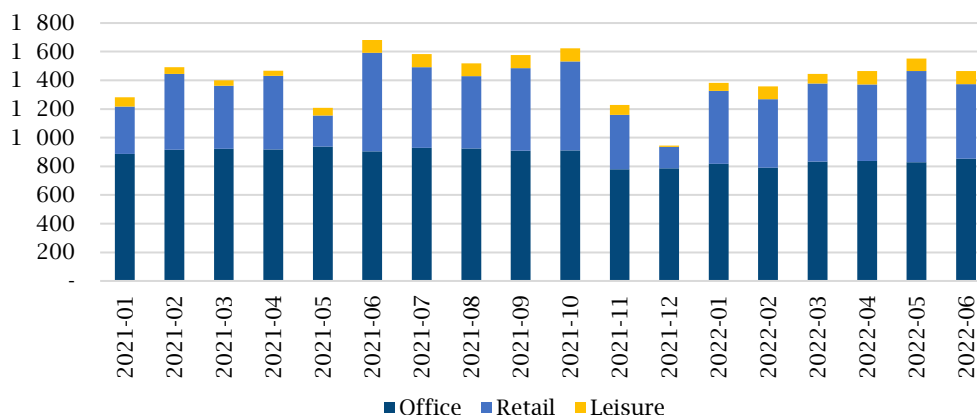
# BALTIC HORIZON

## KEY PERFORMANCE INDICATORS

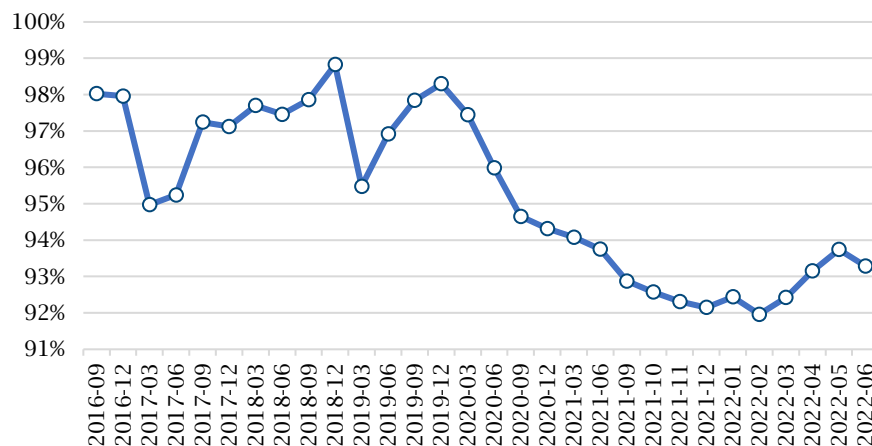
Trade receivables (monthly)



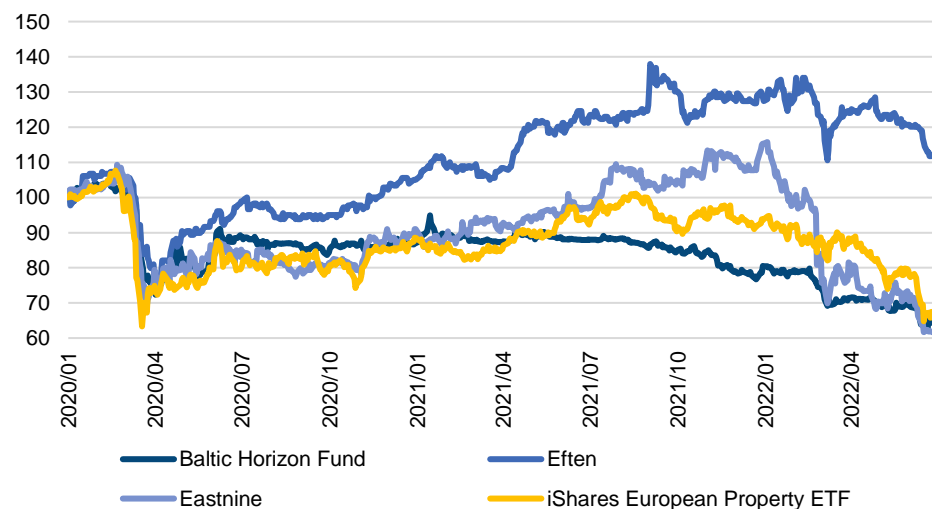
Net rental income by segment (monthly)



Occupancy (quarterly)



Stock price movement (monthly)





# VALUATIONS

AS OF 30 JUNE 2022

EUR '000	Sector	2022.06.30	2021.12.31	Diff. (EUR)	Diff. (%)
Duetto I	Office	18,525	17,345	1,180	6.80%
Duetto II	Office	20,253	19,683	570	2.90%
Europa SC	Retail	38,757	36,737	2,020	5.50%
Domus Pro Retail Park	Retail	16,535	16,255	280	1.72%
Domus Pro Office	Office	8,010	7,820	190	2.43%
North Star	Office	21,538	19,869	1,669	8.40%
Meraki Development	Office	15,620	11,400	4,220	37.02%
<b>Total Vilnius</b>		<b>139,238</b>	<b>129,109</b>	<b>10,129</b>	<b>7.85%</b>
Upmalas Biroji BC	Office	21,978	21,944	34	0.15%
Vainodes I	Office	18,470	18,150	320	1.76%
LNK Centre	Office	17,660	16,840	820	4.87%
Sky SC	Retail	5,693	5,096	597	11.72%
Galerija Centrs	Retail	64,910	65,544	(634)	-0.97%
<b>Total Riga</b>		<b>128,710</b>	<b>127,574</b>	<b>1,137</b>	<b>0.89%</b>
Postimaja & CC Plaza	Retail	26,975	29,772	(2,797)	-9.39%
Postimaja & CC Plaza	Leisure	14,525	14,442	83	0.57%
Lincona	Office	16,900	16,990	(90)	-0.53%
Pirita SC	Retail	9,300	9,472	(172)	-1.82%
<b>Total Tallinn</b>		<b>67,700</b>	<b>70,676</b>	<b>(2,976)</b>	<b>-4.21%</b>
<b>Total portfolio</b>		<b>335,648</b>	<b>327,359</b>	<b>8,290</b>	<b>2.53%</b>

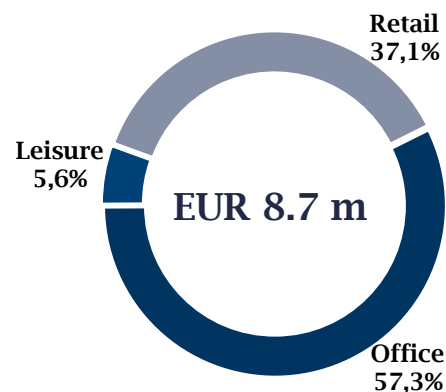
## Key comments:

- As of 30 June 2022, the fair value of the Baltic Horizon Fund portfolio increased to EUR 335.6 million as compared to EUR 327.4 million as of 31 December 2021.
- During H1 2022, the Fund recognised valuation gain on investment properties of EUR 0.2 million (H1 2022: loss of EUR 14.3 million) in the consolidated financial statements.
- The fair values increase of investment properties in the portfolio was mainly driven by increased rent indexation and cash flow assumptions associated with high inflation across Europe.
- Valuations of properties with (re)development potential are expected to improve more after all planned works are completed.
- Postimaja's temporary value drop due to large uncertainties in construction prices and new potential tenants for the expansion.

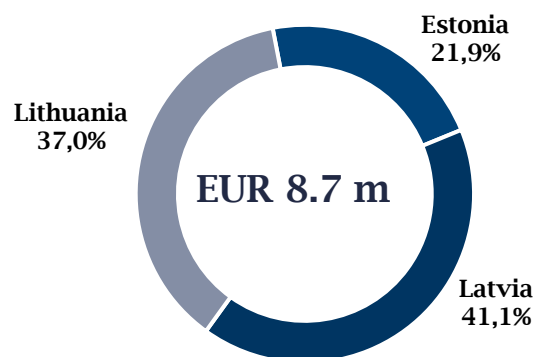
# Baltic Horizon Fund portfolio summary

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

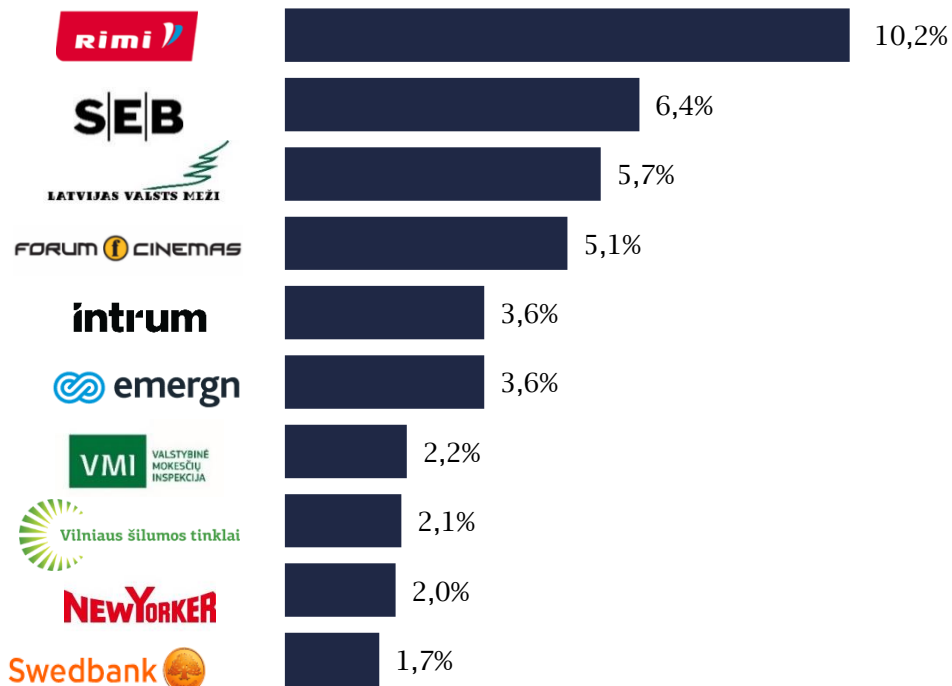
## Net rental income by segment, H1 2022



## Net rental income by country, H1 2022



## Rental concentration: 10 largest tenants as of 30 June 2022



Other tenants - 57.4%

# Portfolio performance

As of 30 June 2022

Property name	Sector	Fair value <sup>1</sup> (EUR '000)	NLA (sq. m)	Direct property yield Q2 2022 <sup>2</sup>	Net initial yield Q2 2022 <sup>3</sup>	Occupancy rate
<b>Vilnius, Lithuania</b>						
Duetto I	Office	18,525	8,587	7.7%	6.5%	100.0%
Duetto II	Office	20,253	8,674	7.7%	7.1%	100.0%
Europa SC	Retail	38,757	16,844	1.8%	1.9%	84.5%
Domus Pro Retail Park	Retail	16,535	11,226	8.4%	8.1%	98.5%
Domus Pro Office	Office	8,010	4,831	8.7%	7.1%	97.3%
North Star	Office	21,538	10,550	6.7%	6.8%	98.2%
Meraki Development		15,620	-	-	-	-
<b>Total Vilnius</b>		<b>139,238</b>	<b>60,712</b>	<b>5.6%</b>	<b>5.4%</b>	<b>94.9%</b>
<b>Riga, Latvia</b>						
Upmalas Biroji BC	Office	21,978	10,459	7.5%	8.2%	100.0%
Vainodes I	Office	18,470	8,052	6.6%	7.8%	100.0%
LNK Centre	Office	17,660	7,452	6.8%	6.8%	100.0%
Sky SC	Retail	5,693	3,244	8.1%	7.8%	97.6%
Galerija Centrs	Retail	64,910	20,075	3.1%	3.6%	77.2%
<b>Total Riga</b>		<b>128,711</b>	<b>49,282</b>	<b>5.0%</b>	<b>5.6%</b>	<b>90.6%</b>
<b>Tallinn, Estonia</b>						
Postimaja & CC Plaza complex	Retail	26,975	9,242	9.2%	7.6%	95.6%
Postimaja & CC Plaza complex		14,525	8,664	3.6%	4.5%	100.0%
Lincona	Leisure	16,900	10,871	7.3%	6.8%	90.8%
Pirita SC	Office	9,300	5,444	5.1%	6.7%	90.4%
<b>Total Tallinn</b>		<b>67,700</b>	<b>34,221</b>	<b>5.5%</b>	<b>6.0%</b>	<b>94.4%</b>
<b>Total portfolio</b>		<b>335,649</b>	<b>144,215</b>	<b>5.3%</b>	<b>5.6%</b>	<b>93.3%</b>

1. Based on the latest valuation as of 30 June 2022 and recognised right-of-use assets.
2. Direct property yield (DPY) is calculated by dividing annualized 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.

# NOI development

As of 30 June 2022

Property	Date of acquisition	2017	2018	2019	2020	2021	H1 2021	H1 2022
Galerija Centrs	13 June 2019	-	-	2,552	3,023	1,448	819	1,179
Postimaja & CC Plaza complex	8 March 2013 <sup>1</sup>	985	2,447	2,495	1,932	1,805	796	1,049
Upmalas Biroji BC	30 August 2016	1,693	1,710	1,701	1,661	1,740	872	902
Vainodes I	12 December 2017	75	1,463	1,462	1,464	1,449	735	713
Duetto II	27 February 2019	-	-	1,090	1,354	1,353	666	704
North Star	11 October 2019	-	-	315	1,419	1,208	607	674
Domus Pro Retail	1 May 2014	1,185	1,160	1,132	1,092	1,145	520	647
Duetto I	22 March 2017	799	1,096	1,160	1,166	1,223	614	585
LNK Centre	15 August 2018	-	409	1,072	1,090	1,088	549	567
Lincona	1 July 2011	1,172	1,192	1,276	1,212	1,114	561	550
Europa SC	2 March 2015	2,365	2,332	2,467	1,681	1,006	555	327
Pirita SC	16 December 2016	900	900	438	677	484	150	298
Domus Pro Office	1 October 2017	35	499	562	538	537	256	273
Sky SC	7 December 2013	410	407	370	402	395	207	207
G4S Headquarters <sup>2</sup>	12 July 2016	1,149	1,189	1,127	1,223	1,009	623	-
<b>Total portfolio</b>		<b>10,768</b>	<b>14,804</b>	<b>19,219</b>	<b>19,934</b>	<b>17,004</b>	<b>8,530</b>	<b>8,675</b>

1. The Fund completed the acquisition of Postimaja SC on 13 February 2018.
2. The Fund completed the disposal of G4S Headquarters on 8 November 2021.

# Baltic Horizon Fund's development projects

## Developments in Lithuania

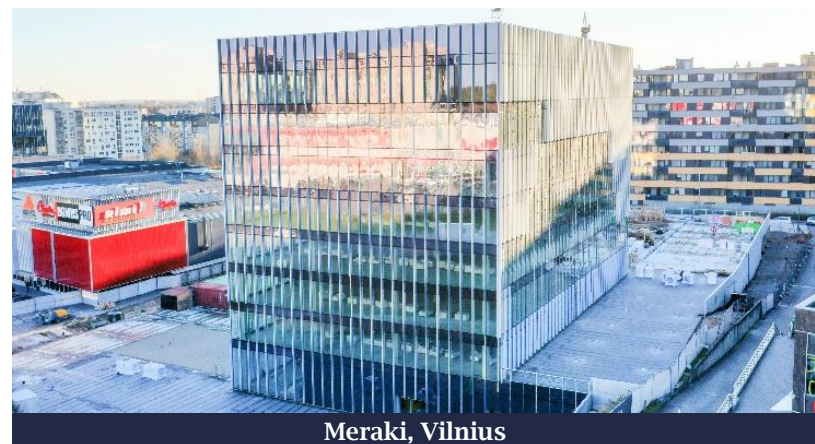
### Under construction



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.
- The total investment in the project has increased to approx. EUR 6.0 million after the expansion of the initial scope of work. .
- The first stage was completed with the opening of the fully leased out food hall Dialogai (900 sq. m) on 24 January 2022. The second stage works were partially completed in 2021 and the rest will be completed in Q3 2022.

### Under construction



Meraki, Vilnius

- The building permit allows building approx. 15,800 sq. m of leasable office space along with a parking house.
- The first tower is expected to be fully completed in Q3 2022 and the second one in 2023. Meraki development costs reached EUR 17.8 million as of 30 June 2022 and the expected total development costs amount to EUR 32.7 million.
- At the end of Q2 2022, 18.4% of the net leasable area of one tower was let to 5 tenants. Recently, the Fund has signed an additional lease agreement on approx. 245 sq. m. of leasable space.



# Baltic Horizon Fund's development projects

## Developments in Latvia & Estonia

### Planning



CC Plaza and Postimaja, Tallinn

- The first stage of the reconstruction project - Reval Café terrace construction - has been separated from the overall project and has already started. The opening of the enhanced cafeteria is expected in Q3 2022 with a planned investment of EUR 0.2 million.
- Cinema lease agreement prolonged for 5 years. Replanning the ground floor for other tenants.
- The second stage - full connection of the two buildings - has been scheduled for 2023 or later. While preparing for the second stage, the Fund is discussing with the City of Tallinn the plans to have a tram stop in front of Postimaja SC.
- Plans to start new detail plan to double current construction rights by building on top.

### Planning



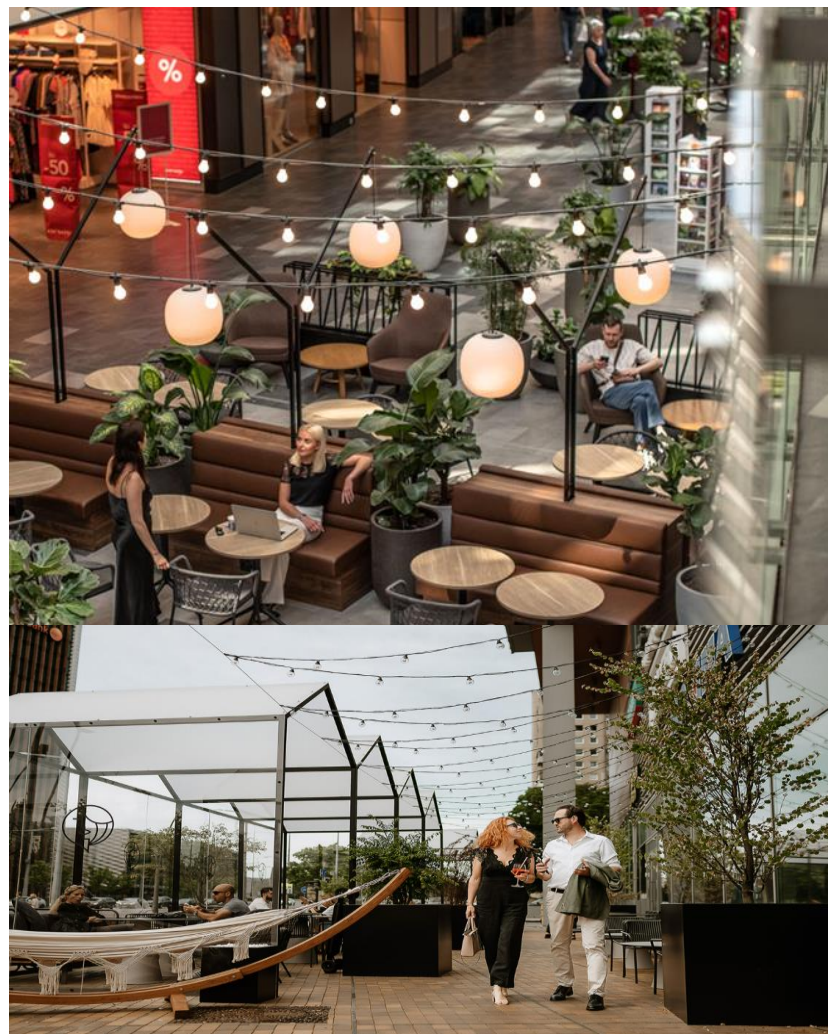
Galerija Centrs, Riga

- The Fund approved the refreshed concept of the food hall on the 4th floor of the Galerija Centrs at the beginning of 2022.
- The design stage has already been completed and the necessary permits and permissions for the project were received in Q2 2022.
- The full amount of the expected capital investment will be made public after the conclusion of negotiations with the general contractor.
- The planned opening has been scheduled for Q4 2022/Q1 2023, depending on the pace of the construction process.



# Retail portfolio

Europa SC concept upgrade finished





# Retail portfolio

Galerija Centrs new Foodhall Q4 2022



# Financial summary

The Fund aims to grow through making attractive investments for its investors while diversifying its risks geographically, across real estate segments, tenants, and debt providers.

**EUR 1.1215**

IFRS NAV per unit, 30.06.2022

**EUR 1.2016**

EPRA NRV<sup>1</sup> per unit, 30.06.2022

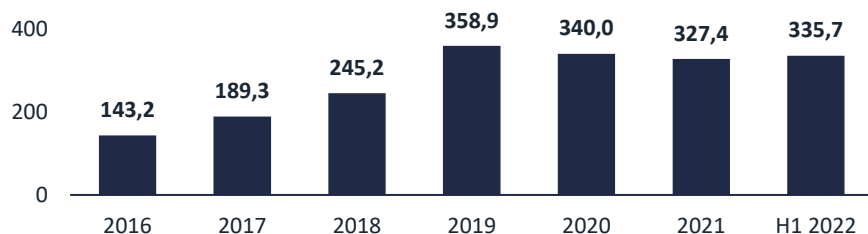
**EUR 1.1082**

IFRS NAV per unit, 31.12.2021

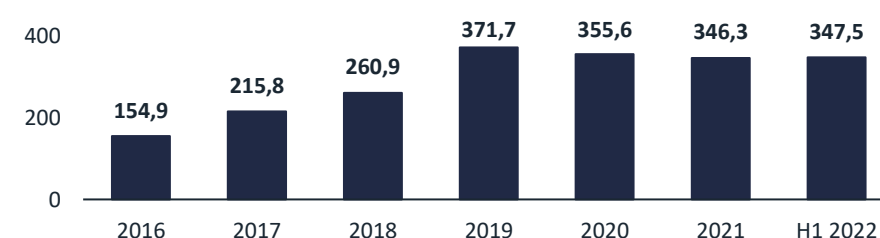
**EUR 1.1884**

EPRA NRV per unit, 31.12.2021

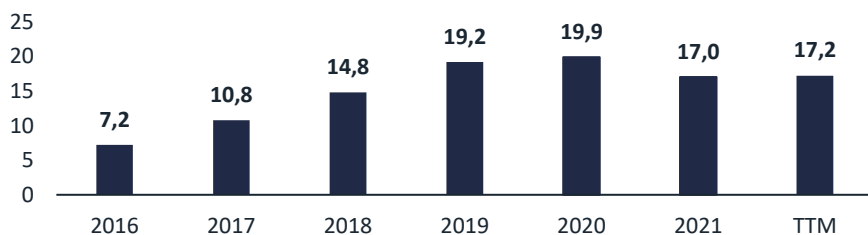
## Investments made into properties, MEUR



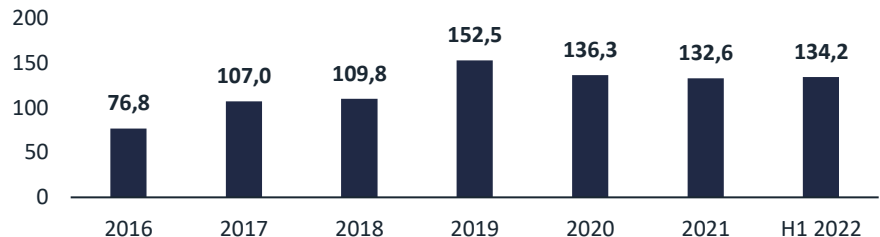
## Gross asset value (GAV), MEUR



## Net rental income, MEUR



## Net asset value (NAV), MEUR



<sup>1</sup>EPRA NRV is a measure of the fair value of net assets assuming a normal investment property company business model i.e. net assets on the balance sheet excluding the effect of hedges, debt adjustments associated with the hedges and deferred taxation.

\*Trailing 12 months (H2 2021 – H1 2022)



# Financial results for H1 2022

## Profit and loss

EUR '000	H1 2022	H1 2021	Change (%)
Rental income	10,070	9,512	5.9%
Service charge income	2,645	2,426	9.0%
Cost of rental activities	(4,040)	(3,408)	18.5%
<b>Net rental income</b>	<b>8,675</b>	<b>8,530</b>	<b>1.7%</b>
Administrative expenses	(1,385)	(1,501)	(7.7%)
Other operating income	278	-	-
Valuation gains (losses) on investment properties	172	(14,259)	101.2%
<b>Operating profit</b>	<b>7,740</b>	<b>(7,230)</b>	<b>207.1%</b>
Financial income	-	1	-
Financial expenses	(2,960)	(2,752)	7.6%
<b>Net financial expenses</b>	<b>(2,960)</b>	<b>(2,751)</b>	<b>7.6%</b>
<b>Profit before tax</b>	<b>4,780</b>	<b>(9,981)</b>	<b>147.9%</b>
Income tax charge	(541)	757	(171.5%)
<b>Profit for the period</b>	<b>4,239</b>	<b>(9,224)</b>	<b>146.0%</b>

### Key comments:

- The Group recorded a net profit of EUR 4.2 million for H1 2022 against a net loss of EUR 9.2 million for H1 2021. The net result was mainly driven by strong recovery of the Galerija Centrs operating performance as fewer COVID-19 rent reliefs have been granted to tenants in 2022 and increased rent indexation. Net result of H1 2021 was significantly impacted by the one-off negative valuation result of EUR 14.3 million.
- The Group earned net rental income of EUR 8.7 million H1 2022 compared to 8.5 million in H1 2021. The results for H1 2021 still included EUR 0.6 million of net rental income from G4S Headquarters, which was sold in Q4 2021 and did not contribute to H1 2022 results.
- In June 2022, the portfolio revaluation resulted in a fair value gain of EUR 0.2 million (+0.1% of portfolio value) primarily due to increased rent indexation and cash flow assumptions associated with high inflation across.
- Earnings per unit for H1 2022 were EUR 0.04 (H1 2021: EUR -0.08).

# Financial results for H1 2022

## Financial position

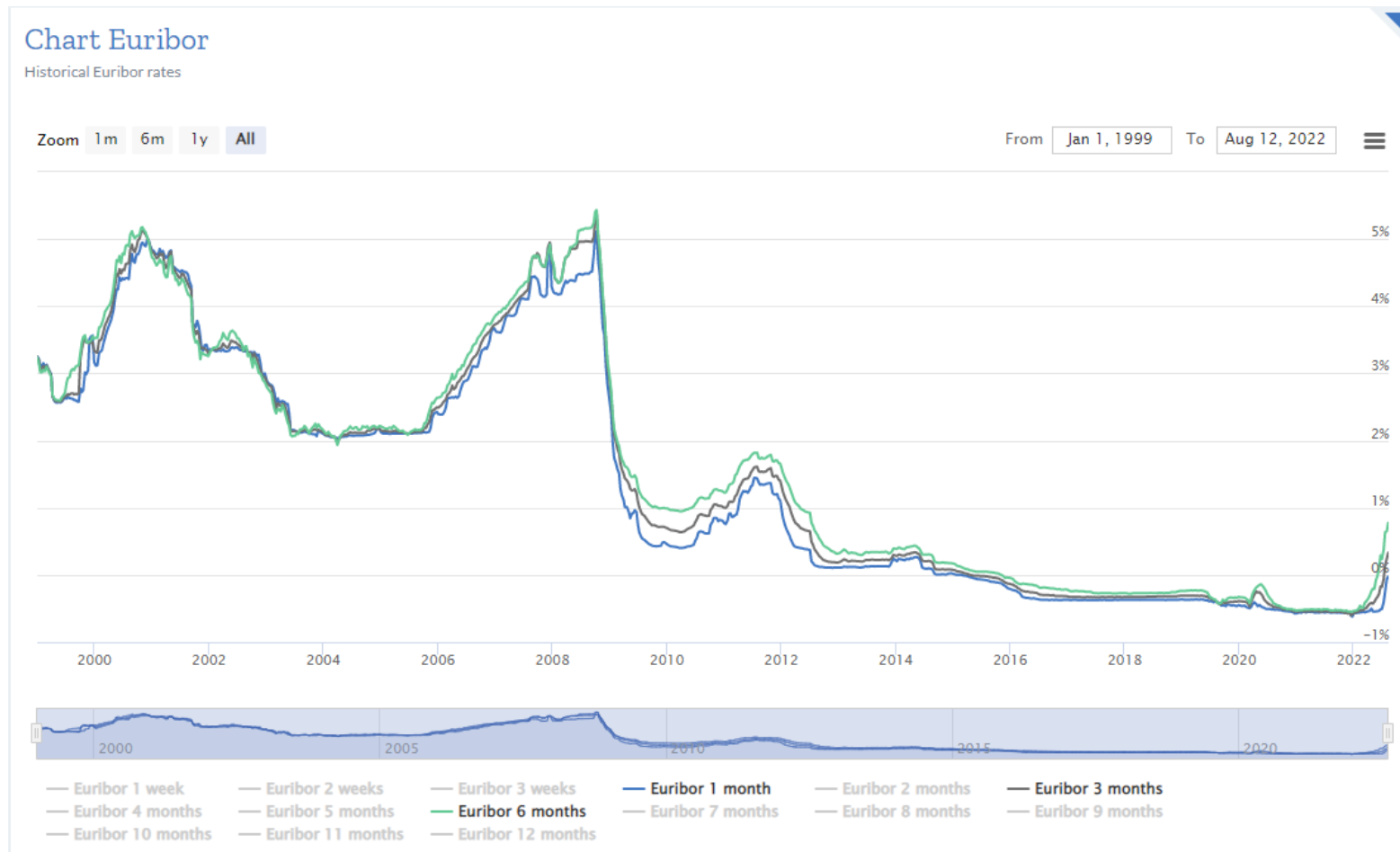
EUR '000	30.06.2022	31.12.2021
Investment properties	320,029	315,959
Investment property under construction	15,620	11,400
Intangible assets	8	9
Property, plant and equipment	2	2
Derivative financial instruments	439	-
Other non-current assets	22	23
<b>Total non-current assets</b>	<b>336,120</b>	<b>327,393</b>
Trade and other receivables	2,959	2,708
Prepayments	423	137
Cash and cash equivalents	8,728	16,100
<b>Total current assets</b>	<b>11,375</b>	<b>18,945</b>
<b>Total assets</b>	<b>347,495</b>	<b>346,338</b>
Paid in capital	145,200	145,200
Cash flow hedge reserve	352	(829)
Retained earnings	(11,376)	(11,787)
<b>Total equity</b>	<b>134,176</b>	<b>132,584</b>
Interest bearing loans and borrowings	102,765	157,471
Deferred tax liabilities	6,959	6,297
Derivative financial instruments	-	756
Other non-current liabilities	1,261	1,103
<b>Total non-current liabilities</b>	<b>110,985</b>	<b>165,627</b>
Interest bearing loans and borrowings	96,153	41,676
Trade and other payables	5,479	5,223
Income tax payable	-	5
Derivative financial instruments	15	109
Other current liabilities	687	1,114
<b>Total current liabilities</b>	<b>102,334</b>	<b>48,127</b>
<b>Total liabilities</b>	<b>213,319</b>	<b>213,754</b>
<b>Total equity and liabilities</b>	<b>347,495</b>	<b>346,338</b>

### Key comments:

- At the end of H1 2022, the Fund's GAV was EUR 347.5 million (31 December 2021: EUR 346.3 million), 0.3% higher than at the end of the previous period. The increase is mainly related to a positive property revaluation of 0.2 million and capital investments (EUR 4.1 million) in the Meraki office building development project during H1 2022. The Fund aims to carry on with the construction of the Meraki office building throughout 2022 and 2023.
- An additional EUR 3.3 million was invested in other (re)development projects.
- At the end of H1 2022, the Fund's consolidated cash and cash equivalents amounted to EUR 8.738 million (31 December 2021: EUR 16.1 million), which demonstrates sufficient liquidity and financial flexibility. Available cash will be used to finance new acquisitions and continue with development projects.
- All expiring debts during H1 2022 were prolonged with original loan providers.

# Historic Euribor

1999-2022



Source: euribor-rates.eu

# Financial debt structure

As of 30 June 2022

Property	Maturity	Carrying amount (EUR'000)	% of total	Fixed rate portion
Galerija Centrs	26 January 2024	30,000	15.1%	100.0%
Europa SC	15 March 2024	17,900	9.0%	102.8%
CC Plaza and Postimaja	12 February 2023	17,200	8.7%	100.0% <sup>1</sup>
Duetto I and II	31 March 2023	15,376	7.7%	-%
Upmalas Biroji BC	31 August 2023	11,750	5.9%	90.0%
Domus Pro	15 March 2024	11,000	5.5%	31.8% <sup>2</sup>
Vainodes I	13 November 2024	9,842	5.0%	50.0%
North Star	15 March 2024	9,000	4.5%	-%
LNK	27 September 2023	8,441	4.3%	68.7%
Lincona	31 December 2022	7,188	3.6%	95.4%
Pirita SC	20 February 2026	4,875	2.5%	-%
Sky SC	31 January 2023	2,015	1.0%	-%
<b>Total bank loans</b>		<b>144,587</b>	<b>72.8%</b>	<b>46.5%</b>
Less capitalized loan arrangement fees <sup>2</sup>		(137)		
<b>Total bank loans recognised in the statement of financial position</b>		<b>144,450</b>		
5 - year unsecured bonds	8 May 2023	50,000	25.2%	100.0%
1.5 - year secured bonds	19 November 2022	4,000	2.0%	100.0%
<b>Total bonds</b>		<b>54,000</b>	<b>27.2%</b>	<b>100.0%</b>
Less capitalized bond arrangement fees <sup>2</sup>		(90)		
<b>Total bonds recognized in the statement of financial position</b>		<b>53,910</b>		
<b>Total debt recognised in the statement of financial position</b>		<b>198,360</b>	<b>100.0%</b>	<b>61.1%</b>

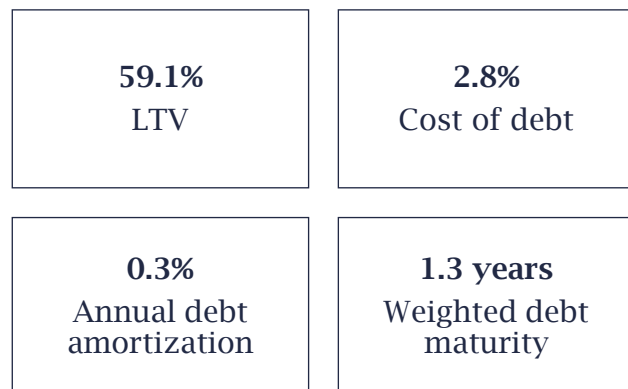
1. CC Plaza and Postimaja loan has an interest rate cap at 3.5% for the variable interest rate part.
2. Domus Pro loan has an interest rate cap at 2.0% for the variable interest rate part.
3. Amortised each month over the term of a loan/bond.



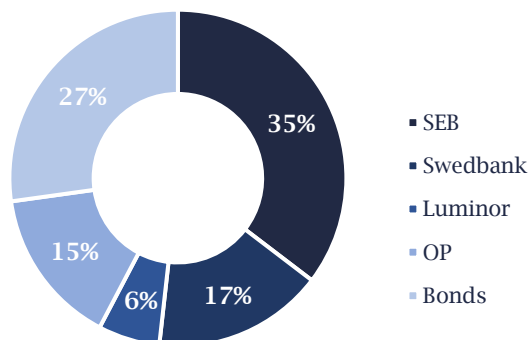
# Financing summary

As of 30 June 2022

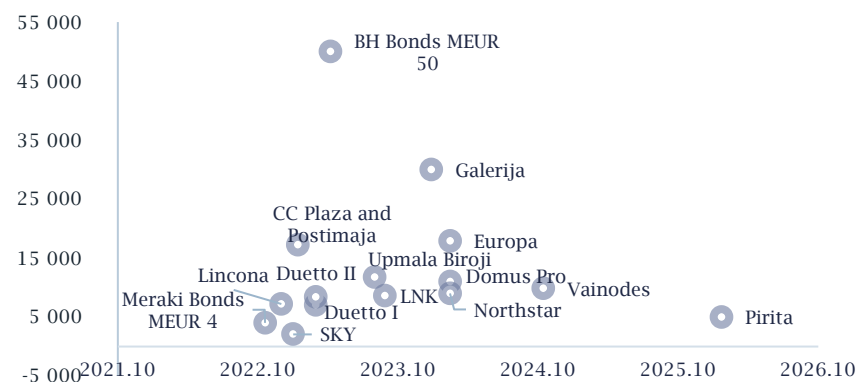
## Summary of financing terms



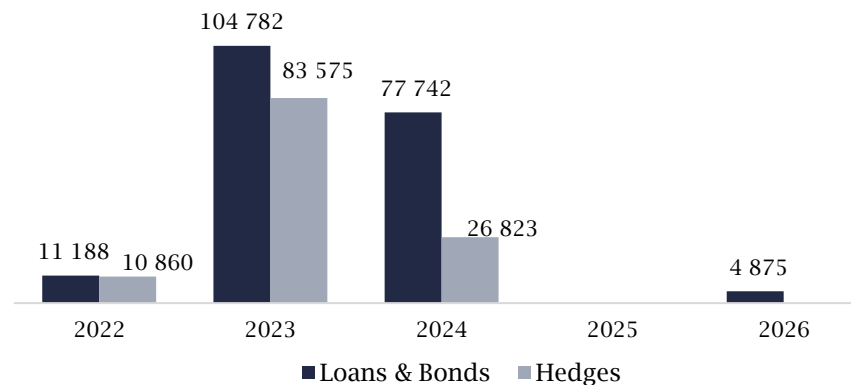
## Diversification by creditor



## Maturity by separate loan (EUR '000)



## Loan and hedge maturity



# Dividend payment

The Fund holds a total dividend reserve of EUR 6.5 million from the pandemic period

## GNFC and paid-out dividend, 2016-Q2 2022, TEUR



## Distributable cash flow and paid dividends over time

	2017		2018				2019				2020				2021				2022	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Reported weighted number of units, million	64.7	69.0	78.2	79.2	78.9	78.5	79.2	94.9	100.5	112.7	113.4	113.4	113.4	119.6	119.6	119.6	119.6	119.6	119.6	119.6
GNCF per weighted unit, EUR	0.020	0.024	0.027	0.029	0.026	0.028	0.030	0.024	0.031	0.029	0.031	0.023	0.024	0.022	0.017	0.018	0.021	0.017	0.016	0.019
Distributed dividend per unit, EUR	0.020	0.023	0.024	0.025	0.026	0.027	0.025	0.026	0.027	0.028	0.015	0.015	0.026	0.011	0.011	0.011	0.017	0.019	0.013	0.013
NAV per unit period end, EUR	1.34	1.38	1.38	1.38	1.39	1.4	1.39	1.34	1.34	1.34	1.34	1.21	1.22	1.14	1.15	1.04	1.05	1.11	1.11	1.12
12-months rolling GNCF yield, %	7.6%	7.2%	7.2%	7.2%	7.7%	7.9%	8.1%	7.8%	8.4%	8.6%	11.5%	9.6%	9.4%	8.6%	7.4%	7.0%	7.0%	6.8%	7.6%	8.0%
12-months rolling dividends per unit, %	6.3%	6.1%	6.2%	6.7%	7.1%	7.3%	7.4%	7.5%	7.8%	8.0%	9.6%	7.2%	7.5%	5.8%	5.4%	5.0%	4.5%	5.4%	6.3%	6.9%

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 2022: closing market price of the unit as of 30 June 2022).

## Plans for 2022-2023

- Refinancing of EUR 100 m+ loans and bonds
- Meraki 1st tower finished and commissioned. Continue to search for anchor tenant.
- Final completion of Europa reconstruction in Q3 (expectation on 90%+ occupancy and improved NOI)
- Capital investments into Galerija Centrs food hall in H2 2022 (expectation on 90%+ occupancy and improved NOI)
- Upgrading Postimaja with Reval and Apollo flagship cinema building
- Heavy focus on releasing to increase Fund's WAULT
- Divestment of 2 assets in portfolio
- New Baltic Horizon website

Galerija Centrs food hall concept



# Contact information

## Management board message

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We declare that, to the best of our knowledge, the information provided in this document is accurate and that the document is not subject to any omissions that may serve to distort the picture of the document provided.

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