

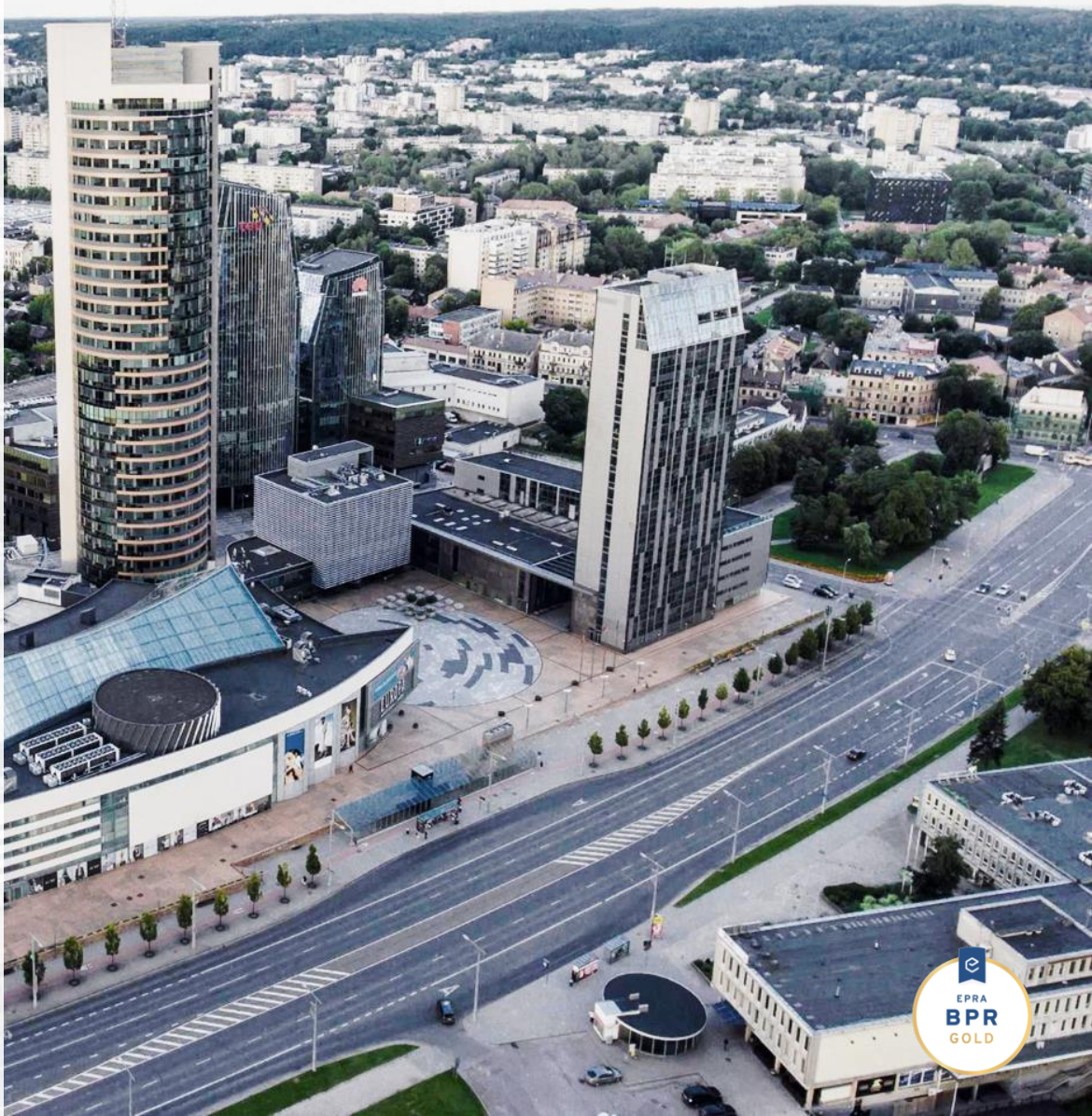


NORTHERN HORIZON

# Baltic Horizon Fund

Q3 Webinar

16 November 2022



## Notable events for the Fund in Q3 2022



**Food is the new fashion! 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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**Baltic Horizon Fund has received a 4-star rating from the Global Real Estate Sustainability Benchmark (GRESB).** In the 2021 assessment, Baltic Horizon achieved a 2-star rating. The 2022 result confirms our continuous efforts in the ESG field.

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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 by May 2023.**

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# Portfolio performance

As of 30 September 2022

Property name	Sector	Fair value <sup>1</sup> (EUR '000)	NLA (sq. m)	Direct property yield Q3 2022 <sup>2</sup>	Net initial yield Q3 2022 <sup>3</sup>	Occupancy rate
<b>Vilnius, Lithuania</b>						
Duetto I	Office	18,525	8,587	8.1%	6.6%	97.6%
Duetto II	Office	20,284	8,674	7.4%	6.7%	100.0%
Europa SC	Retail	39,610	16,901	3.0%	3.3%	87.3%
Domus Pro Retail Park	Retail	16,543	11,226	7.9%	7.5%	98.5%
Domus Pro Office	Office	8,010	4,830	8.3%	6.7%	97.3%
North Star	Office	21,593	10,579	6.3%	6.2%	98.1%
Meraki	Office	17,194	8,113	-	-	23.4%
<b>Total Vilnius</b>		<b>141,759</b>	<b>68,910</b>	<b>5.5%</b>	<b>5.3%</b>	<b>86.8%</b>
<b>Riga, Latvia</b>						
Upmalas Biroji BC	Office	21,979	10,459	6.3%	6.9%	98.8%
Vainodes I	Office	18,481	8,052	6.3%	7.4%	95.2%
LNK Centre	Office	17,668	7,452	6.6%	6.5%	100.0%
Sky SC	Retail	5,693	3,240	7.4%	6.6%	97.6%
Galerija Centrs	Retail	65,005	19,171	2.4%	2.8%	80.5%
<b>Total Riga</b>		<b>128,826</b>	<b>48,374</b>	<b>4.3%</b>	<b>4.8%</b>	<b>91.1%</b>
<b>Tallinn, Estonia</b>						
Postimaja & CC Plaza complex	Retail	27,082	9,232	3.6%	4.7%	95.6%
Postimaja & CC Plaza complex	Leisure	14,525	8,664	8.1%	6.6%	100.0%
Lincona	Office	17,079	10,780	7.1%	6.7%	91.5%
Pirita SC	Retail	9,367	5,441	6.1%	8.1%	92.6%
<b>Total Tallinn</b>		<b>68,053</b>	<b>34,117</b>	<b>5.4%</b>	<b>6.1%</b>	<b>95.0%</b>
<b>Total portfolio</b>		<b>338,638</b>	<b>151,401</b>	<b>5.0%</b>	<b>5.3%</b>	<b>90.0%</b>

1. Based on the latest valuation as of 30 September 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.
4. The Fund completed the development of the first tower of the Meraki building in September 2022. Rental income will be received starting from October 2022.

# NOI development

As of 30 September 2022

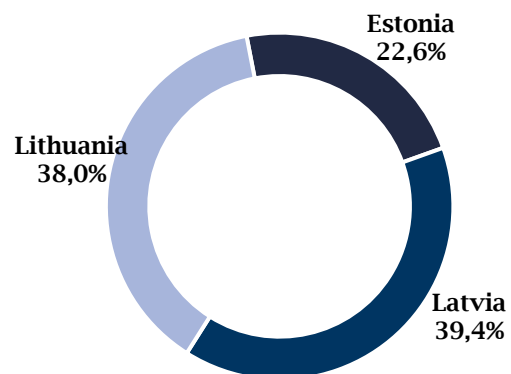
Property	Date of acquisition	2017	2018	2019	2020	2021	Q1-Q3 2021	Q1-Q3 2022
Galerija Centrs	13 June 2019	-	-	2,552	3,023	1,448	1,301	1,632
Postimaja & CC Plaza complex	8 March 2013 <sup>1</sup>	985	2,447	2,495	1,932	1,805	1,369	1,608
Upmalas Biroji BC	30 August 2016	1693	1,710	1,701	1,661	1,740	1,312	1,281
Vainodes I	12 December 2017	75	1,463	1,462	1,464	1,449	1,099	1,054
Duetto II	27 February 2019	-	-	1,090	1,354	1,353	1,009	1,044
North Star	11 October 2019	-	-	315	1,419	1,208	921	1,006
Domus Pro Retail	1 May 2014	1185	1,160	1,132	1,092	1,145	844	958
Duetto I	22 March 2017	799	1,096	1,160	1,166	1,223	914	888
LNK Centre	15 August 2018	-	409	1,072	1,090	1,088	824	851
Lincona	1 July 2011	1172	1,192	1,276	1,212	1,114	844	834
Europa SC	2 March 2015	2365	2,332	2,467	1,681	1,006	813	655
Pirita SC	16 December 2016	900	900	438	677	484	335	488
Domus Pro Office	1 October 2017	35	499	562	538	537	400	408
Sky SC	7 December 2013	410	407	370	402	395	298	302
Meraki <sup>2</sup>	10 September 2022	-	-	-	-	-	-	-36
G4S Headquarters <sup>3</sup>	12 July 2016	1149	1,189	1,127	1,223	1,009	923	-
<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>13,206</b>	<b>12,973</b>

1. The Fund completed the acquisition of the Postimaja SC on 13 February 2018.
2. The Fund completed the development of the first tower of the Meraki building in September 2022. Rental income will be received starting from October 2022. Initial rental costs were recognised in September 2022.
3. The Fund completed the disposal of G4S Headquarters on 8 November 2021.

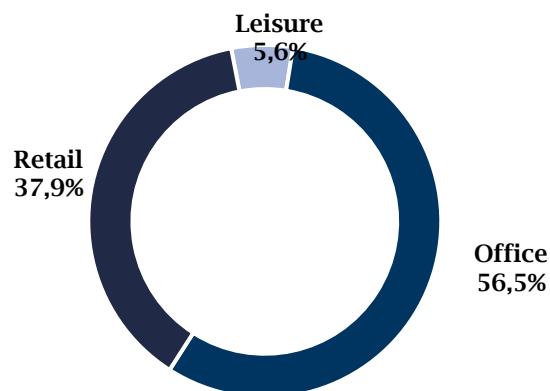
# Baltic Horizon Fund portfolio summary

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

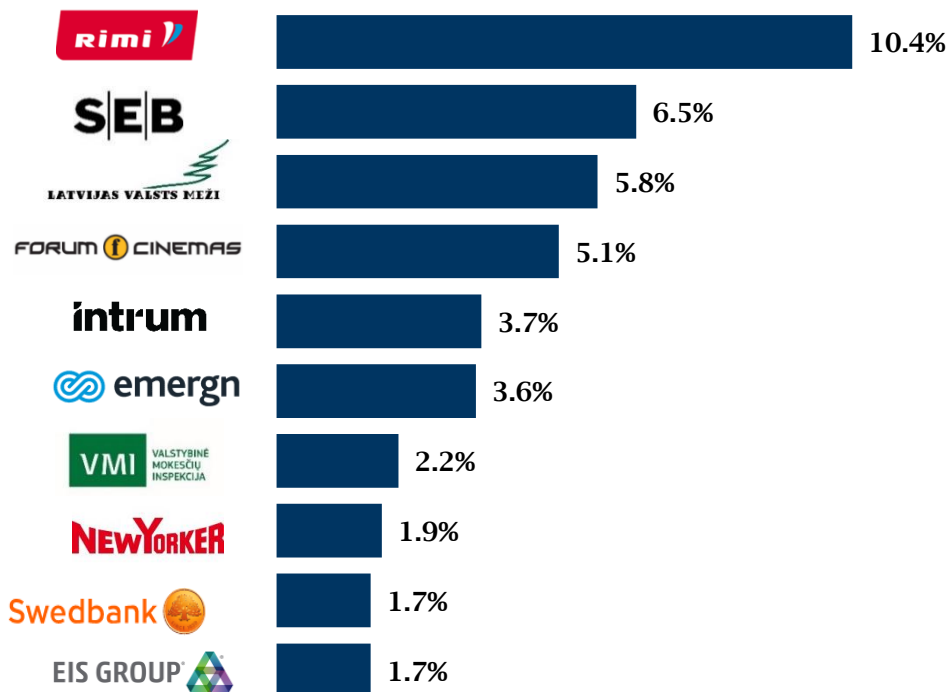
Net rental income by segment, Q1-Q3 2022



Net rental income by country, Q1-Q3 2022



Rental concentration: 10 largest tenants as of 30 September 2022



Other tenants - 57.4%

# Baltic Horizon

## Portfolio main events Q2-Q3 2022

- Decision regarding change of PMA partner in EUROPA is approved. New PMA partner in EUROPA – **Newsec Property Management, UAB** as of **1 November 2022**.
- Signed essential **leasing** deals, HOTs, get location approvals, opened tenants: expanded **Sportland** in GC, opened **Euroapteek** in Postimaja and extended new **Reval Cafe**, signed expansion for **My Fitness** and dental clinic in **Pirita**, signed lease agreement with **Red Cross** Vilnius office in EUROPA, as well opened **Huracan** café, signed lease agreement with **O'dore Amore**. Approved location for **new international anchor** tenant in Latvia in Galerija Centrs, confirmed **new tenant concepts** in Postimaja. Signed HOT for **Domino Pizza** in SKY.
- Prolongation of leases in many office buildings.
- Completed **BREAM** tender for Retail portfolio. Implementation by the end of 2023.
- Q2 changed property manager of SKY and facility manager of Galerija Centrs.
- Forum Cinema OU has been sold to **Apollo** group (new cinema operator in CC Plaza).



# Baltic Horizon Fund's development projects

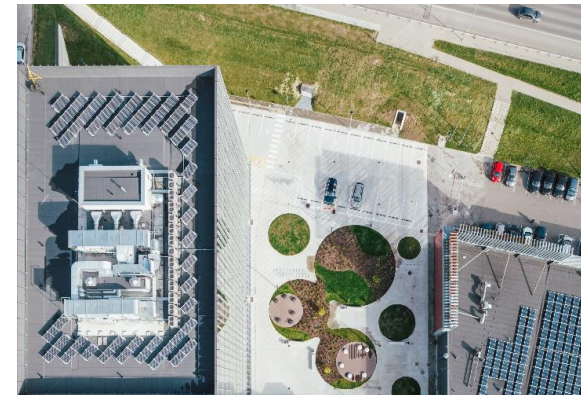
## Developments in Lithuania

### Meraki

- The Fund completed the first stage in the construction of the modern B-class office building Meraki in September 2022. Two Meraki office towers with an approx. 15,800 sq. m of leasable office space will be developed in two stages. The first stage included the construction of the first Meraki office tower and a parking house for the entire asset.
- The first tower was already commissioned for rental activities in Q3 2022. In total, 8,133 sq. m of net leasable area can be offered to tenants in the first tower.
- Meraki development costs reached EUR 19.4 million as of 30 September 2022.
- At the end of Q3 2022, 23.4% of the net leasable area of the first tower was let to 7 tenants incl. cafeteria, office and medical tenants (InMedica, iLunch, Altic IT, ALD Automotive, Luminor, Auto100, IT Gateway). Together with the completion of the building, the Fund refurbished one floor for an office hotel to meet the demand for smaller spaces with common areas from smaller tenants.
- The construction of the second tower of the Meraki building will not begin until at least 50% of its rental space is covered with preleases.



Meraki BC, Vilnius



Meraki BC, Vilnius

# Baltic Horizon Fund's development projects

Developments in Lithuania

## Meraki



Outside



Staircase



Ev charging stations

# Baltic Horizon Fund's development projects

Developments in Lithuania

## Meraki



Lobby area



Conference room



Lobby area

# Baltic Horizon Fund's development projects

Developments in Lithuania & Latvia

## Completed



Europa, Vilnius

- The first stage of reconstruction works was completed with the opening of the fully leased out food hall Dialogai (900 sq. m) on 24 January 2022.
- The second stage - ground to the 3rd floor were completed in Q1 and Q2, while the shop fronts, the elevator change and final fit-out works on the 2nd and 3rd floors were completed in Q3 2022.
- The reopening of the fully refurbished Europa SC areas took place on 8 September 2022.
- The total investment in the project has increased to approx. EUR 6.0 million after the expansion of the initial scope of work. Out of the total investment, EUR 2.1 million is the food hall investment. Despite rapidly rising construction costs, the project has mostly remained within budget.

## Under construction

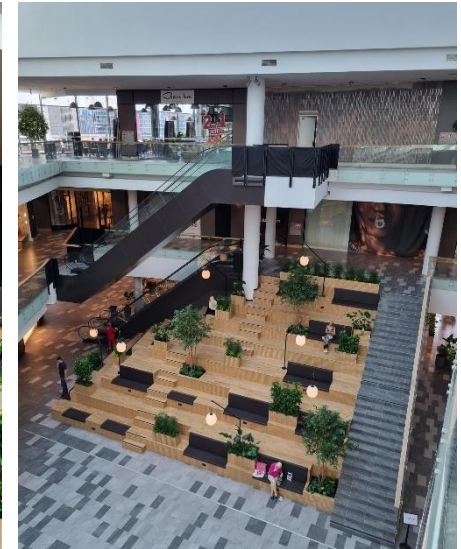
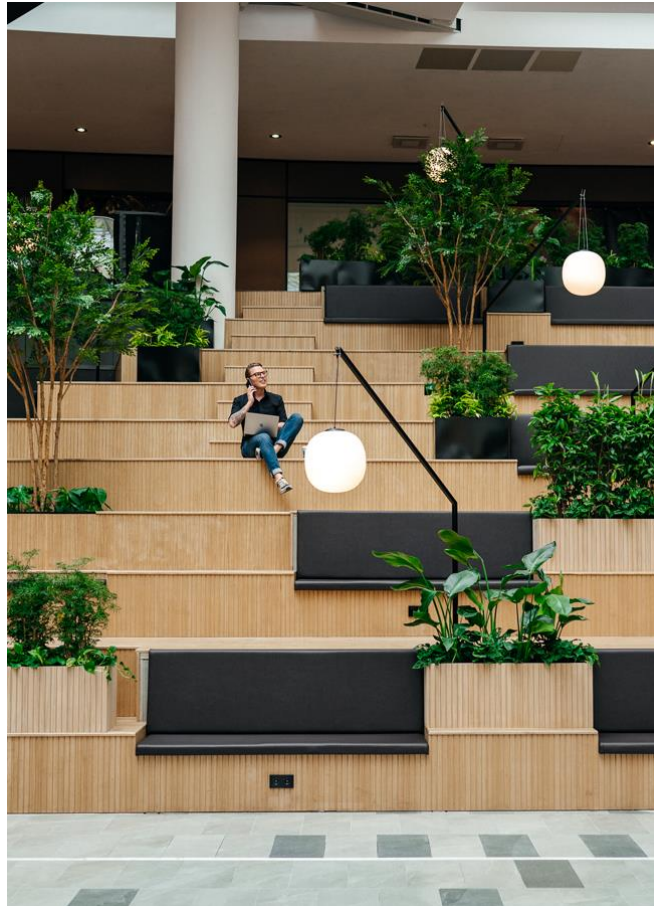
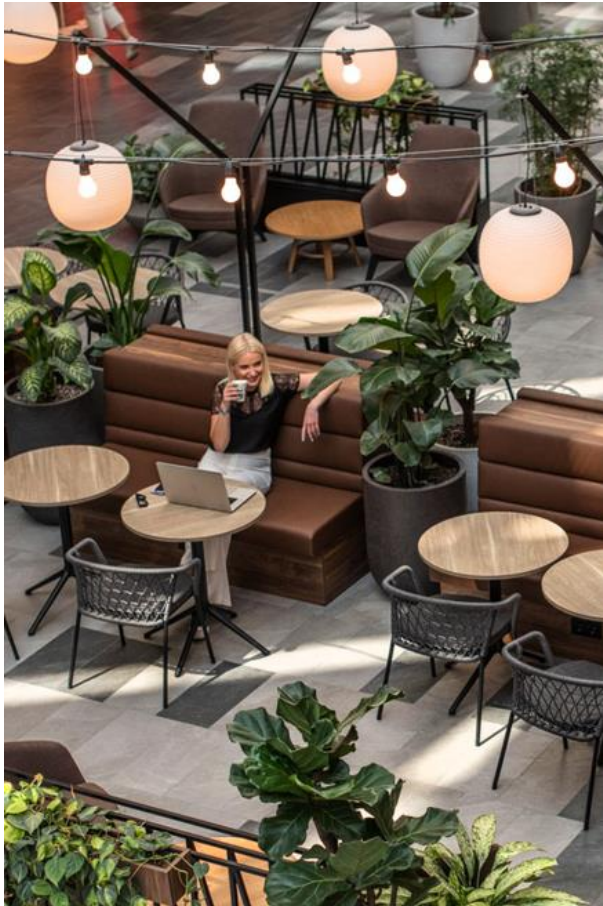


Galerija Centrs, Riga

- The Fund approved the refreshed concept of the food hall on the 4th floor of the Galerija Centrs at the beginning of 2022.
- The construction works started on 21 September 2022.
- During Q2-Q3 2022 the trademark of the new food hall in Galerija Centrs was created and registered. The investment in the Galerija Centrs food hall could extend to EUR 2 million.
- Pre-leases have been signed for the whole rentable food hall area and lease agreements have already been concluded with half of all food hall tenants. The planned opening has been scheduled for Q2 2023.

# Baltic Horizon Fund's development projects

Developments in Lithuania, Europa



# Baltic Horizon Fund's development projects

Developments in Latvia, Galerija Centrs



# 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 1.1345**

IFRS NAV per unit, 30.09.2022

**EUR 1.2071**

EPRA NRV<sup>1</sup> per unit, 30.09.2022

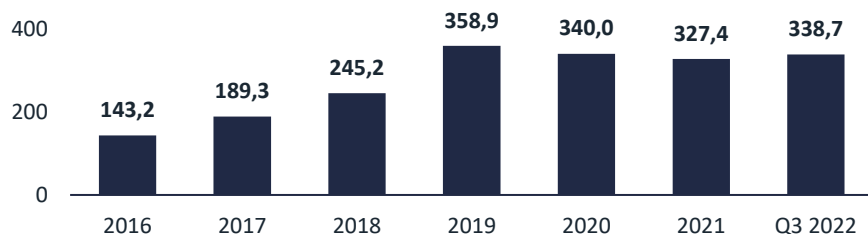
**EUR 1.1082**

IFRS NAV per unit, 31.12.2021

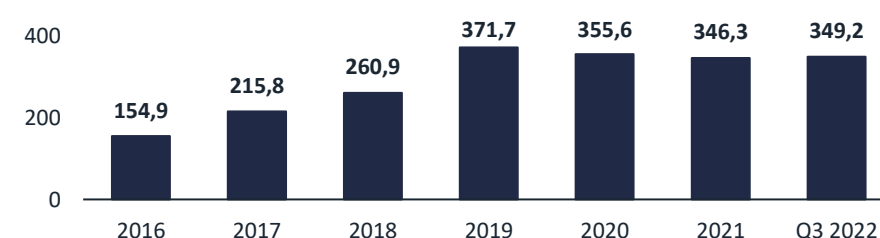
**EUR 1.1884**

EPRA NRV per unit, 31.12.2021

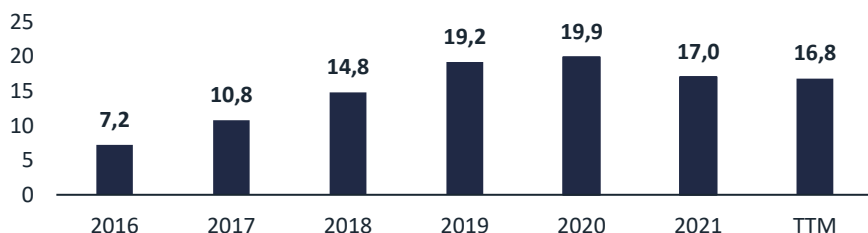
## Investments made into properties, MEUR



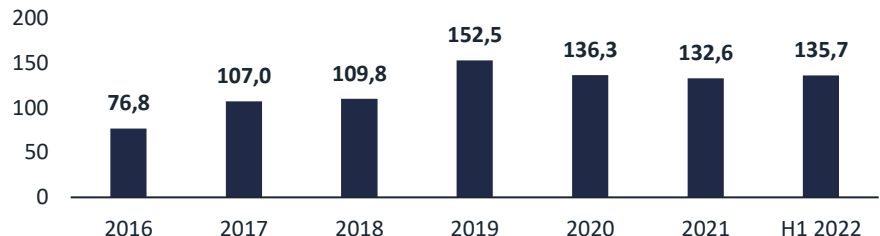
## Gross asset value (GAV), MEUR



## 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 (Q3 2021 – Q3 2022)

# Financial results for Q1-Q3 2022

## Profit and loss

EUR '000	Q1-Q3 2022	Q1-Q3 2021	Change (%)
Rental income	15,422	14,844	3.9%
Service charge income	4,007	3,697	8.4%
Cost of rental activities	(6,456)	(5,335)	21.0%
<b>Net rental income</b>	<b>12,973</b>	<b>13,206</b>	<b>(1.8%)</b>
Administrative expenses	(2,137)	(2,236)	(4.4%)
Other operating income	278	4	6850.0%
Valuation gains (losses) on investment properties	158	(14,264)	101.1%
<b>Operating profit</b>	<b>11,272</b>	<b>(3,290)</b>	<b>442.6%</b>
Financial income	1	1	-
Financial expenses	(4,463)	(4,222)	5.7%
<b>Net financial expenses</b>	<b>(4,462)</b>	<b>(4,221)</b>	<b>5.7%</b>
<b>Profit before tax</b>	<b>6,810</b>	<b>(7,511)</b>	<b>190.7%</b>
Income tax charge	(673)	632	206.5%
<b>Profit for the period</b>	<b>6,137</b>	<b>(6,879)</b>	<b>189.2%</b>

### Key comments:

- The Group recorded a net profit of EUR 6.1 million for Q1-Q3 2022 against a net loss of EUR 6.9 million for Q1-Q3 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.
- The net result for Q1-Q3 2021 was significantly impacted by the one-off negative valuation result of EUR 14.3 million. Meanwhile in Q1-Q3 2022, the valuation resulted in a net fair value gain of EUR 0.2 million (+0.1% of portfolio value).
- The positive impact of the increase in net rental income was also supplemented by a decrease in administrative expenses and a grant of EUR 0.3 million received from the Latvian government. Earnings per unit for Q1-Q3 2022 were EUR 0.05 (Q1-Q3 2021: EUR -0.06).
- Earnings per unit for Q1-Q3 2022 were EUR 0.05 (Q1-Q3 2021: EUR -0.06).

# Financial results for Q1-Q3 2022

## Financial position

EUR '000	30.09.2022	31.12.2021
Investment properties	338,638	315,959
Investment property under construction	-	11,400
Intangible assets	7	9
Property, plant and equipment	2	2
Derivative financial instruments	2,126	-
Other non-current assets	-	23
<b>Total non-current assets</b>	<b>340,773</b>	<b>327,393</b>
Trade and other receivables	2,746	2,708
Prepayments	507	137
Derivative financial instruments	301	-
Cash and cash equivalents	4,854	16,100
<b>Total current assets</b>	<b>8,408</b>	<b>18,945</b>
<b>Total assets</b>	<b>349,181</b>	<b>346,338</b>
Paid in capital	145,200	145,200
Cash flow hedge reserve	1,558	(829)
Retained earnings	(11,034)	(11,787)
<b>Total equity</b>	<b>135,724</b>	<b>132,584</b>
Interest bearing loans and borrowings	82,836	157,471
Deferred tax liabilities	7,170	6,297
Derivative financial instruments	-	756
Other non-current liabilities	1,335	1,103
<b>Total non-current liabilities</b>	<b>91,341</b>	<b>165,627</b>
Interest bearing loans and borrowings	115,992	41,676
Trade and other payables	5,369	5,223
Income tax payable	1	5
Derivative financial instruments	5	109
Other current liabilities	749	1,114
<b>Total current liabilities</b>	<b>122,116</b>	<b>48,127</b>
<b>Total liabilities</b>	<b>213,457</b>	<b>213,754</b>
<b>Total equity and liabilities</b>	<b>349,181</b>	<b>346,338</b>

### Key comments:

- At the end of Q3 2022, the Fund's GAV was EUR 349.2 million (31 December 2021: EUR 346.3 million), 0.8% higher than at the end of the previous period.
- GAV increase is mainly related to a positive property revaluation of EUR 0.2 million and capital investments (EUR 5.7 million) in the Meraki office building development project during Q1-Q3 2022. An additional EUR 4.5 million was invested in other (re)development projects.
- At the end of Q3 2022, the Fund's consolidated cash and cash equivalents amounted to EUR 4.9 million (31 December 2021: EUR 16.1 million). Operating costs are fully covered by cash flows generated by rental activities..

# Financial debt structure

As of 30 September 2022

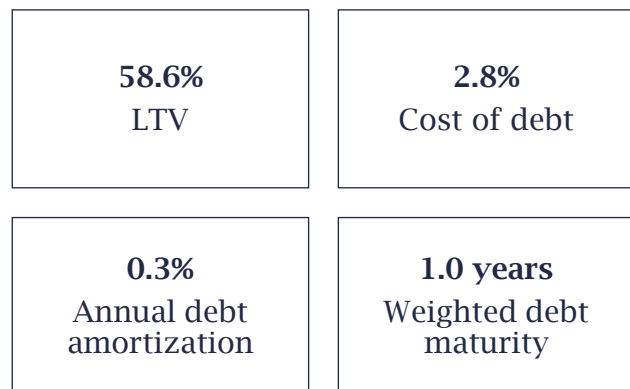
Property	Maturity	Carrying amount (EUR'000)	% of total	Fixed rate portion
Galerija Centrs	26 January 2024	30,000	15.1%	100.0%
Europa SC	15 March 2024	17,900	9.0%	102.8%
CC Plaza and Postimaja	12 February 2023	17,200	8.7%	100.0%
Duetto I and II	31 March 2023	15,376	7.7%	-%
Upmalas Biroji BC	31 August 2023	11,750	5.9%	90.0%
Domus Pro	15 March 2024	11,000	5.5%	95.5%
Vainodes I	13 November 2024	9,842	5.0%	50.0%
North Star	15 March 2024	9,000	4.6%	100.0%
LNK	27 September 2023	8,370	4.2%	68.7%
Lincona	31 December 2022	7,188	3.6%	95.4%
Pirita SC	20 February 2026	4,834	2.5%	-%
Sky SC	31 January 2023	1,989	1.0%	-%
<b>Total bank loans</b>		<b>144,449</b>	<b>72.8%</b>	<b>78.3%</b>
Less capitalized loan arrangement fees <sup>2</sup>		(133)		
<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>		(54)		
<b>Total bonds recognized in the statement of financial position</b>		<b>53,946</b>		
<b>Total debt recognised in the statement of financial position</b>		<b>198,282</b>	<b>100.0%</b>	<b>84.2%</b>

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

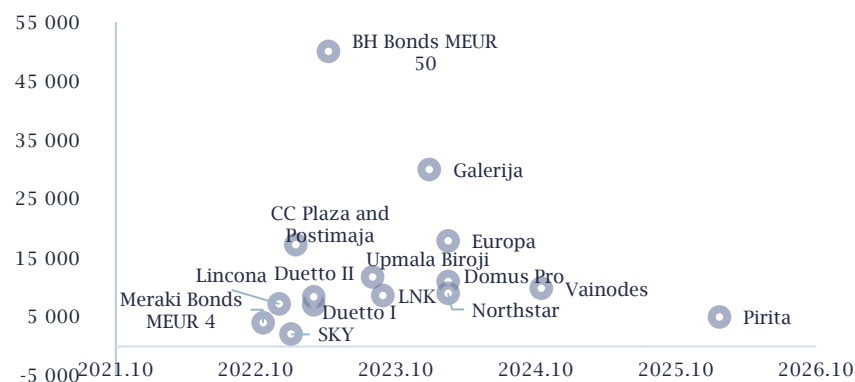
# Financing summary

As of 30 September 2022

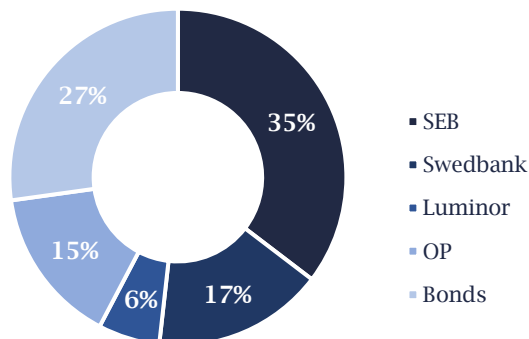
## Summary of financing terms



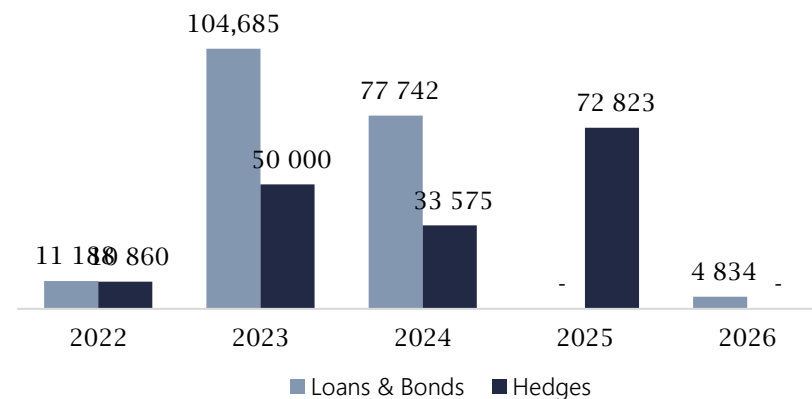
## Maturity by separate loan (EUR '000)



## Diversification by creditor

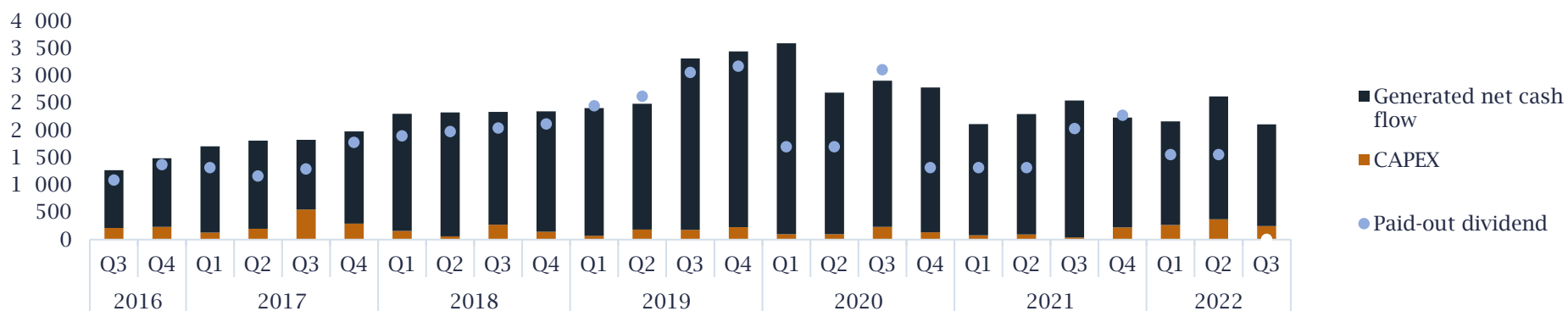


## Loan and hedge maturity



# Dividend payment

## GNFC and paid-out dividend, 2016-Q3 2022, TEUR



\* Cash distributions for Q3 2022 and Q4 2022 results will be announced together at the beginning of 2023.

## 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).

# 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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