

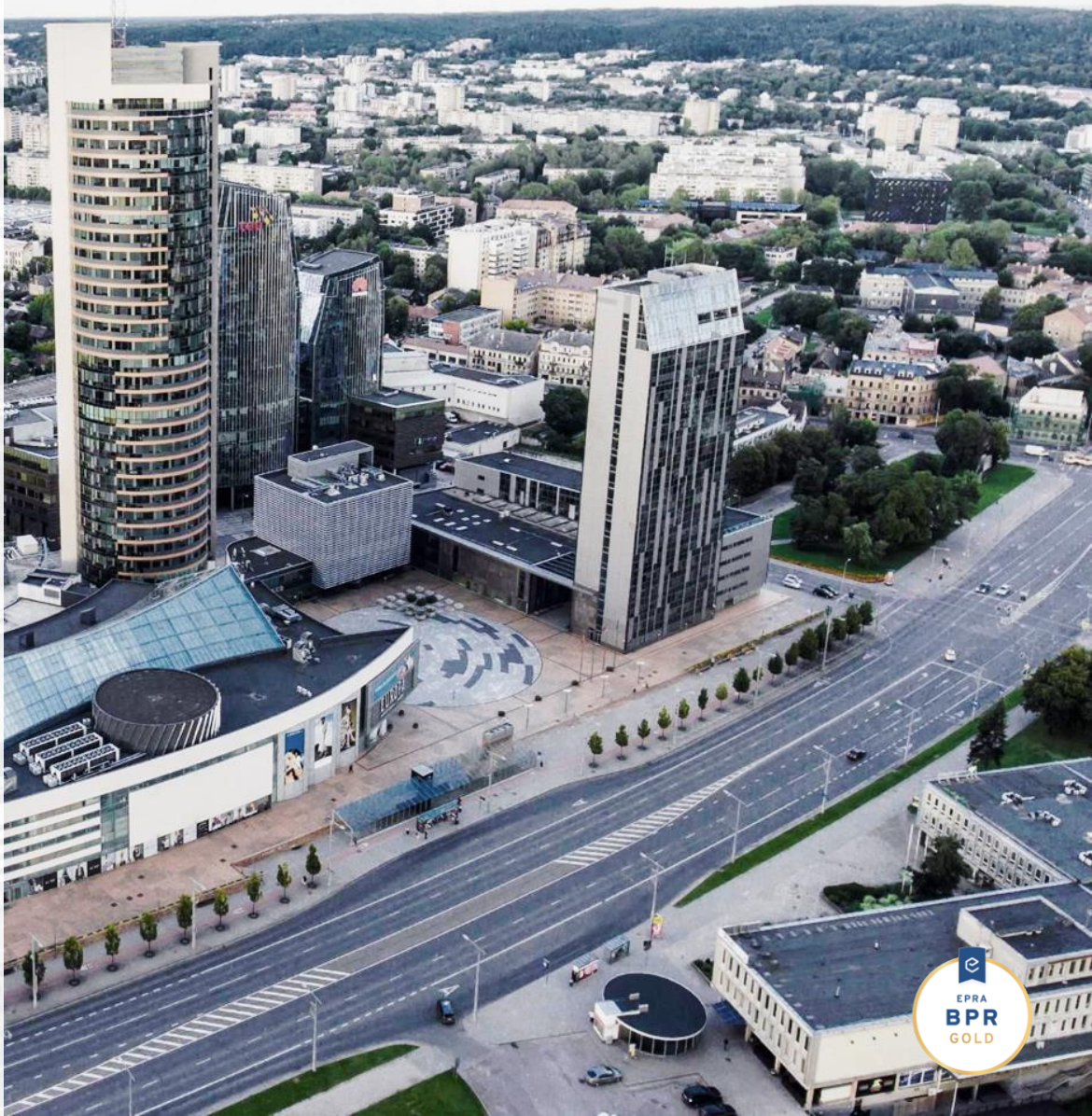


NORTHERN HORIZON

# Baltic Horizon Fund

Webinar

February 2022



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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.

### 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.

### CBRE | Baltics

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.

### G4S

Baltic Horizon Fund sold G4S office building. On November 8<sup>th</sup> 2021, the Fund signed a real right agreement with HITS Investments OÜ to sell the land plot located at Paldiski mnt 80, Talinn together with the G4S Headquarters office building. The building was sold for 11.2% IRR and 1.7 equity multiple.



Baltic Horizon Fund received two awards from EPRA: "Gold Award" for the adoption of EPRA Best Practices Recommendations (BPR) and "Most Improved Annual Report Award" for the outstanding improvement in reporting quality and compliance with the Association's BPR.

### 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.



Galerija Centrs in Riga is the first shopping centre in Riga to receive COVID SAFE certificate as the Fund has upgraded and implemented new hygiene and safety practices in the centre. On the office side, BREEAM in use certification with energy audits are also in progress for our office buildings.

Source: 31.12.2021 interim report.

[www.baltichorizon.com/news/baltic-horizon-fund-wins-twice-in-epra-annual-financial-reporting-awards/?fbclid=IwAR12z644BaV6XcnZx7FcsHEnURkVeh6zPGVE9atUPyR2AFaY4Mq2GUGOBeQ](https://www.baltichorizon.com/news/baltic-horizon-fund-wins-twice-in-epra-annual-financial-reporting-awards/?fbclid=IwAR12z644BaV6XcnZx7FcsHEnURkVeh6zPGVE9atUPyR2AFaY4Mq2GUGOBeQ)

[www.nh-cap.com/news-post/northern-horizon-ranked-at-the-top-of-the-peer-group-by-pri/](https://www.nh-cap.com/news-post/northern-horizon-ranked-at-the-top-of-the-peer-group-by-pri/)

<https://www.baltichorizon.com/news/galerija-centrs-has-become-the-first-shopping-centre-in-latvia-to-be-certified-safe-retail-destination/>

<https://www.baltichorizon.com/news/baltic-horizon-fund-has-signed-a-framework-agreement-with-ebd-and-plans-private-placement-of-new-units/>



# 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 1.1395**

IFRS NAV per unit, 31.12.2020

**EUR 1.2219**

EPRA NRV<sup>1</sup> per unit, 31.12.2020

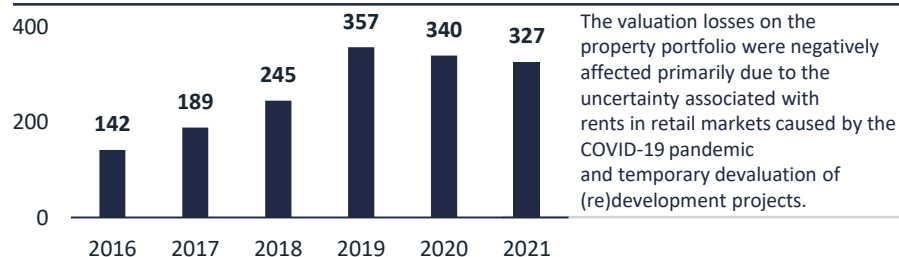
**EUR 1.1082**

IFRS NAV per unit, 31.12.2021

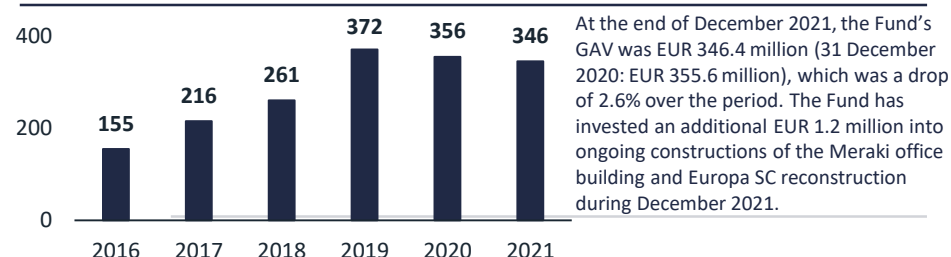
**EUR 1.1884**

EPRA NRV per unit, 31.12.2021

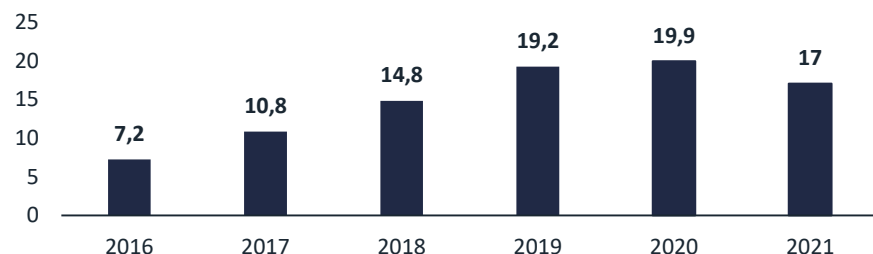
## Investments made into properties, M EUR



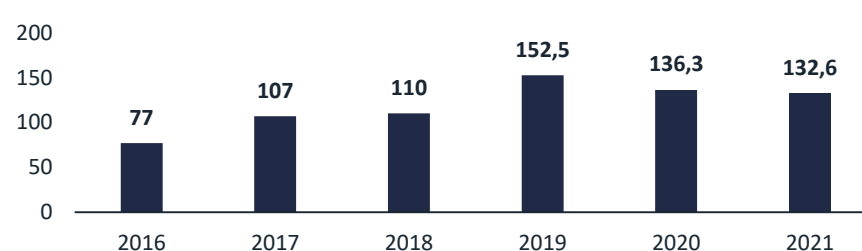
## Gross asset value (GAV), M EUR



## Net rental income, M EUR



## Net asset value (NAV), M EUR



<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.

Source: Company's information, 31.12.2021 interim report.

# FINANCIAL RESULTS FOR Q1-Q4 2021

## PROFIT AND LOSS

EUR '000	Q1-Q4 2021	Q1-Q4 2020	Change (%)
Rental income	19,495	21,697	(10.2%)
Service charge income	4,901	4,990	(1.8%)
Cost of rental activities	(7,392)	(6,753)	9.5%
<b>Net rental income</b>	<b>17,004</b>	<b>19,934</b>	<b>(14.7%)</b>
Administrative expenses	(2,869)	(2,918)	(1.7%)
Other operating income	444	204	117.7%
Losses on disposal of investment properties	(71)	-	-
Valuation losses on investment properties	(7,161)	(25,245)	(71.6%)
<b>Operating profit (loss)</b>	<b>7,347</b>	<b>(8,025)</b>	<b>(191.6%)</b>
Financial income	1	3	(66.7%)
Financial expenses	(5,706)	(5,524)	3.3%
<b>Net financing costs</b>	<b>(5,705)</b>	<b>(5,521)</b>	<b>3.3%</b>
<b>Profit (loss) before tax</b>	<b>1,642</b>	<b>(13,546)</b>	<b>(112.1%)</b>
Income tax charge	(229)	5	(4680.0%)
<b>Profit (loss) for the period</b>	<b>1,413</b>	<b>(13,541)</b>	<b>(110.4%)</b>

### Key comments:

- In Q1-Q4 2021, the Group earned net rental income of EUR 17.0 million, a decrease of 14.7% compared to the net rental income of EUR 19.9 million for Q1-Q4 2020.
- Net rental income decreased due to vacancies across portfolio and relief measures granted to tenants during the pandemic.
- During Q1-Q4 2021, the Group recorded a net profit of EUR 1.4 million (Q1-Q4 2020: a net loss of EUR 13.5 million).
- Compared to 2020, the Fund recognised smaller valuation losses on investment properties but a decrease in net rental income throughout 2021.
- In 2021, earnings per unit excluding valuation losses on investment properties amounted to EUR 0.07 (2020: EUR 0.10).

# FINANCIAL RESULTS FOR Q1-Q4 2021

## FINANCIAL POSITION

EUR '000	31.12.2021	31.12.2020
Investment properties	315,959	334,518
Investment property under construction	11,400	5,474
Intangible assets	9	-
Property, plant and equipment	2	2
Other non-current assets	23	22
<b>Total non-current assets</b>	<b>327,393</b>	<b>340,016</b>
Trade and other receivables	2,708	1,901
Prepayments	137	352
Cash and cash equivalents	16,100	13,333
<b>Total current assets</b>	<b>18,945</b>	<b>15,586</b>
<b>Total assets</b>	<b>346,338</b>	<b>355,602</b>
Paid in capital	145,200	145,200
Cash flow hedge reserve	(829)	(1,661)
Retained earnings	(11,787)	(7,218)
<b>Total equity</b>	<b>132,584</b>	<b>136,321</b>
Interest bearing loans and borrowings	157,471	195,670
Deferred tax liabilities	6,297	6,009
Derivative financial instruments	756	1,736
Other non-current liabilities	1,103	1,026
<b>Total non-current liabilities</b>	<b>165,627</b>	<b>204,441</b>
Interest bearing loans and borrowings	41,676	10,222
Trade and other payables	5,223	3,640
Income tax payable	5	1
Derivative financial instruments	109	27
Other current liabilities	1,114	950
<b>Total current liabilities</b>	<b>48,127</b>	<b>14,840</b>
<b>Total liabilities</b>	<b>213,754</b>	<b>219,281</b>
<b>Total equity and liabilities</b>	<b>346,338</b>	<b>355,602</b>

### Key comments:

- At the end of December 2021, the Fund's GAV was EUR 346.3 million (31 December 2020: EUR 355.6 million), which was a drop of 2.6% over the period. The decrease is mainly related to the negative property revaluation of EUR 7.2 million and the disposal of G4S Headquarters which was slightly offset by capital investments in assets and an increase in the cash balance.
- Cash inflow from core operating activities for Q1-Q4 2021 amounted to EUR 14.7 million (Q1-Q4 2020: cash inflow of EUR 16.1 million).
- At the end of Q4 2021, the Fund's consolidated cash and cash equivalents amounted to EUR 16.1 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 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.

# PORTFOLIO VALUATIONS

EUR '000	Fair value 31.12.2021	Fair value 31.12.2020	Change (EUR '000)	Change (%)
<b>Like-for-like assets</b>				
Retail	162,876	166,667	(3,791)	(2.3%)
Office	138,641	137,521	1,120	0.8%
Leisure	14,442	14,170	272	1.9%
<b>Total like-for-like assets</b>	<b>315,959</b>	<b>318,358</b>	<b>(2,399)</b>	<b>(0.8%)</b>
<b>Development assets</b>				
Office	11,400	5,474	5,926	108.3%
<b>Disposed Assets</b>				
Office	-	16,160	(16,160)	(100.0%)
<b>Total portfolio assets</b>	<b>327,359</b>	<b>339,992</b>	<b>(12,633)</b>	<b>(3.7%)</b>

EUR '000	Fair value 31.12.2021	Fair value 31.12.2020	Change (EUR '000)	Change (%)
<b>Like-for-like assets</b>				
Estonia	70,676	69,630	1,046	1.5%
Latvia	127,574	131,920	(4,346)	(3.3%)
Lithuania	117,709	116,808	901	0.8%
<b>Total like-for-like assets</b>	<b>315,959</b>	<b>318,358</b>	<b>(2,399)</b>	<b>(0.8%)</b>
<b>Development assets</b>				
Lithuania	11,400	5,474	5,926	108.3%
<b>Disposed Assets</b>				
Estonia	-	16,160	(16,160)	(100.0%)
<b>Total portfolio assets</b>	<b>327,359</b>	<b>339,992</b>	<b>(12,633)</b>	<b>(3.7%)</b>

## Key comments:

- The like-for-like value of the property portfolio excluding developments decreased by EUR 2.4 million (0.8%) at the end of 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 COVID19 due to their strong tenant base and payment discipline.

# FINANCIAL DEBT STRUCTURE

## AS OF 31 DECEMBER 2021

Property	Maturity	Carrying amount (EUR'000)	% of total	Fixed rate portion
Galerija Centrs	26 May 2022	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%	46.8% <sup>2</sup>
Upmalas Biroji BC	31 August 2023	11,750	5.9%	90.0%
Domus Pro	15 March 2024	11,000	5.5%	62.4%
Vainodes I	13 November 2024	9,842	5.0%	50.0%
North Star	15 March 2024	9,000	4.5%	-%
LNK	27 September 2023	8,582	4.3%	67.6%
Lincona	31 December 2022	7,188	3.6%	95.4%
Pirita SC	20 February 2026	4,944	2.5%	116.6%
Sky SC	31 January 2023	2,068	1.0%	-%
<b>Total bank loans</b>		<b>144,850</b>	<b>72.8%</b>	<b>78.4%</b>
Less capitalized loan arrangement fees <sup>3</sup>		(115)		
<b>Total bank loans recognised in the statement of financial position</b>		<b>144,735</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>3</sup>		(164)		
<b>Total bonds recognized in the statement of financial position</b>		<b>53,836</b>		
<b>Total debt recognised in the statement of financial position</b>		<b>198,571</b>	<b>100.0%</b>	<b>84.3%</b>

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.



# DEBT EXTENSION STATUS

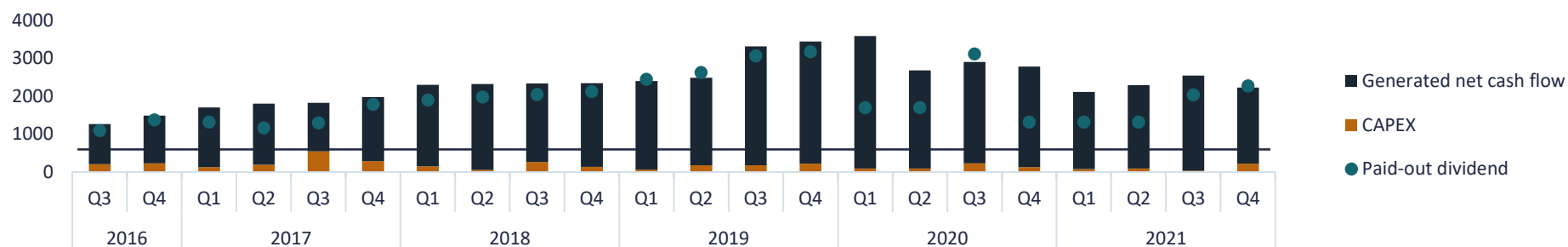
## AS OF 31 DECEMBER 2021

Property	Type	Bank	Carrying amount EUR'000	Maturity	Extension status
Galerija Centrs	Shopping center	OP LV	30,000	26 May 2022	To be extended in 1Q 2022
Meraki Bonds MEUR 4	-	-	4,000	19 November 2022	
Lincona	Office	SEB EE	7,188	31 December 2022	
<b>Subtotal</b>			<b>41,188</b>		
SKY SC	Supermarket	SEB LV	2,068	31 January 2023	
Postimaja	Shopping center	Swedbank EE	17,200	12 February 2023	Extension to be started in Sept 2022
CC Plaza	Cinema				
Duetto I	Office	Swedbank LT	7,008	31 March 2023	
Duetto II	Office	Swedbank LT	8,368		
BH Bonds MEUR 50	-	-	50,000	8 May 2023	Extension to be started in Q2 2022
Upmala Biroji BC	Office	Luminor LV	11,750	31 August 2023	
LNK	Office	SEB LV	8,582	27 September 2023	
<b>Subtotal</b>			<b>104,976</b>		
Domus PRO Office	Office	SEB LT	11,000	15 March 2024	
Domus PRO Retail	Supermarket, other retail				
Europa SC	Shopping center	SEB LT	17,900	15 March 2024	
Northstar	Office	SEB LT	9,000	15 March 2024	
Vainodes	Office	SEB LV	9,842	13 November 2024	
<b>Subtotal</b>			<b>47,742</b>		
Pirita SC	Supermarket	SEB EE	4,944	20 February 2026	
<b>Total</b>			<b>198,850</b>		

# Dividend payment

The Fund holds a total dividend reserve of EUR 6.1 million from the pandemic period

GNFC and paid-out dividend, 2017-H12021, TH EUR



Distributable cash flow and paid dividends over time

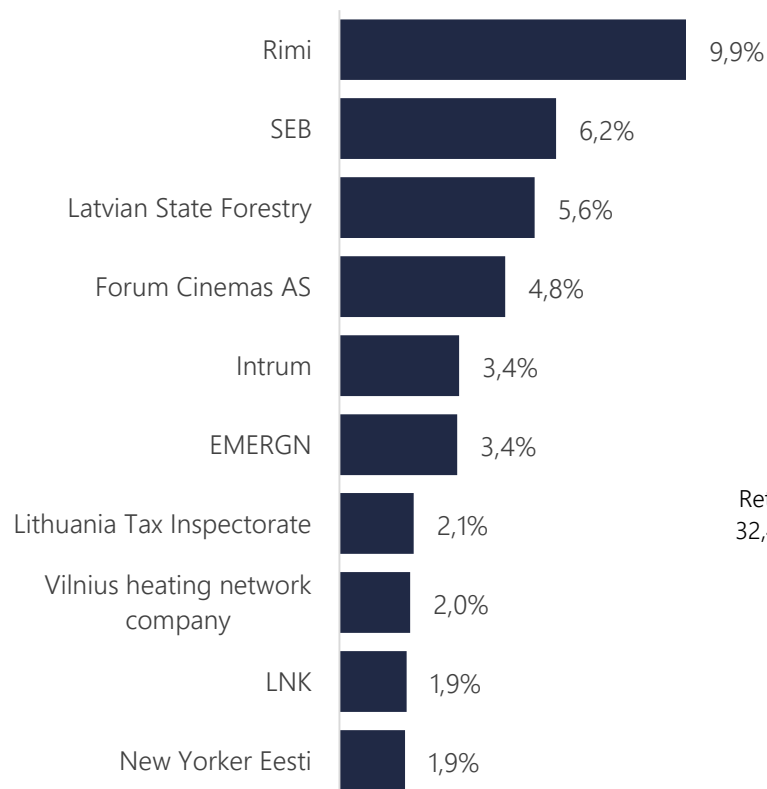
EUR TH unless otherwise stated	2017		2018		2019		2020		2021									
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Reported weighted number of units, million	64.7	69	78.2	79.2	78.9	78.5	79.2	94.9	100.5	112.7	113.4	113.4	113.4	119.6	119.6	119.6	119.6	119.6
GNCF per weighted unit, EUR	0.02	0.024	0.027	0.029	0.026	0.028	0.03	0.024	0.031	0.029	0.031	0.023	0.024	0.022	0.017	0.018	0.021	0.017
Distributed dividend per unit (actual), EUR	0.02	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
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	1.1
12-months rolling GNCF yield, %	7.60%	7.20%	7.20%	7.20%	7.70%	7.90%	8.10%	7.80%	8.40%	8.60%	11.50%	9.60%	9.40%	8.60%	7.40%	7.00%	7.00%	6.84%
Dividends declared per unit, %	6.30%	6.10%	6.20%	6.70%	7.10%	7.30%	7.40%	7.50%	7.80%	8.00%	9.60%	7.20%	7.50%	5.80%	5.40%	5.00%	4.50%	5.43%

Source: Company's information, 31.12.2021 interim report.

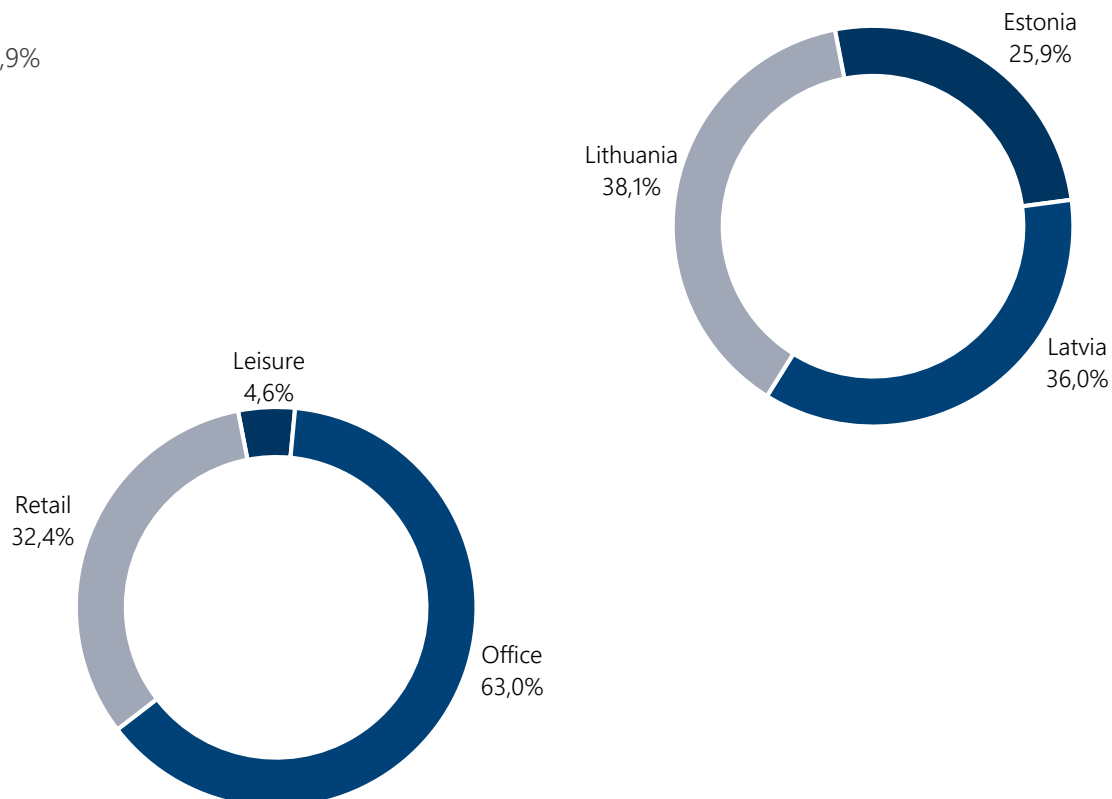
# Baltic Horizon Fund portfolio summary

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

10 largest tenants (of ca 230 tenants) via annualized rental income



Geographical and segment allocation via annualized net rental income



# Baltic Horizon Fund's portfolio (1/3)

Property portfolio in Vilnius, Lithuania



## Duetto I

Type	Office
Rentable area	8,587
Occupancy	100%
NOI, EUR M <sup>1</sup>	1.2
Fair value, EUR M	17.3

PMC<sup>1</sup> MB Censeo

Major tenants



## Duetto II

Type	Office
Rentable area	8,674
Occupancy	100%
NOI, EUR M	1.4
Fair value, EUR M	19.7

PMC MB Censeo

Major tenants

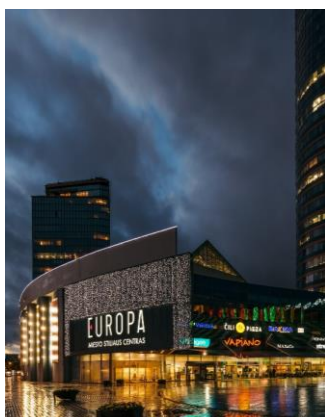


## Domus Pro

Type	Office/retail
Rentable area	16,057
Occupancy	99.7%
NOI, EUR M	1.6
Fair value, EUR M	24.1

PMC MB Censeo

Major tenants



## Europa SC

Type	Retail
Rentable area	16,856
Occupancy	78.8%
NOI, EUR M	1.0
Fair value, EUR M	36.7

PMC CBRE

Major tenants



## North Star

Type	Office
Rentable area	10,550
Occupancy	89.7%
NOI, EUR M	1.2
Fair value, EUR M	19.9

PMC MB Censeo

Major tenants



## Meraki land plot

0.87 ha land acquired in 2018

Fair value EUR 11.4 M

Building permit received in Q4 2019 with NLA 15,132 m<sup>2</sup>

Construction started Q4 2019

At the end of Q1 2021, ~8% of the NLA of one tower was let to 2 local tenants and anchor tenant negotiations are ongoing.

All NOI figures stated as trailing-12 months (31.12.2020-31.12.2021).

<sup>1</sup>PMC – Property management company;

Source: Company's information, 31.12.2021 interim report.

# Baltic Horizon Fund's portfolio (2/3)

Property portfolio in Riga, Latvia



## Upmalas Biroji BC

Type	Office
Rentable area	10,459
Occupancy	100%
NOI, EUR M	1.7
Fair value, EUR M	21.9

PMC CBRE

Major tenants



## Vainodes I

Type	Office
Rentable area	8,052
Occupancy	100%
NOI, EUR M	1.4
Fair value, EUR M	18.2

PMC CBRE

Major tenants



## LNK Centre

Type	Office
Rentable area	7,452
Occupancy	100%
NOI, EUR M	1.1
Fair value, EUR M	16.8

PMC CBRE

Major tenants



## Sky SC

Type	Retail
Rentable area	3,249
Occupancy	97.6%
NOI, EUR M	0.4
Fair value, EUR M	5.1

PMC CBRE

Major tenants



## Galerija Centrs

Type	Retail
Rentable area	20,022
Occupancy	79.2%
NOI, EUR M	1.4
Fair value, EUR M	65.5

PMC CBRE

Major tenants



All NOI figures stated as trailing-12 months (31.12.2020-31.12.2021)  
Source: Company's information, 31.12.2021 interim report.



# Baltic Horizon Fund's portfolio (3/3)

Property portfolio in Tallinn, Estonia



## Postimaja SC

Type	Retail
Rentable area	9,145
Occupancy	93.9%
NOI, EUR M	1.8 <sup>1</sup>
Fair value, EUR M	29.8

PMC CBRE

Major tenants



## Coca-Cola Plaza

Type	Cinema
Rentable area	8,664
Occupancy	100%
NOI, EUR M	1.8 <sup>1</sup>
Fair value, EUR M	14.4

PMC CBRE

Major tenants



## Lincona

Type	Office
Rentable area	10,870
Occupancy	89.1%
NOI, EUR M	1.1
Fair value, EUR M	16.9

PMC CBRE

Major tenants



## Pirita SC

Type	Retail
Rentable area	5,444
Occupancy	89.2%
NOI, EUR M	0.5
Fair value, EUR M	9.5

PMC CBRE

Major tenants



All NOI figures stated as trailing-12 months (31.12.2020-31.12.2021)

<sup>1</sup>NOI in total for Postimaja and CC Plaza complex.

Source: Company's information, 31.12.2021 interim report.

# New Europa in Vilnius

Foodhall concept finished



## Plans for 2022-2024

- Finish of 1st stage Europa reconstruction (food hall and 1st floor upgrade)
- Capital investments into Galerija Centrs food hall in 2022
- Continuation of Postimaja reconstruction project in 2022-2023
- New quality acquisitions in office or logistics segment
- Enhancing sustainability by executing long-term and short-term ESG goals
- Heavy focus on releasing in offices and retail to increase Fund's WAULT
- Disposal analysis of portfolio
- Upgrading Baltic Horizon website and improved communication with investors

# Exchange market overview

Unit price not yet recovered from lockdowns

Baltic Horizon has become one of the most liquid equities in the Baltic stock market

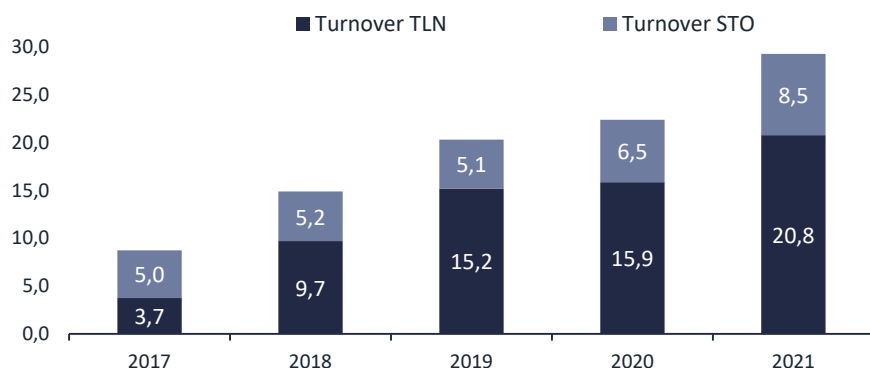
## Comments

**01** The unit price at the Nasdaq Tallinn Stock Exchange has remained relatively stable over the past years. At the beginning of 2020, when the unexpected virus disrupted the economies, the stock market plunged amid fears of disease's spread and its potential impact on the global economies. Despite the substantial initial downtrend in the unit price, Baltic Horizon Fund units have been on the path of recovery, especially when restrictions on movement for people have been lifted.

**02** Prior to the pandemic the trading volumes on stock exchange increased Y-o-Y from 7.4 M units in 2017 to 15.3 M units in 2019, which has resulted in a turnover of more than EUR 20 M in 2019. During pandemic trading volume continued to increase, Y-o-Y close to EUR 30 M in 2021.

**03** Net assets value per unit maintained a stable growth until the start of 2019. Since the second quarter of 2019 there has been a decrease in NAV (1.34 in Q1 2020 vs. 1.10 in Q4 2021), which was mainly affected by property valuations and the severe pandemic restrictions on shopping centres. Unit price on the market is expected to recover when all restrictions on movement of people are lifted in 2022.

## Increase in trading turnover (liquidity) 2016-H12021, M EUR/unit



Source: Company's website and nasdaqbaltic.com.

## Baltic Horizon Fund price changes 2017-2021, % (2017=0)



# 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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NORTHERN HORIZON

