



Q1 2023 Webinar

Baltic Horizon Fund



Notable events for the Fund



On 27 February 2023, the Fund opened the **BURZMA food hall** located on the 4th floor of Galerija Centrs in Riga. BURZMA hosts **10 modern restaurants, cafes, and bars in a unique interior design setting**. With an amazing view of Riga and rooftop terraces, the food hall is destined to become the city's new destination point.



On 8 February 2023, the Fund signed a share sale and purchase agreement with UAB PREF III to **sell 100% shares of BH Domus Pro UAB** which owns a retail park and an office building in Vilnius, Lithuania. Closing of the transaction took place on 6 March 2023.



On 6 April 2023, **S&P Global Ratings affirmed Baltic Horizon Fund's "MM5"** mid-market evaluation rating. The indicative corresponding rating for "MM5" on the global rating scale is "B/B+".



On 8 May 2023, the Fund completed the subscription for its **5-year secured bonds of EUR 42 million**. The bonds bear a fixed-rate coupon of 8.0% and a floating rate of 3-month EURIBOR payable quarterly.

Disposal of Domus PRO Retail & Office

On 8 February 2023, the Fund signed a share sale and purchase agreement with UAB PREF III to sell 100% shares of BH Domus Pro UAB which owns a retail park and an office building in Vilnius, Lithuania. The agreed price of the property was approximately EUR 23.5 million.

The proceeds of the transaction were used mainly to decrease the loan obligations of the Fund and partially to redeem the Fund’s bonds which mature in May 2023. Closing of the transaction took place on 6 March 2023.



EUR 23.5m
Sale price

2.1
Equity multiple

15.8%
IRR

Disposal of Duetto I / II

On 16 May 2023, the Fund signed a share sale and purchase agreement with East Capital to sell 100% shares of BH Duetto UAB. The agreed price of the property was approximately EUR 37 million.

Originally developed by YIT and acquired by Baltic Horizon in 2017 and 2019.

The proceeds of the transaction are to be used mainly to decrease the new bond of the Fund and invest into centrally located assets of the Fund. Closing of the transaction is expected to take place beginning of June.



EUR 37m
Sale price

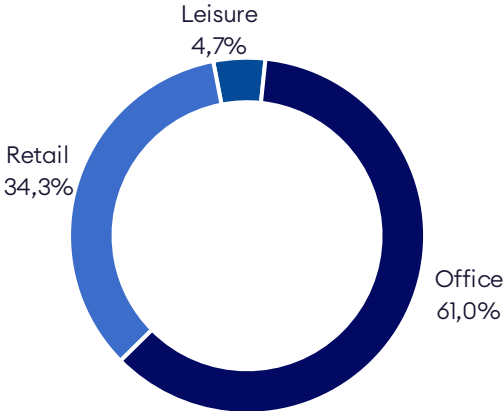
1.8
Equity multiple

13.7%
IRR

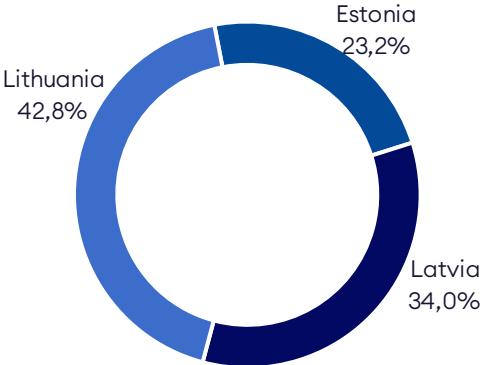
Baltic Horizon Fund portfolio summary

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

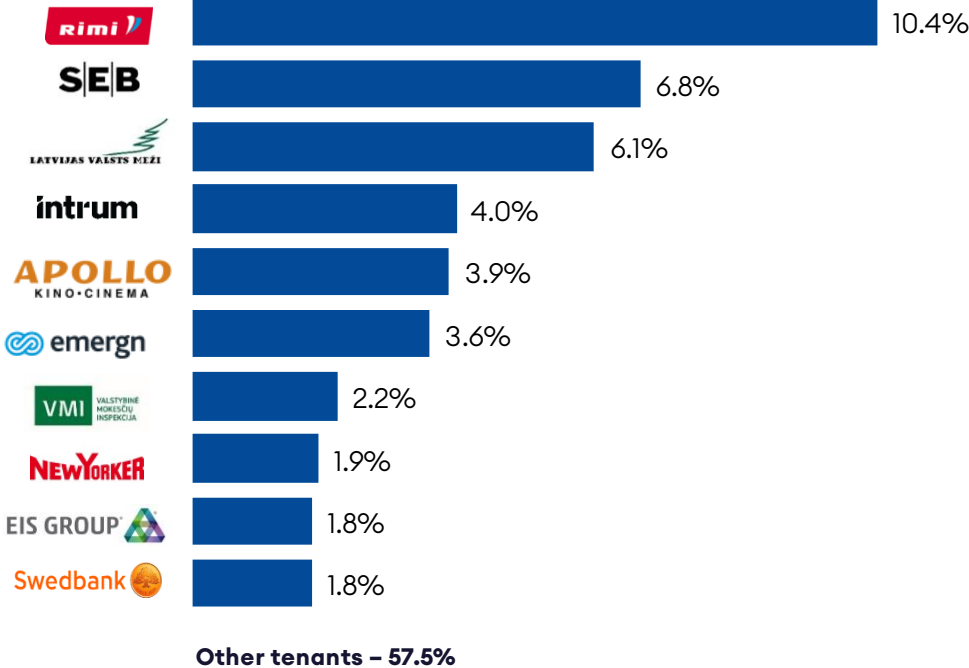
Net rental income by segment, Q1 2023



Net rental income by country, Q1 2023



Rental concentration: 10 largest tenants as of 31 March 2023



Main focus of the Fund

The Fund is actively introducing new concepts to the market to meet clients' needs



Completion of the first Meraki office building

The Fund completed the first stage in the construction of the modern B-class office building Meraki in September 2022. 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. The Funds aims to receive the BREEAM "Excellent" certification for the completed building.



New tram line to support the future of Postimaja & CC plaza

The Fund is in the process of prolonging all agreements in Postimaja and aims to achieve 100% by Q3 2023. New tramline construction ongoing which will be completed by 2024. New 10 year lease agreement negotiations taking place with Apollo for a top in class Entertainment Center in Rotermanni district.



Several anchor tenant negotiations ongoing in Europa SC

At the end of 2020, the Fund's management initiated the Europa SC refurbishment Project. Reconstruction works started in September 2021 with the aim to finish reconstruction in two stages. The first stage was completed with the opening of the fully leased out food hall Dialogai (900 sq. m) on 24 January 2022. The reopening of the fully refurbished Europa SC areas took place on 8 September 2022. Main focus is on turning the centre a multifunctional property in the CBD of Vilnius.



Opening of food hall and new fashion anchor in Galerija Centrs

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 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 food hall was opened in Q1 2023 and is quickly becoming great attraction point in the Old Town. The new anchor tenant will open the first flagship store of a global chain in Latvia and in Riga, in Galerija Centrs. Construction works started in Q1 2023, with an opening planned in November 2023.

Source: Company's information

Portfolio performance

As of 31 March 2023

Property name	Sector	Fair value ¹ (EUR '000)	NLA (sq. m)	Direct property yield Q1 2023 ²	Net initial yield Q1 2023 ³	Occupancy rate
Vilnius, Lithuania						
Duetto I	Office	18,845	8,587	8.4%	6.7%	97.6%
Duetto II	Office	20,253	8,674	7.6%	6.9%	100.0%
Europa SC	Retail	35,795	16,929	3.7%	4.1%	80.9%
North Star	Office	21,790	10,579	7.2%	7.0%	97.7%
Meraki	Office	17,422	8,113	1.3%	1.4%	30.9%
Total Vilnius		114,105	52,882	5.3%	5.1%	82.4%
Riga, Latvia						
Upmalas Biroji BC	Office	20,960	10,459	7.3%	8.4%	98.8%
Vainodes I	Office	18,010	8,128	6.3%	7.6%	100.0%
LNK Centre	Office	17,000	7,450	6.9%	6.9%	100.0%
Sky SC	Retail	5,773	3,259	7.8%	6.9%	98.5%
Galerija Centrs	Retail	67,885	19,270	1.3%	1.5%	81.3%
Total Riga		129,628	48,566	3.9%	4.4%	92.2%
Tallinn, Estonia						
Postimaja & CC Plaza complex	Retail	26,715	9,232	3.6%	4.9%	95.6%
Postimaja & CC Plaza complex	Leisure	14,396	9,094	6.6%	5.5%	100.0%
Lincona	Office	15,203	10,775	6.8%	7.2%	87.6%
Pirita SC	Retail	9,000	5,441	5.6%	7.9%	92.6%
Total Tallinn		65,314	34,542	5.1%	6.0%	93.8%
Total portfolio		309,047	135,990	4.7%	5.0%	88.8%

1. Based on the latest valuation as of 31 December 2022, subsequent capital expenditure 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 31 March 2023

Property	Date of acquisition	2018	2019	2020	2021	2022	Q1 2022	Q1 2023
Postimaja & CC Plaza complex	8 March 2013 ¹	2,447	2,495	1,932	1,805	2,044	450	522
Upmalas Biroji BC	30 August 2016	1,710	1,701	1,661	1,740	1,763	454	438
North Star	11 October 2019	-	315	1,419	1,208	1,371	321	383
Europa SC	2 March 2015	2,332	2,467	1,681	1,006	1,028	137	363
Duetto II	27 February 2019	-	1,090	1,354	1,353	1,409	352	349
Vainodes I	12 December 2017	1,463	1,462	1,464	1,449	1,383	356	343
Duetto I	22 March 2017	1,096	1,160	1,166	1,223	1,191	298	317
LNK Centre	15 August 2018	409	1,072	1,090	1,088	1,132	276	295
Lincona	1 July 2011	1,192	1,276	1,212	1,114	1,102	260	275
Galerija Centrs	13 June 2019	-	2,552	3,023	1,448	2,193	597	254
Domus Pro Retail ⁴	1 May 2014	1,160	1,132	1,092	1,145	1,280	315	225
Pirita SC	16 December 2016	900	438	677	484	664	139	177
Sky SC	7 December 2013	407	370	402	395	423	105	100
Domus Pro Office ⁴	1 October 2017	499	562	538	537	548	133	99
Meraki ²	10 September 2022	-	-	-	-	(101)	-	62
G4S Headquarters ³	12 July 2016	1,189	1,127	1,223	1,009	-	-	-
Total portfolio		14,804	19,219	19,934	17,004	17,430	4,193	4,202

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 is 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.

4. The Fund completed the disposal of Domus Pro Retail and Office complex on 6 March 2023

EUR '000	Fair value 31.03.2023	Net rental income Q1 2023	Net rental income Q1 2022	Change (EUR '000)	Change (%)
Like-for-like assets					
Retail	145,168	1,218	1,214	4	0.3%
Office	132,061	2,400	2,317	83	3.6%
Leisure	14,396	198	214	(16)	(7.5%)
Total like-for-like assets	291,625	3,816	3,745	71	1.9%
Developed assets	17,422	62	-	62	100.0%
Disposed assets	-	324	448	(124)	(27.7%)
Total portfolio assets	309,047	4,202	4,193	9	0.2%

Financial results for Q1 2023

Profit and loss

EUR '000	01.01.2023- 31.03.2023	01.01.2022- 31.03.2022	Change (%)
Rental income	5,274	4,959	6.4%
Service charge income	1,442	1,304	10.6%
Cost of rental activities	(2,514)	(2,070)	21.4%
Net rental income	4,202	4,193	0.2%
Administrative expenses	(736)	(659)	11.7%
Other operating income	10	7	42.9%
Losses on disposal of investment properties	(1,533)	-	100.0%
Valuation gains (losses) on investment properties	(4)	(6)	(33.3)%
Operating profit (loss)	1,939	3,535	(45.1)%
Net financial expenses	(2,037)	(1,442)	41.3%
Profit (loss) before tax	(98)	2,093	(104.7)%
Income tax charge	120	(97)	23.7%
Profit (loss) for the period	22	1,996	(98.9)%

Key comments:

- The Group recorded a net profit of EUR 22 thousand against EUR 1,996 thousand for Q1 2022.
- The net result was strongly impacted by the sale of the shares in BH Domus Pro UAB which resulted in the loss on disposal of EUR 1.5 million and increased financial expenses.
- The Group earned net rental income of EUR 4.2 million in both Q1 2023 and Q1 2022. The results for 2023 include two months' net rental income of Domus Pro Retail and Office property (EUR 0.3 million).
- The positive impact of the increase in net rental income was partly offset by non-recoverable property costs.
- Earnings per unit for Q1 2023 were EUR 0.00 (Q1 2022: EUR 0.02).

Financial results for Q1 2023

Financial position

EUR '000	31.03.2023	31.12.2022
Non-current assets		
Investment properties	309,047	333,123
Intangible assets	6	6
Property, plant and equipment	1	1
Derivative financial instruments	1,577	2,228
Total non-current assets	310,631	335,358
Current assets		
Trade and other receivables	2,247	2,693
Prepayments	292	273
Derivative financial instruments	637	292
Cash and cash equivalents	7,495	5,347
Total current assets	10,671	8,605
Total assets	321,302	343,963
Equity		
Paid in capital	145,200	145,200
Cash flow hedge reserve	1,471	1,681
Retained earnings	(13,204)	(13,226)
Total equity	133,467	133,655
Non-current liabilities		
Interest-bearing loans and borrowings	58,349	124,017
Deferred tax liabilities	5,203	7,490
Other non-current liabilities	998	1,240
Total non-current liabilities	64,550	132,747
Current liabilities		
Interest-bearing loans and borrowings	119,151	71,094
Trade and other payables	3,356	5,644
Income tax payable	1	10
Other current liabilities	777	813
Total current liabilities	123,285	77,561
Total liabilities	187,835	210,308
Total equity and liabilities	321,302	343,963

Key comments:

- At the end of Q1 2023, the Fund's GAV was EUR 321.3 million (31 December 2022: EUR 344.0 million), 6.6% lower than at the end of the previous period. The decrease is mainly related to the sale of the shares in BH Domus Pro UAB.
- At the end of Q1 2023, the Fund's consolidated cash and cash equivalents amounted to EUR 7.5 million (31 December 2022: EUR 5.3 million). Operating costs are fully covered by cash flows generated by rental activities.
- In March 2023 the Fund repaid the Domus Pro loan (EUR 11.0 million) and repaid EUR 6.0 million of the Europa loan using the proceeds from the sale of the shares in BH Domus Pro UAB.

Financial debt structure

As of 31 March 2023

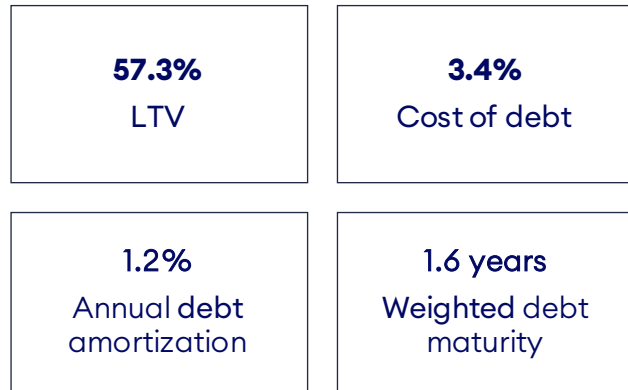
Property	Maturity	Currency	Carrying amount (EUR '000)	% of total	Fixed rate portion (%)
Galerija Centrs	26 January 2024	EUR	30,000	16.9%	100.0%
Duetto I and II	31 March 2028	EUR	19,055	10.8%	-%
CC Plaza and Postimaja	12 February 2026	EUR	17,114	9.7%	100.5%
Europa SC	15 March 2024	EUR	8,400	4.7%	219.1%
Upmalas Biroji BC	31 August 2023	EUR	11,750	6.6%	90.0%
Vainodes I	13 November 2024	EUR	9,842	5.6%	50.0%
North Star	15 March 2024	EUR	9,000	5.1%	100.0%
LNK	27 September 2023	EUR	8,229	4.6%	70.5%
Lincona	31 December 2027	EUR	7,129	4.0%	-%
Pirita SC	20 February 2026	EUR	4,752	2.7%	-%
Sky SC	31 January 2028	EUR	1,934	1.1%	-%
Total bank loans		EUR	127,205	71.8%	75.4%
Less capitalised loan arrangement fees ¹		EUR	(74)		
Total bank loans recognised in the statement of financial position		EUR	127,131		
5-year unsecured bonds	8 May 2023	EUR	50,000	28.2%	100.0%
Total bonds		EUR	50,000	28.2%	100.0%
Less capitalised bond arrangement fees ¹		EUR	(7)		
Total bonds recognised in the statement of financial position		EUR	49,993		
Total debt recognised in the statement of financial position		EUR	177,124	100.0%	88.2%

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

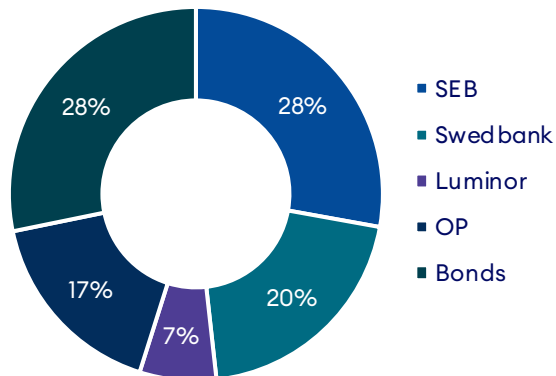
Financing summary

As of 31 March 2023

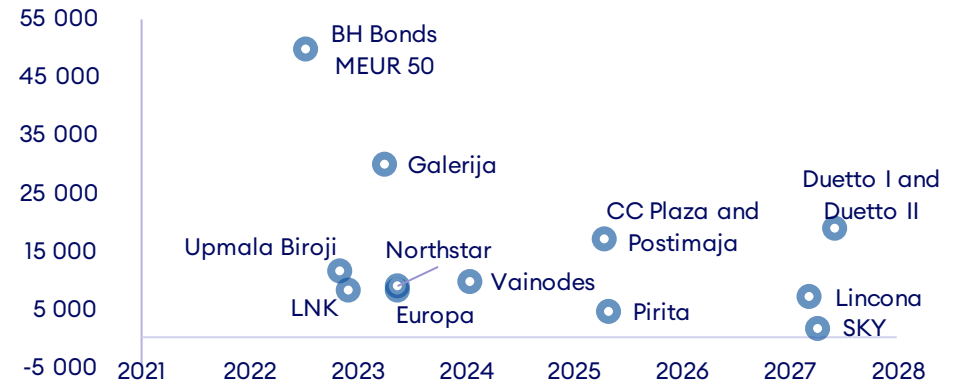
Summary of financing terms



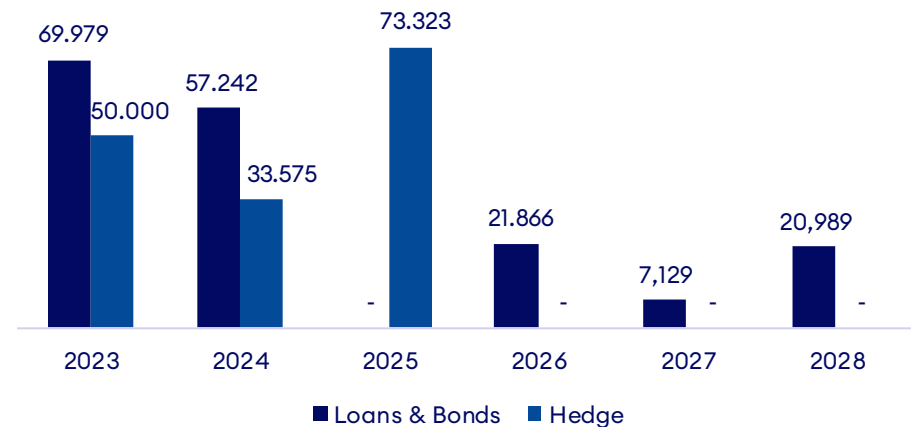
Diversification by creditor



Maturity by separate loan (EUR '000)



Loan and hedge maturity



Outlook for 2023

- Heavy focus on releasing to increase Fund's WAULT
- Continuous letting of the Meraki premises as well as new lease agreements in the reconstructed areas of the Europa SC, Galerija Centrs and Postimaja
- The Fund is targeting to reduce the leverage to approx. 50 % after the refinancing activities
- Actively monitor the costs and continuously look for cost optimisation opportunities such as investing in renewable energy solutions or reducing electricity consumption in the buildings' common areas
- The aim to obtain the widely acknowledged BREEAM certification for all assets in its portfolio by the end of 2023
- Improving the energy efficiency of all properties by at least one energy efficiency class by 2025 and to have a clear strategy to achieve carbon neutrality in our portfolio by 2030

Contact information

Management board message

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.

Tarmo Karotam

Baltic Horizon Fund
Fund Manager



Tarmo Karotam

Fund Manager
tarmo.karotam@nh-cap.com
+358 40 8332321



Disclaimer

This material is provided to you for information purposes only. You should not rely upon it or use it to form the definitive basis for any decision, contract, commitment or action whatsoever. Northern Horizon Capital AS (NHC) has taken all reasonable care to ensure that the information contained in this presentation is reliable but no guarantees, warranties or representations are made as to the accuracy or completeness of the information contained in this document.

This presentation includes description of Baltic Horizon Fund ("Baltic Horizon"). It is furnished to you solely for your information and you may not reproduce it (or any part of it) or redistribute it (or any part of it) to any other person or otherwise divulge, directly or indirectly, its contents to any person. This presentation does not constitute or form part of, and should not be construed as, an offer, solicitation, financial promotion or invitation to subscribe for, underwrite or otherwise acquire, any units of Baltic Horizon.

This presentation includes forward-looking statements. These statements may be identified by such words as "aim", "target", "expect", and similar expressions, or by their context. These statements are made on the basis of current knowledge and assumptions and address matters that involve risks and uncertainties. Accordingly, no assurance is given that such forward-looking statements will prove to have been correct. You should not place undue reliance on forward-looking statements. NHC undertakes no obligation to update, or correct any inaccuracies which may become apparent after the date of this presentation.

When reviewing the information, please note that past performance is no guide to or guarantee of future performance. You should be aware that ideas and potential opportunities discussed herein carry risk, that the value of described assets can vary over time, and that potential investors may not get back the full amount invested. NHC urges all persons considering investment opportunities to seek professional legal, regulatory, accounting, tax or other type of advice, as may be appropriate, on all relevant issues in considering investments in securities and review Baltic Horizon Fund rules available at <https://www.baltichorizon.com/fund-rules/> and information about the Fund (including financial reports, governance, ESG and sustainability related principles) and NHC on Fund website <https://www.baltichorizon.com>.

This presentation is private and confidential and is being made available to the recipient on the express understanding that it will be kept confidential and that the recipient shall not copy, reproduce, distribute or pass to third parties this presentation in whole or in part at any time. This presentation is not intended for distribution to or use by, any person or entity that is a citizen, resident, registered or located in any state, country or jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

