



Webinar Q3 2024

# Baltic Horizon Fund

15 November 2024



# Modern City Life Strategy summarized

## **Location and Accessibility:**

- Central locations
- Good transportation infrastructure
- Walkability and Bikeability

## **Mixed-Use communities:**

- Multipurpose spaces
- Live-Work integration

## **Sustainability and Wellness:**

- Green design elements
- Health and Wellness Facilities

## **Investment Potential:**

- Attractive and sustainable rental yield of 7%
- Long-Term value potential of 3% p.a.

**The target is to align majority of assets (60%) to the Modern City Life mixed use strategy while maintaining other type of assets with long-term governmental and social tenants to provide diversification to portfolio while sustaining attractive returns to investors.**

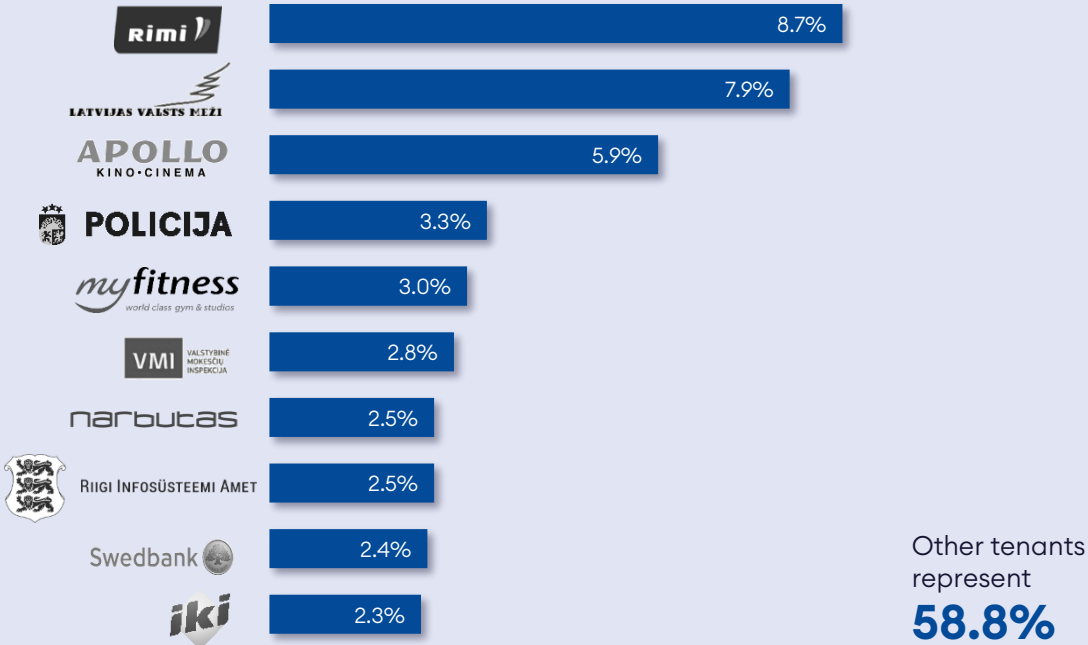
# KPI overview

KPI	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
<b>Occupancy (Quarter avg.)</b>	79.5%	78.4%	81.6%	82.3%	80.1%
<b>Occupancy (End of Quarter)</b>	77.1%	81.1%	83.5%	79.1%	80.5%
<b>Average rent (EUR/sqm)</b>	13.7	13.0	13.1	13.0	12.8
<b>Net Operating Income ('000 EUR)</b>	3,228	2,894	2,794	3,189	2,886
<b>Total debt outstanding ('000 EUR)</b>	144,266	143,742	151,868	146,694	146,583
<b>Average cost of debt</b>	5.1%	5.2%	5.8%	6.4%	6.3%
<b>Euribor level</b>	4.1%	3.9%	3.9%	3.7%	3.3%
<b>LTV</b>	56.1%	57.3%	60.3%	61.3%	60.7%
<b>Capital expenditure (including fitouts)</b>	(901)	(1,094)	(950)	(1,116)	(1,656)

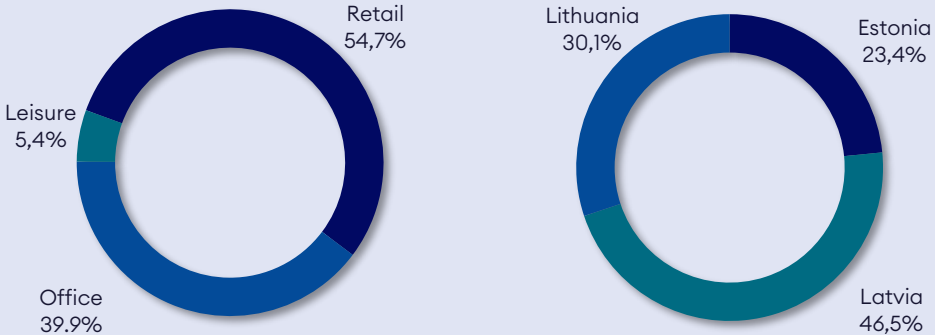
# Baltic Horizon Fund portfolio summary

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

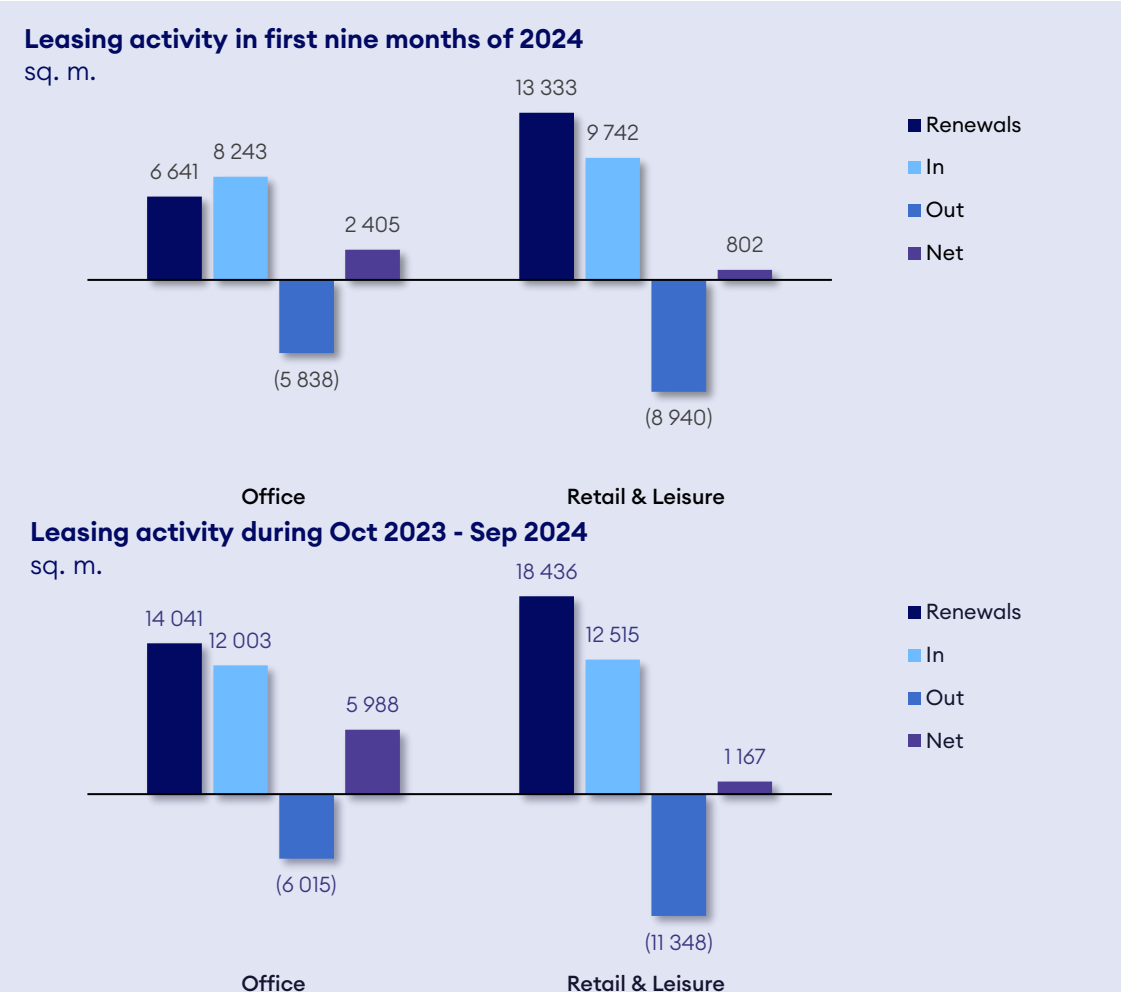
**Rental concentration of the Fund's subsidiaries**  
as of 30 September 2024



**Fund segment and country distribution**  
as of 30 September 2024



# Baltic Horizon Fund leasing and tenant update



## Key comments

- From a lowest occupancy point in **September 2023 at 77.1%**, we have signed approx. **57,000 sq. m.** in lease prolongations and in new leases over the past twelve months, contributing to an increase of occupancy by **3,493 sq. m.** to **80.5%** with a target of **90% by year end.** Change from Q1 occupancy of **83.5%** is mainly due to LNK lease termination. As of November 2024, the actual occupancy with newly signed leases and LOIs also for LNK property is approx. **86%.**
- During the 9 months of 2024, the Fund signed new leases for **17,985 sq.m,** securing an annual rental income of **EUR 2,229** thousand for future periods. Furthermore, we are pleased to report that **41** new tenants have been attracted to our buildings, while **48** existing tenants have decided to continue their cooperation with us.
- This success was primarily attributable to significant deals with prominent anchor tenants such as **Narbutas** in Meraki (3,200 sq. m) and **Apollo Group** in Coca-Cola Plaza (2,200 sq. m) and significant leases in Galerija Centrs with **My Fitness** (1,700 sq. m) and **Expo GROUP** (2,000 sq. m), which opened an interactive entertainment exhibition in the shopping centre.

# Occupancy Update November 2024

Several LOIs signed in order to reach 90%+ occupancy by year-end 2024 and increase the monthly NOI to 1,4-1,5 mEUR given that all tenants have completed their fitout works, moved into the premises, and maintaining the current asset portfolio without any disposals. The main focus is on finalizing tenant negotiations in four properties: Upmalas Biroji, Europa, Galerija Centrs and S27.

Property	Sector	NLA	September 2024	Leased area November 2024*	Occupancy November 2024*	Under negotiations	Occupancy target	Difference
Lincona	Office	10,767	88.5%	9,533	88.5%	994	97.8%	9.2%
SKY	Retail	3,259	100.0%	3,259	100.0%		100.0%	0.0%
Coca Cola Plaza	Leisure	8,121	82.3%	8,121	100.0%		100.0%	17.7%
Europa	Retail	17,118	73.4%	13,915	81.3%	2,934	98.4%	25.0%
Upmalas Biroji	Office	11,203	62.4%	6,987	62.4%	2,366	83.5%	21.1%
Pirita	Retail	5,425	95.5%	5,351	98.7%	73	100.0%	4.5%
LNK	Office	7,450	0.0%	3,680	47.2%	4,120	100.0%	100.0%
Vainodes I	Office	8,128	100.0%	8,128	100.0%		100.0%	0.0%
Postimaja	Retail	9,232	100.0%	9,232	100.0%		100.0%	0.0%
Galerija Centrs	Retail	19,331	87.2%	16,894	87.4%	1,591	95.6%	8.4%
North Star	Office	10,721	96.2%	10,188	95.0%	380	98.6%	2.3%
Meraki	Office	7,870	85.0%	6,758	85.9%	587	93.3%	8.4%
	<b>TOTAL</b>	<b>118,624</b>	<b>80.5%</b>	<b>102,047</b>	<b>85.8%</b>	<b>13,046</b>	<b>96.7%</b>	<b>16.3%</b>

\*(including newly signed leases & LOIs)

# Financial results for 2024 Q3

## Profit and loss

EUR '000	01.07. - 30.09.2024	01.07. - 30.09.2023	Change (%)
Rental income	3,690	3,893	(5.2%)
Service charge income	1,236	1,334	(7.3%)
Cost of rental activities	(2,040)	(1,999)	2.1%
<b>Net rental income</b>	<b>2,886</b>	<b>3,228</b>	<b>(10.6%)</b>
Administrative expenses	(615)	(572)	7.5%
Losses on disposal of investment properties	31	-	-
Other operating income	(171)	(59)	189.8%
Valuation losses on investment properties	(5)	(3)	66.7%
<b>Operating profit</b>	<b>2,126</b>	<b>2,594</b>	<b>(18.0%)</b>
Financial income	8	74	(89.2%)
Financial expenses	(2,597)	(2,891)	(10.2%)
<b>Net financial expenses</b>	<b>(2,589)</b>	<b>(2,817)</b>	<b>(8.1%)</b>
<b>Loss before tax</b>	<b>(463)</b>	<b>(223)</b>	<b>107.6%</b>
Income tax charge	(87)	12	(825.0%)
<b>Profit (loss) for the period</b>	<b>(550)</b>	<b>(211)</b>	<b>160.7%</b>

## Key comments:

- The Group earned consolidated net rental income of EUR 8.9 million in Q1-Q3 2024 (Q1-Q3 2023: 11.7 million).
- On an EPRA like-for-like basis, the portfolio net rental income in Q1-Q3 2024 was 13.5% lower than in Q1-Q3 2023, mainly due to vacancies in office properties in Latvia due to the expiry of the agreement with the main tenant in Upmalas Biroji BC and 100% vacancy of S27, as well as lower rental income in Europa due to the new anchor tenant IKI equipping the premises and opening in March.
- In Q1-Q3 2024, the Group recorded a net loss of EUR 13.4 million compared with a net loss of EUR 15.2 million for Q1-Q3 2023. The result was mainly driven by the property valuation loss.

## EPRA like-for-like net rental income by segment

EUR '000	Fair value 30.09. 2024	Net rental income Q1-Q3 2024	Net rental income Q1-Q3 2023	Change (EUR '000)	Change (%)
<b>Like-for-like assets</b>					
Retail	132,115	4,718	4,742	(24)	(0.5%)
Office	96,397	3,710	4,906	(1,196)	(24.4%)
Leisure	13,067	441	597	(156)	(26.1%)
<b>Total like-for-like assets</b>	<b>241,579</b>	<b>8,869</b>	<b>10,245</b>	<b>(1,376)</b>	<b>(13.4%)</b>
Disposed assets	-	-	1,478	(1,478)	(100.0%)
<b>Total portfolio assets</b>	<b>241,579</b>	<b>8,869</b>	<b>11,723</b>	<b>(2,854)</b>	<b>(24.3%)</b>

# Financial results for 2024 Q3

## Financial position

EUR '000	30.09.2024	31.12.2023
<b>Non-current assets</b>		
Investment properties	241,579	250,385
Intangible assets	10	11
Property, plant and equipment	6	4
Derivative financial instruments	-	295
Other non-current assets	1105	647
<b>Total non-current assets</b>	<b>242,700</b>	<b>251,342</b>
<b>Current assets</b>		
Trade and other receivables	3,146	2,591
Prepayments	881	402
Derivative financial instruments	92	621
Cash and cash equivalents	10,007	6,182
<b>Total current assets</b>	<b>14,126</b>	<b>9,796</b>
<b>Total assets</b>	<b>256,826</b>	<b>261,138</b>
<b>Equity</b>		
Paid in capital	151,495	145,200
Cash flow hedge reserve	25	531
Retained earnings	-49,598	-36,199
<b>Total equity</b>	<b>101,922</b>	<b>109,532</b>
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	85,098	64,158
Deferred tax liabilities	2,385	2,774
Other non-current liabilities	1,361	1,079
<b>Total non-current liabilities</b>	<b>88,844</b>	<b>68,011</b>
<b>Current liabilities</b>		
Interest-bearing loans and borrowings	61,485	79,584
Trade and other payables	4,153	3,343
Income tax payable	-	6
Other current liabilities	422	662
<b>Total current liabilities</b>	<b>66,060</b>	<b>83,595</b>
<b>Total liabilities</b>	<b>154,904</b>	<b>151,606</b>
<b>Total equity and liabilities</b>	<b>256,826</b>	<b>261,138</b>

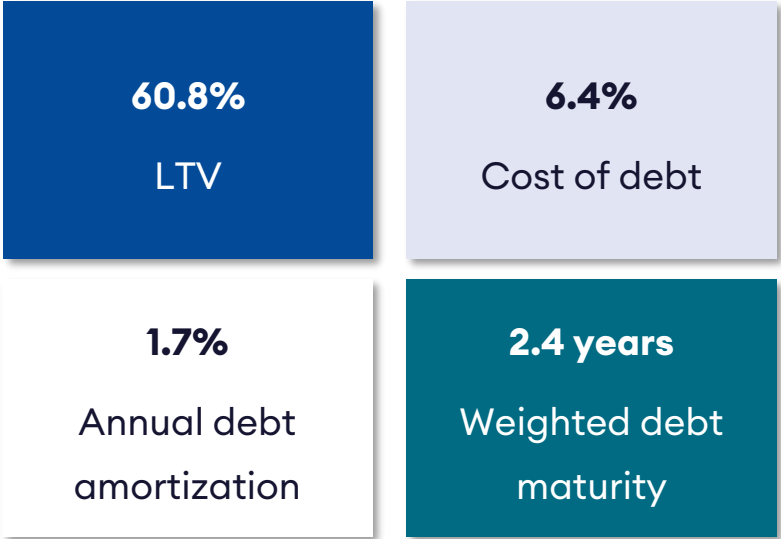
## Key comments:

- As of 30 September 2024, the Fund's GAV was EUR 256.8 million (31 December 2023: EUR 261.1 million). The decrease compared to the prior year was mainly related to the negative revaluation of the Fund's investment properties of approx. EUR 12.5 million and was partly offset by the private placement of new units which took place in September and resulted in a cash increase of approx. EUR 6.29 million.
- As of 30 September 2024, interest-bearing loans and bonds (excluding lease liabilities) were EUR 146.3 million (31 December 2023: EUR 143.5 million). Annual loan amortisation accounted for 2.1% of total debt outstanding. In July 2024, the Fund successfully signed the Meraki loan with Bigbank for a total amount of EUR 10.3 million. A major part of the loan was used to repay short term bonds in the amount of EUR 8.0 million maturing in July 2024.
- As of 30 September 2024, the Fund's consolidated cash and cash equivalents amounted to EUR 10.0 million (31 December 2023: EUR 6.2 million).
- As of 30 September 2024, the Fund's NAV was EUR 101.9 million (31 December 2023: EUR 109.5 million).



# Financing Summary as of 31 October 2024

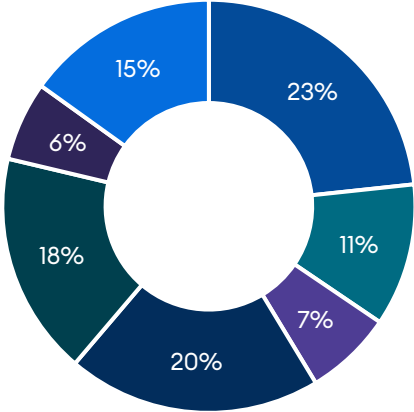
Summary of financing terms



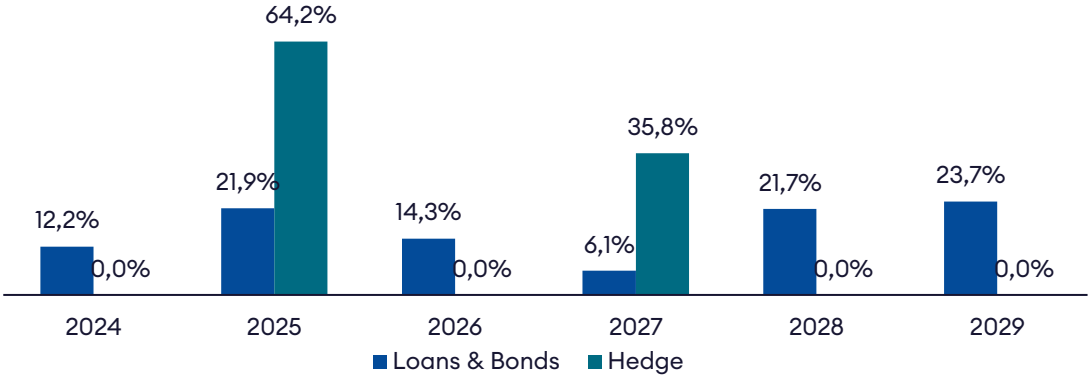
Maturity by separate loan (EUR '000)



Diversification by creditor



Loan and hedge maturity



# Action plan for 2024-2025

- In order to reach our goals the action plan focuses on the following main topics:
  - Continue signing new lease agreements to **increase occupancy to 90%+** by end of 2024 and **96%+ in H1 2025**
  - **Continue refinancing certain properties** and reduce bank amortizations and/or bond amount
  - Private placement completed – bolstering the balance sheet of the Fund **in order to reduce debt** and/or perform **required fit-out** Investments
  - Achieve a **Debt Service Coverage Ratio (DSCR) of 1.2+** through increasing NOI and reducing (cost of) debt by 2025
  - **Disposal of certain assets** which are not part of Fund’s long-term strategy, increased focus on social tenants and assets in 2025 and beyond
  - **Fully redeem the remainder of the bond** of EUR 22 million through a combination of new equity, cheaper debt and further disposals during 2025