

Company Baltic Horizon Fund / Northern Horizon Capital AS  
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Unaudited consolidated net rental income for June 2021 amounted to EUR 1.7 million, corresponding to a large net rental income increase of EUR 0.5 million compared to the previous month (EUR 1.2 million in May 2021). The increase was heavily influenced by a strong recovery of the Fund's shopping centres after lifted COVID-19 restrictions in the Baltics. BHF portfolio shopping centres have been showing increasing footfall and turnover figures for the past several months. Net rental income of the office segment remained stable during the month. The Fund recognized an unaudited consolidated net loss of EUR 12.3 million in June 2021. The Portfolio occupancy rate as of 30 June 2021 stood strong at 94.0%. Overall rent collection remained commendable with 89.5% of invoiced rent collected to date for the 2021 financial year.

At the end of June 2021, the Fund's consolidated cash and cash equivalents amounted to EUR 15.5 million (31 December 2020: EUR 13.3 million) which demonstrates sufficient liquidity and financial flexibility. The Fund is planning to invest outstanding cash to (re)development projects during the remaining year. The Fund continues to generate strong positive cash flow from operations despite market uncertainty associated with COVID-19.

The net asset value (NAV) of Baltic Horizon Fund (the Fund) unit at end of June 2021 amounted to EUR 1.0439 per unit. Compared to the previous month, NAV per unit decreased by -8.93%. The total net asset value of the Fund dropped to EUR 124.9 million over the month. The NAV was largely affected by a decrease in values of investment properties due to COVID-19 induced downward assumptions on (re)development projects and a more conservative view on cash flows in several properties. The negative impact on the NAV was offset by a strong recovery of operating performance of investment properties. EPRA NRV by the end of June 2021 decreased to EUR 1.1176 per unit, corresponding to a decrease of -9.01% over the last month.

From June 2021, the portfolio valuations are conducted by a new independent real estate appraiser Colliers (previously Newsec Baltics). As of 30 June 2021, the fair value of the Baltic Horizon Fund portfolio decreased to EUR 328.4 million



(31 December 2020: 340.0 million). In June 2021, the portfolio revaluation resulted in a fair value loss of EUR 14.3 million (-4.1% of portfolio value) primarily due to the uncertainty associated with rents in retail markets caused by COVID-19 pandemic and temporary devaluation of (re)development projects. Valuations of properties with (re)development potential are expected to improve after all planned works are completed and as the rental market recovers from the COVID-19 pandemic. Rapid vaccinations and lifted lockdowns should present a strong turning point for valuations in the upcoming months. Compared to the previous valuations, the change in the portfolio valuation was mainly driven by downward adjustments to present net rental income and cash flow projections. Other assumptions remained similar to 2020 year-end valuations. The summary of property valuations will be published on the Fund's webpage. More information will be provided in the semi-annual report.

As of 30 June 2021, the total consolidated assets of the Fund stood at EUR 346.9 million (31 December 2020: EUR 355.6 million).

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The Fund is a registered contractual public closed-end real estate fund that is managed by Alternative Investment Fund Manager license holder Northern Horizon Capital AS. Both the Fund and the Management Company are supervised by the Estonian Financial Supervision Authority.

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