

ANNUAL REPORT

(Translation of the Estonian original)

Beginning of the financial year: 1 January 2014
End of the financial year: 31 December 2014

Business name: Northern Horizon Capital AS

Commercial Registry no: 11025345

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This version of the report is a translation from the original, which was prepared in Estonian.

All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over this translation.

Table of contents

Management report	3
Financial statements	4
Balance sheet	4
Income statement	5
Cash flow statement	6
Statement of changes in equity	7
Notes to the financial statements	8
Note 1 Accounting principles	8
Note 2 Cash	10
Note 3 Receivables and prepayments	10
Note 4 Prepaid taxes and tax liabilities	11
Note 5 Other receivables	11
Note 6 Payables and prepayments	12
Note 7 Contingent liabilities and assets	12
Note 8 Share capital	12
Note 9 Revenue	13
Note 10 Cost of goods and services sold	13
Note 11 Administrative expenses	13
Note 12 Staff costs	14
Note 13 Other finance income and expenses	14
Note 14 Related parties	14
Independent Auditor's Report	16
Signatures of the Management Board to the 2014 Annual Report	18

Management report

Northern Horizon Capital AS is an entity established on 24 March 2004 for the management of real estate and real estate investments. The founder and the parent company of Northern Horizon Capital AS is Northern Horizon Capital A/S registered in the Kingdom of Denmark. Northern Horizon Capital AS is a management company of BPT Baltic Opportunity Fund that is registered with the Estonian Financial Supervisory Authority.

In 2014, the Company's revenue amounted to EUR 432,697 (2013: 350,313) and the net profit to EUR 397,257 (2013: 354,727).

As at 31 December 2014, the Company had 1 employee (31.12.2013: 1 employee) whose salary totalled EUR 76,672 (2013: 68,217). As at year end date the Management Board consists of two members. The Supervisory Board consists of three members who received no remuneration.

At 14.10.2009, the Estonian Financial Supervisory Authority granted Northern Horizon Capital AS an activity license of a fund management company and the company is continuing its operations as a licensed fund management company under the supervision of the Estonian Financial Supervision Authority to this day.

In 2014, the fund manager increased the volume of funds' assets and made several investments in the name of the fund.

In 2015, Northern Horizon Capital AS will continue its activities in the field of investment management and plans to increase the volume of managed assets by focused administrative management of real estate objects.

Key financial ratios:

		2014	2013
Revenue growth		24%	7%
Equity growth		14%	14%
Liquidity ratios			
Current ratio	current assets/ short-term liabilities	69.04	22.77
Quick ratio	(current assets – inventories – prepayments)/short-term liabilities	68,56	22.61
Cash ratio	cash/ short-term liabilities	7.74	3.52
Profitability ratios			
Net profit margin	net profit/ revenue	91.81%	101.26%
ROA	net profit/ average of total assets	12.97%	13.23%
ROE	net profit/ average of equity	13.16%	13.42%
Leverage ratios			
Debt ratio	total liabilities/ total liabilities and equity	1.45%	1.40%
Debt-to-equity ratio	total liabilities / equity	1.47%	1.42%

Financial statements

Balance sheet

(in EUR)

	31.12.2014	31.12.2013	Note
Assets			
Current assets			
Cash	365,709	140,740	2
Receivables and prepayments	2,898,502	769,493	3
Total current assets	3,264,211	910,233	
Non-current assets			
Receivables and prepayments	0	1,949,004	3
Property, plant and equipment	899	1,319	
Total non-current assets	899	1,950,323	
Total assets	3,265,110	2,860,556	
Liabilities and equity			
Liabilities			
Current liabilities			
Payables and prepayments	47,278	39,981	6
Total current liabilities	47,278	39,981	
Total liabilities	47,278	39,981	
Equity			
Share capital at nominal value	125,000	125,000	8
Statutory reserve capital	12,500	12,500	8
Retained earnings (losses)	2,683,075	2,328,348	
Net profit (loss) for the financial year	397,257	354,727	
Total equity	3,217,832	2,820,575	
Total liabilities and equity	3,265,110	2,860,556	

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Income statement

(In EUR)

	2014	2013	Note
Revenue	432,697	350,313	9
Cost of goods and services sold	-140,251	-117,021	10
Gross profit (loss)	292,446	233,292	
Marketing expenses	-4,058	-3,450	
Administrative expenses	-20,375	-8,818	11
Operating profit (loss)	268,013	221,024	
Other finance income and expenses	129,244	133,703	13
Profit (loss) before income tax	397,257	354,727	
Profit (loss) for the financial year	397,257	354,727	

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Cash flow statement

(In EUR)

	2014	2013	Note
Cash flows from operating activities			
Operating profit (loss)	268,013	221,024	
Adjustments			
Depreciation, amortisation and impairment loss	420	603	
Total adjustments	420	603	
Change in receivables and prepayments related to operating activities	-50,692	104,356	3
Change in payables and prepayments related to operating activities	7,297	5,975	6
Total cash flows from operating activities	225,038	331,958	
Cash flows from investing activities			
Loans granted	0	-330,000	14
Interest received	28	22	13
Total cash flows from investing activities	28	-329,978	
Total cash flows	225,066	1,980	
Cash and cash equivalents at the beginning of the year	140,740	138,760	2
Change in cash and cash equivalents	225,066	1,980	
Effect of exchange rate changes	-97	0	13
Cash and cash equivalents at the end of the year	365,709	140,740	2

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Statement of changes in equity

(In EUR)

	Share capital	Statutory reserve capital	Retained earnings (losses)	Total
31.12.2012	125,000	12,500	2,328,348	2,465,848
Net profit (loss) for the financial year	0	0	354,727	354,727
31.12.2013	125,000	12,500	2,683,075	2,820,575
Net profit (loss) for the financial year	0	0	397,257	397,257
31.12.2014	125,000	12,500	3,080,332	3,217,832

Additional information about share capital is disclosed in Note 9.

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Notes to the financial statements

Note 1 Accounting principles

General information

The 2014 financial statements of Northern Horizon Capital AS have been prepared in accordance with the accounting principles generally accepted in Estonia and under the historical cost convention, except as disclosed in the accounting policies below. The accounting principles generally accepted in Estonia are prescribed by the Accounting Act and supplemented by the guidelines issued by the Accounting Standards Board.

Financial statements are presented in euros.

Cash

In the cash flow statement, cash and cash equivalents include cash, bank account balances (except for overdraft), term deposits with original maturities of three months or less as well as other investments in money market funds and other highly liquid funds that invest in instruments which individually meet the definition of cash and cash equivalents. Overdraft is included within short-term borrowings in the balance sheet.

Foreign currency transactions and financial assets and liabilities denoted in foreign currency

All other currencies apart from the functional currency - the euro - are considered as foreign currencies. Foreign currency transactions are recorded based on the foreign currency exchange rates of the European Central Bank prevailing at the transaction date.

Monetary assets and liabilities (receivables and loans payable in cash) are translated into the functional currency based on the foreign currency exchange rates of the European Central Bank prevailing at the balance sheet date.

Foreign exchange gains and losses resulting from translation are recorded in the income statement of the reporting period.

Non-monetary assets and liabilities that are not measured using the fair value method (e.g. prepayments, inventories valued at cost, property, plant and equipment and intangible assets) are not translated at the balance sheet date, but are recorded based on the European Central Bank exchange rates prevailing at the transaction date.

Receivables and prepayments

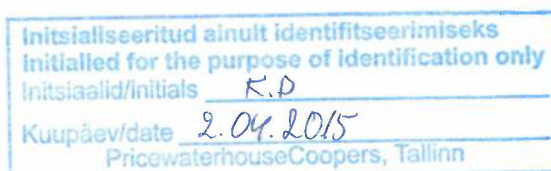
Short-term receivables generated in the ordinary course of business are classified as trade receivables. Trade receivables are carried at amortised cost (i.e. original invoice amount less repayments and any impairment allowances).

Impairment of receivables is recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Evidence of potential impairment includes the bankruptcy or major financial difficulties of the debtor and non-adherence to payment dates. The impairment of the receivables that are individually significant (i.e. need for a write-down) is assessed individually for each customer, based on the present value of expected future collectible amounts. Receivables that are not individually significant or for which no objective evidence of impairment exists, are collectively assessed for impairment using previous years' experience on uncollectible receivables. The amount of the impairment loss is the difference between the carrying amounts of receivables and the present value of expected future cash flows discounted at the effective interest rate.

The carrying amount of receivables is reduced by the amount of the impairment loss of doubtful receivables and the impairment loss is recognised in profit or loss within Administrative expenses. If a receivable is deemed irrecoverable, the receivable and the respective allowance are taken off the balance sheet. The collection of the receivables that have previously been written down is accounted for as a reversal of the cost of doubtful receivables.

All other receivables (accrued income, loans granted and other short and long-term receivables), except for the receivables acquired for the purpose of selling, are carried at amortised cost.

The amortised cost of short-term receivables normally equals their original invoice amount less collections and allowance made for impairment of these receivables; therefore short-term receivables are carried in the balance sheet at the collectible amount. For calculating the amortised cost of long-term receivables, they are initially recognised at the fair value of the consideration receivable and in subsequent periods, interest income is calculated on the receivable using the effective interest rate method.



Financial liabilities

Financial liabilities (trade payables, loans granted, accrued expenses and other current and non-current liabilities) are initially recognised at cost, including all costs directly attributable to the acquisition.

Financial liabilities are subsequently measured at amortised cost.

The amortised cost of current financial liabilities normally equals their nominal value; therefore current financial liabilities are stated in the balance sheet at their redemption value. For calculating the amortised cost of non-current financial liabilities, they are initially recognised at the fair value of the consideration received (less any transaction costs) and in subsequent periods, interest expense is calculated on the liability using the effective interest rate method.

A financial liability is classified as current when it is due to be settled within 12 months after the balance sheet date or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Borrowings due to be settled within 12 months after the balance sheet date but that are refinanced as long-term after the balance sheet date but before the financial statements are authorised for issue are recognised as current liabilities.

Borrowings that the lender has the right to recall at the balance sheet date as a consequence of a breach of contractual terms are also recognised as current liabilities.

Statutory reserve capital

Statutory reserve capital is formed to comply with the requirements of the Commercial Code. Reserve capital is formed from annual net profit allocations. During each financial year, at least one-twentieth of the net profit shall be entered in reserve capital, until reserve capital reaches one-tenth of share capital.

Reserve capital may be used to cover a loss, or to increase share capital. Payments shall not be made to shareholders from reserve capital.

Revenue

Revenue is recognised at the consideration received or receivable taking into account all discounts and rebates granted. Revenue from rendering of services is recorded upon rendering of the service.

Taxation

According to the Income Tax Act, the annual profit earned by entities is not taxed in Estonia. Corporate income tax is paid on dividends, fringe benefits, gifts, donations, costs of entertaining guests, non-business related disbursements and adjustments of the transfer price.

From 1 January 2015, the tax rate on the net dividends paid out of retained earnings is 20/80 (until 31.12.2014: 21/79). In certain circumstances, it is possible to distribute dividends without any additional income tax expense.

The corporate income tax arising from the payment of dividends is recognised as a liability and an income tax expense in the period in which dividends are declared, regardless of the period for which the dividends are paid or the actual payment date.

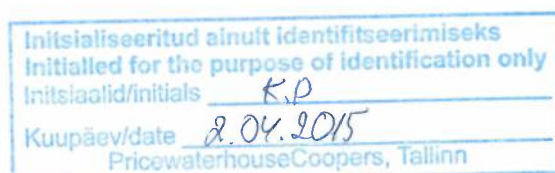
An income tax liability is due at the 10th day of the month following the payment of dividends.

Due to the nature of the taxation system, the entities registered in Estonia do not have any differences between the tax bases of assets and their carrying amounts and hence, no deferred income tax assets and liabilities arise. A contingent income tax liability which would arise due the payment of dividends is not recognised in the balance sheet. The maximum income tax liability which would accompany the distribution of Company's retained earnings is disclosed in the notes to the financial statements.

Related parties

In preparing the financial statements of Northern Horizon Capital AS, the following entities have been considered as related parties:

- a. owners (parent and the persons controlling or having significant influence over the parent);
- b. other entities in the same consolidation group (incl. fellow subsidiaries);
- c. management and supervisory boards;
- d. close relatives of the persons described above and the entities under their control.



Note 2 Cash

(in EUR)

	31.12.2014	31.12.2013
Current account	365,709	140,740
Total cash	365,709	140,740

Note 3 Receivables and prepayments

(in EUR)

	31.12.2014	Division by due date			Note
		due in 12 months	due between 1-5 years	due after 5 years	
Trade receivables	110,975	110,975	0	0	
Accounts receivable	110,975	110,975	0	0	14
Other receivables	2,764,443	2,764,443	0	0	
Loan receivables	2,586,277	2,586,277	0	0	5,14
Interest receivables	129,313	129,313	0	0	5,14
Accrued income	48,853	48,853	0	0	14
Prepayments	22,931	22,931	0	0	
Prepaid expenses	20,526	20,526	0	0	
Other prepayments	2,405	2,405	0	0	
Other accounts receivable	153	153	0	0	
Total receivables and prepayments	2,898,502	2,898,502	0	0	

	31.12.2013	Division by due date			Note
		due in 12 months	due between 1-5 years	due after 5 years	
Trade receivables	87,906	87,906	0	0	
Accounts receivable	87,906	87,906	0	0	14
Prepaid and deferred taxes	337	337	0	0	4
Other receivables	2,624,080	675,076	1,949,004	0	
Loan receivables	2,211,743	262,739	1,949,004	0	5,14
Interest receivables	374,534	374,534	0	0	5,14
Accrued income	37,803	37,803	0	0	14
Prepayments	6,174	6,174	0	0	
Prepaid expenses	4,540	4,540	0	0	
Other prepayments	1,634	1,634	0	0	
Total receivables and prepayments	2,718,497	769,493	1,949,004	0	

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Note 4 Prepaid taxes and tax liabilities

(in EUR)

	31.12.2014		31.12.2013	
	Prepayment	Tax liabilities	Prepayment	Tax liabilities
Corporate income tax	0	195	0	10
Value added tax	0	23	337	0
Personal income tax	0	695	0	695
Social security tax	0	1,426	0	1,192
Mandatory funded pension	0	72	0	72
Unemployment insurance premiums	0	108	0	108
Total prepaid taxes and tax liabilities	0	2,519	337	2,077

Information on tax balances is also disclosed in Note 6.

Note 5 Other receivables

(in EUR)

	31.12.2014	Division by due date			Interest rate	Currency	Termination date	Note
		due in 12 months	due between 1-5 years	due after 5 years				
Loan receivables	2,586,277	2,586,277	0	0				
Loan granted to parent company	262,739	262,739	0	0	5%	EUR	30-day prior notice	14
Loan granted to parent company	2,323,538	2,323,538	0	0	5%	EUR	31.12.2015	14
Interest receivables	129,313	129,313	0	0				
Interest receivables from	129,313	129,313	0	0				14
Accrued income	48,853	48,853	0	0				
Total other receivables	2,764,443	2,764,443	0	0				

	31.12.2013	Division by due date			Interest rate	Currency	Termination date	Note
		due in 12 months	due between 1-5 years	due after 5 years				
Loan receivables	2,211,743	262,739	1,949,004	0				
Loan granted to parent company	262,739	262,739	0	0	5%	EUR	30-day prior notice	14
Loan granted to parent company	1,949,004	0	1,949,004	0	5%	EUR	31.12.2015	14
Interest receivables	374,534	374,534	0	0				
Interest receivables from	374,534	374,534	0	0				14
Accrued income	37,803	37,803	0	0				
Total other receivables	2,624,080	675,076	1,949,004	0				

Additional information: on 01.01.2015 the Company signed an annex to the loan contract to extend the maturity of the loan. Based on the annex the new interest rate is 4%.

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Note 6 Payables and prepayments

(in EUR)

	31.12.2014	Division by due date			Note
		due in 12 months	due between 1-5 years	due after 5 years	
Trade payables	1,307	1,307	0	0	
Tax payable	2,519	2,519	0	0	4
Other payables	43,452	43,452	0	0	
Other accrued expenses	43,452	43,452	0	0	
Total payables and prepayments	47,278	47,278	0	0	

	31.12.2013	Division by due date			Note
		due in 12 months	due between 1-5 years	due after 5 years	
Trade payables	4,658	4,658	0	0	
Tax payable	2,077	2,077	0	0	4
Other payables	33,246	33,246	0	0	
Other accrued expenses	33,246	33,246	0	0	
Total payables and prepayments	39,981	39,981	0	0	

As at 31.12.2014, trade payables include payables to related parties in the amount of EUR 7,630 (31.12.2013: EUR 9,466), see Note 14.

Note 7 Contingent liabilities and assets

(in EUR)

	31.12.2014	31.12.2013
Contingent liabilities		
Maximum potential dividend distributable	2,464,266	2,119,619
Contingent income tax liability associated with dividends	616,066	563,446
Total contingent liabilities	3,080,332	2,683,075

The calculation of the maximum potential income tax liability is based on the assumption that the sum of distributable net dividends and the accompanying income tax on payments in 2015 may not exceed distributable profit as at 31.12.2014

The tax authorities may at any time inspect the books and records within 5 years subsequent to the reported tax year, and may impose additional tax assessments and penalties. The Company's management is not aware of any circumstances which may give rise to a potential material liability in this respect.

Note 8 Share capital

(in EUR)

	31.12.2014	31.12.2013
Share capital	125,000	125,000
Number of shares (pcs)	12,500	12,500
Nominal value of shares	10	10

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Note 9 Revenue

(in EUR)

	2014	2013	Note
The revenue by geographical regions			
Revenue from European Union countries			
Estonia	432,697	350,313	14
Total revenue from European Union countries	432,697	350,313	
Total revenue	432,697	350,313	
The revenue by operating activities			
Fund management	432,697	350,313	14
Total revenue	432,697	350,313	

Note 10 Cost of goods and services sold

(in EUR)

	2014	2013	Note
Transportation costs	631	283	
Rental and lease expenses	4,891	3,994	
Miscellaneous office expenses	5,364	6,348	
Business trip expenses	13,239	8,327	
Training expenses	1,599	2,366	
Staff costs	76,672	68,217	12
Depreciation and amortisation cost	420	603	
Legal and other consultancy expenses	12,569	9,397	
Other	24,866	17,486	
Total cost of goods and services sold	140,251	117,021	

Other expenses include expenses related to the fund management in the amount of EUR 12,975 (2013: EUR 11,151).

Note 11 Administrative expenses

(in EUR)

	2014	2013
Other	326	464
Audit, accounting and other administrative cost	20,049	8,354
Total administrative expenses	20,375	8,818

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Note 12 Staff costs

(in EUR)

	2014	2013	Note
Wages and salaries	46,548	50,217	
Social tax	15,504	17,067	
Employee insurance	295	266	
Other	14,325	667	
Total staff costs	76,672	68,217	10
Average number of employees in full-time equivalent units	1	1	

Note 13 Other finance income and expenses

(in EUR)

	2014	2013	Note
Interest income from loans	129,313	133,681	14
Interest income from deposits	28	22	
Other financial expenses	-97	0	
Total finance income and expenses	129,244	133,703	

Note 14 Related parties

(in EUR)

Parent company of the accounting entity	Northern Horizon Capital A/S
Country of registration of the parent company of the accounting entity	Denmark

Balances with related parties by groups

	31.12.2014		31.12.2013	
	Receivables	Payables	Receivables	Payables
Parent company	2,715,591	0	2,586,227	0
Other consolidation group entities	0	7,630	0	7,441
Members of the management and supervisory boards and private persons with significant shareholding and companies under their control or significant influence	159,828	0	125,709	2,025

2014	Purchases	Sales	Loans granted
Parent company	1,995	0	374,534
Other consolidation group entities	6,005	0	0
Members of the management and supervisory boards and private persons with significant shareholding and companies under their control or significant influence	0	432,697	0

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2013	Purchases	Sales	Loans granted
Parent company	1,837	0	330,000
Other consolidation group entities	7,965	0	0
Members of the management and supervisory boards and private persons with significant shareholding and companies under their control or significant influence	0	350,313	0

Remuneration and other significant benefits of members of the management and supervisory board	2014	2013
Remuneration	65,502	0

Northern Horizon Capital AS has sold fund management services (these transactions are reflected in the table above under row "Members of the management and supervisory boards and private persons with significant shareholding and companies under their control or significant influence") and purchased IT, events organizing, office and other forward rendered services from related parties.

In 2013, a loan in the amount of EUR 330 000 was granted to the parent company. In 2014, the loan granted to the parent company increased by previously calculated interest receivables of EUR 374,534 which was added to the loan principal amount. Interest income from loans to parent company in 2014 totalled EUR 129,313 (2013: EUR 133,681).

In case of premature termination of the employment contract with the members of the Management Board, the Company has an obligation to pay termination compensation (one month average salary according to the contracts in effect at the balance sheet date which is based on the Employment Contracts Act in force).

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Independent Auditor's Report

Signatures of the Management Board to the 2014 Annual Report

We hereby confirm the correctness of the data presented in the annual report of Northern Horizon Capital AS:



Tarmo Karotam

Member of the Management Board



Aušra Stankevičienė

Member of the Management Board