



NORTHERN HORIZON CAPITAL

BALTIC HORIZON FUND Q3 WEBINAR

Financial results for 2018 Q3



MAIN EVENTS Q2-Q3

Further growth of portfolio is expected

Sustainable dividend story (Q3 12 m rolling is 7,8%)

Buyback program ongoing

- Apr 2018 – S&P mid-market rating of MM3 (corresponding to BB+/BB on a global scale) assigned;
 - Apr 2018 – 30mln EUR unsecured bond maturing in 5y placed at 4,25% fixed coupon;
→ subscribed by 8 Baltic institutional investors (59% - LHV, 19% - INVL, 17% - SEB);
 - May 2018 – c.a. 17mln EUR of bank loans repaid from bond proceeds; better margins and non-amortizing structures obtained as a result;
 - May 2018 – Q1 2018 financial results published;
 - May 2018 – 0,024 EUR dividend declared for Q1 2018 (0,023 EUR previous quarter);
 - June 2018 – AGM for buyback approval (up to 5mln EUR in 12 months if the price is below NAV);
 - May 2018 – 0,87ha land plot adjacent to Domus Pro SC acquired for 1,7mln EUR for development;
 - August 2018 - 0,025 EUR dividend declared for Q2 2018
 - August 2018 - Q1/H1 2018 financial results published;
 - August 2018 – LNK acquisition in Riga completed
 - October 2018 - 0,026 EUR dividend declared for Q3 2018
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STABILIZED GROWTH STRATEGY

Main focus on expansion projects

Growth by off-market (in-kind) opportunities

New portfolio manager and analyst joining the management team

- **Diversified cash flow Baltic listed REIT** with key focus on high dividends and long term value creation through active asset management
 - **Flexible market adjusted strategy** following the main RE market trends
 - Main focus on **capital cities and retail / office** segments
 - **Stabilized growth** of fund by first and foremost focusing on value added expansion opportunities within BH portfolio
 - **Further equity raising through private placement in Q4**
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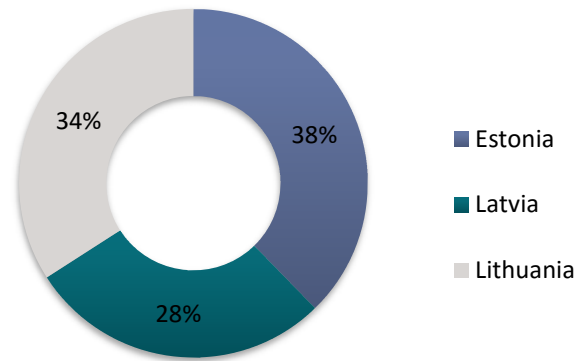


BALTIC HORIZON'S 12 PROPERTY PORTFOLIO BREAKDOWN

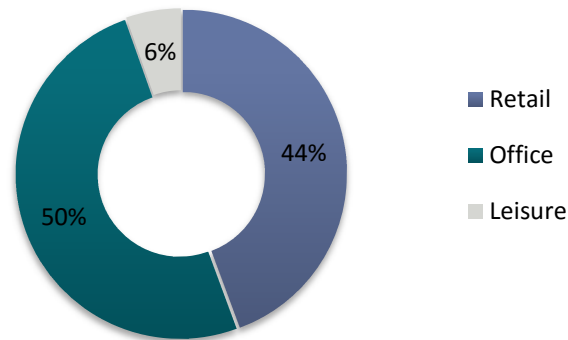
Geographical and Segmental diversification

5 properties with expansion potential

Geographical allocation



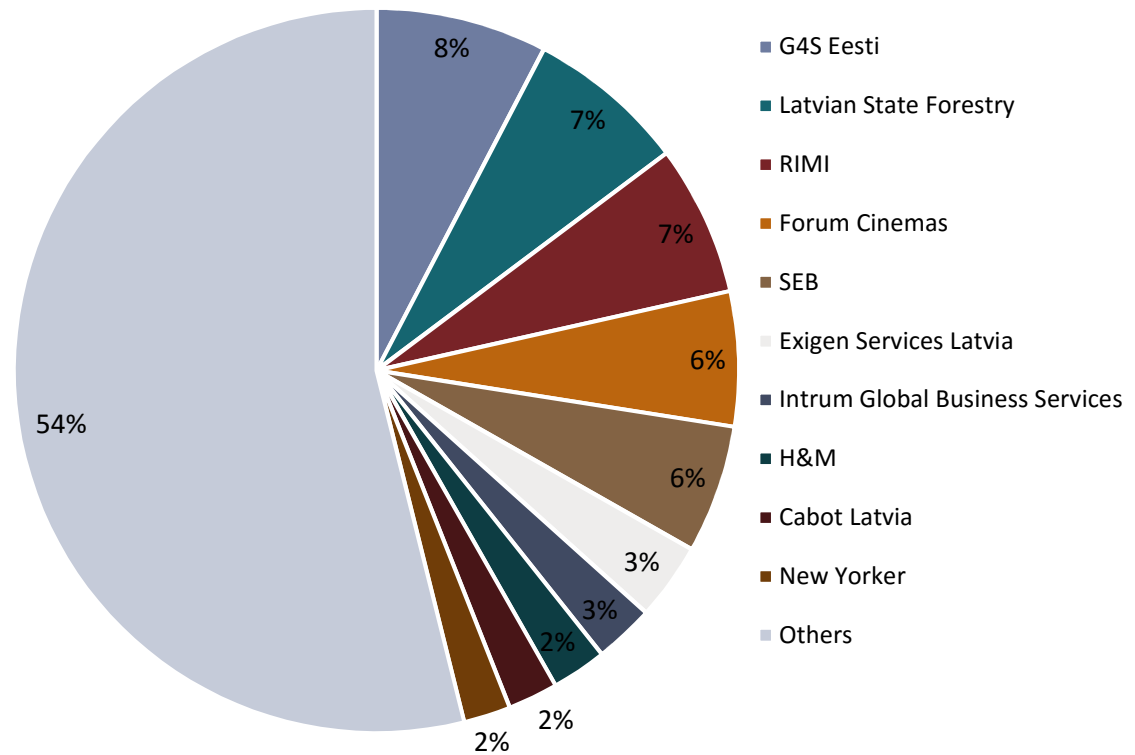
Segment allocation





RENTAL CONCENTRATION – 10 LARGEST

Largest tenant now only 7.6% of the portfolio



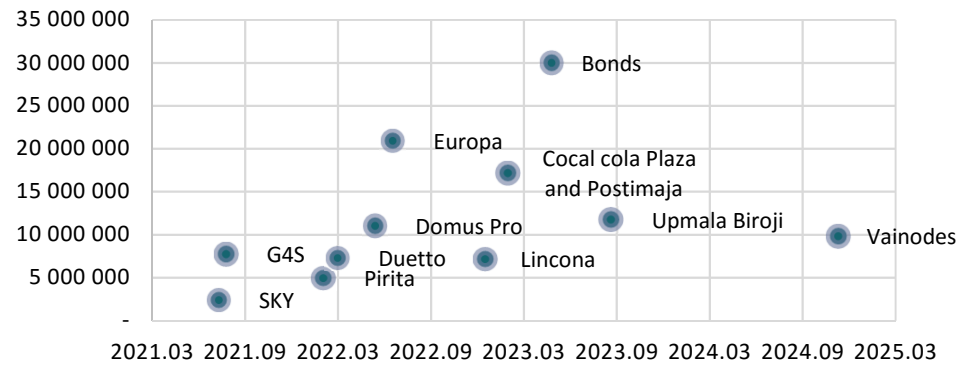


FINANCING SUMMARY

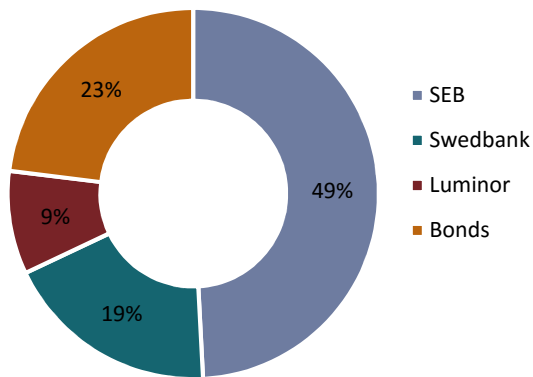
AS OF 30 SEPTEMBER 2018

53.3%	2.3%
LTV	Cost of debt
0.1%	4.3 years
Annual debt amortization	Weighted debt maturity

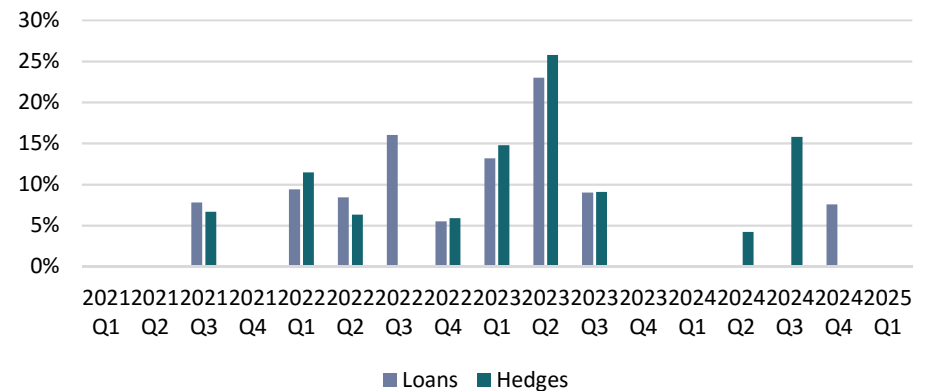
Maturity by separate loan



Diversification by creditor



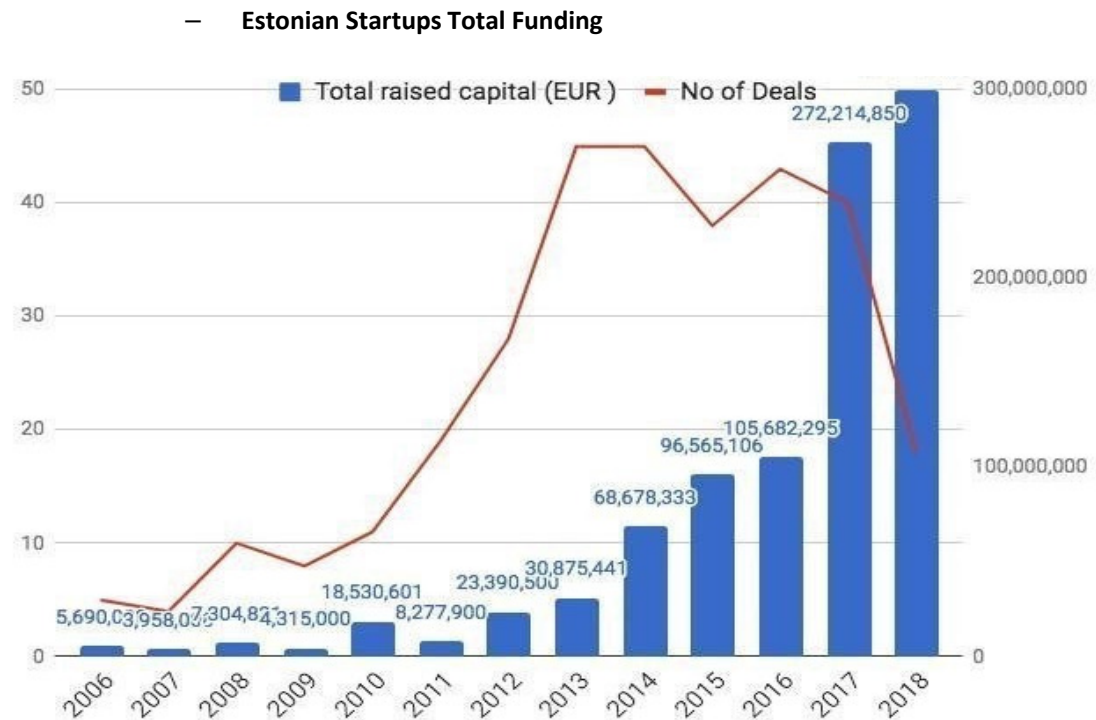
Loan and hedge maturity





BALTICS – HOME FOR SHARED SERVICE CENTERS AND START-UPS

- Estonia, one of the countries with most startups per capita – 550 startups by 2018
- EUR 300 million raised in 2018, most recently EUR 150 million from Daimler by Taxify
- Approx. EUR 400 million turnover in 2018 for start-up sector, sector which was not there 10 years ago
- Skype, Playtech, Transferwise, Taxify, Cleveron, Adcash, Zereturnaround, Pipedrive, Starship, Click&Grow
- More than 4000 people working for Estonian startups

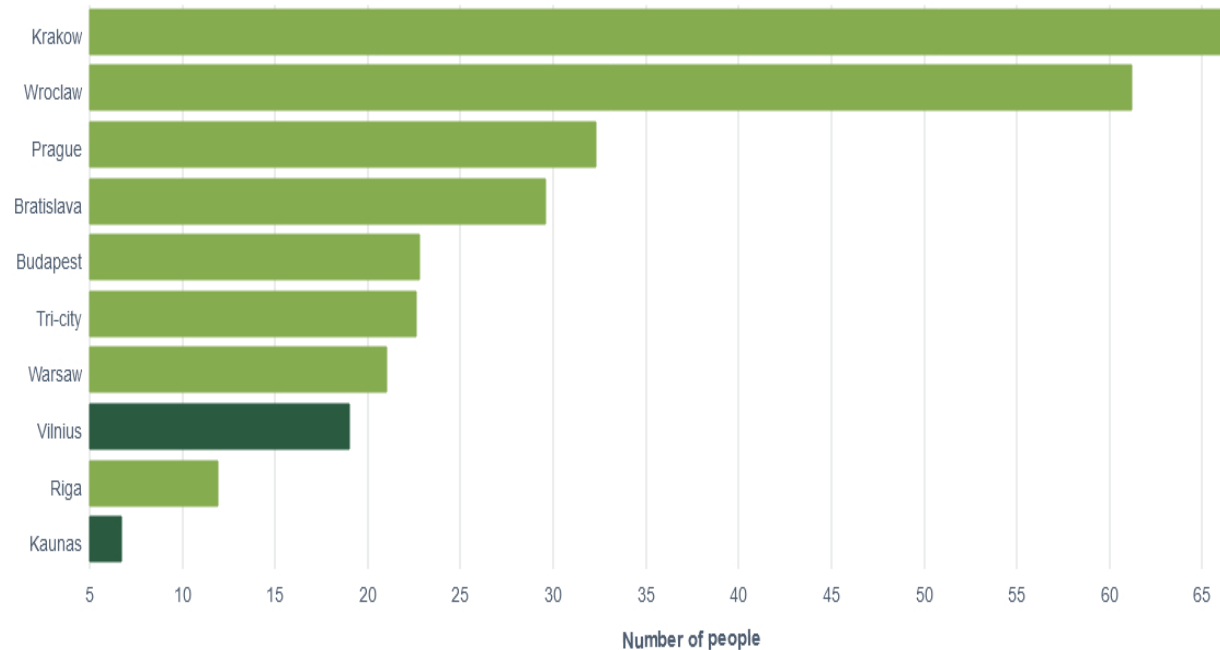




VILNIUS HAS ESTABLISHED ITSELF AS A GROWING SSC HOT SPOT

- Share service center sector growth of 82% in the last three years
- 23,000 experienced professionals employed in the financial services industry, still 25% cheaper compared to CEE average
- 7,500 graduates with analytical background annually
- 4 out of 5 most desired employers are SSCs
- Almost 50% of SSC/BPO employees in Lithuania have a masters degree or higher
- Barclays, SEB, Danske Bank, Citco, Paroc, Nasdaq, Western Union etc.

— People employed in shared service centers per 1,000 residents





FINANCIAL RESULTS FOR Q3 2018

FINANCIAL PERFORMANCE

- In Q3 2018, NOI amounted to EUR 3.8 million and was higher than in Q3 2017 (EUR 2.6 million).

<i>Euro '000</i>	2018 Q3	2017 Q3 (restated)*	Change (%)
Rental income	4,012	2,955	35,8%
Service charge income	619	425	45,6%
Cost of rental activities	-791	-742	6,6%
Net rental income	3,840	2,638	45,6%
Administrative expenses	-748	-535	39,8%
Other operating income / (expenses)	3	64	-95,3%
Valuation gains / (loss) on investment properties	-	-	
Operating profit	3,095	2,167	42,8%
Financial income	2	2	0,0%
Financial expenses	-776	-348	123,0%
Net financing costs	-774	-346	123,7%
Profit before tax	2,321	1,821	27,5%
Income tax charge	-126	-146	-13,7%
Profit for the period	2,195	1,675	31,0%

*In 2018, the Group adopted IFRS 15 Revenue from Contracts with Customers, effective from 1 January 2018. As a result, the comparative figures for "service charge income" and "cost of rental activities" were adjusted. The adjustment did not have an impact on the Group's equity. The impact is related to presentation changes in accordance with IFRS 15.

FINANCIAL RESULTS FOR Q3 2018

ASSETS AS OF 30/09/2018

- Total investment value increased from EUR 189 million to EUR 243 million after Postimaja SC, LNK BC acquisitions and revaluations in June

<i>Euro '000</i>	30.09.2018	31.12.2017
Non-current assets		
Investment properties	243,497	189,317
Derivative financial instruments	39	89
Other non-current assets	138	146
Total non-current assets	243,674	189,552
Current assets		
Trade and other receivables	2,418	1,568
Prepayments	246	108
Cash and cash equivalents	2,610	24,557
Total current assets	5,274	26,233
Total assets	248,948	215,785



FINANCIAL RESULTS FOR Q3 2018

EQUITY & LIABILITIES AS OF 30/09/2018

- In Q3 2018, the Fund NAV to EUR 109,7 million. The increase is related to an increase in property valuation and the fund also made a EUR 2.0 million cash distribution to its unitholders (EUR 0.025 per unit).

<i>Euro '000</i>	30.09.2018	31.12.2017
Equity		
Paid in capital	94,198	91,848
Cash flow hedge reserve	(472)	(56)
Retained earnings	15,981	15,184
Total equity	109,707	106,976
Non-current liabilities		
Interest bearing loans and borrowings	129,790	96,497
Deferred tax liabilities	5,641	5,206
Derivative financial instruments	512	88
Other non-current liabilities	966	859
Total non-current liabilities	136,909	102,650
Current liabilities		
Interest bearing loans and borrowings	106	1,590
Trade and other payables	1,935	4,202
Income tax payable	-	14
Derivative financial instruments	-	15
Other current liabilities	291	338
Total current liabilities	2,332	6,159
Total liabilities	139,241	108,809
Total equity and liabilities	248,948	215,785



FINANCIAL RESULTS FOR Q3 2018 SUMMARY

- IFRS NAV per unit EUR 1.3859 (EUR 1.3811 as at 30/06/2018).
- EPRA NAV per unit EUR 1.4847 (EUR 1.4805 as at 30/06/2018).

<i>Euro '000</i>	30.09.2018	31.12.2017	Change (%)
Investment property in use	243,497	189,317	28.6%
Gross asset value (GAV)	248,948	215,785	15.4%
Interest bearing loans	129,896	98,087	32.4%
Total liabilities	139,241	108,809	28.0%
Net asset value (NAV)	109,707	106,976	2.6%

<i>Euro '000</i>	30.06.2018	30.09.2018
IFRS NAV	109.320	109.707
Exclude deferred tax liability on investment properties	7.231	7.343
Exclude fair value of financial instruments	678	473
Exclude deferred tax on fair value of financial instruments	-38	-1
EPRA NAV*	117.191	117.522
Amount of units	79.157.094	79.157.094
EPRA NAV per unit	1,4805	1,4901



3. FINANCIAL DEBT STRUCTURE OF THE FUND AS OF 30/09/2018

Property	Maturity	Currency	Carrying amount <i>Euro'1000</i>	% of total	Fixed rate portion
Lincona	31 Dec 2022	EUR	7,189	5.5%	95%
CC Plaza and Postimaja	12 Feb 2023	EUR	17,200	13.2%	100% ¹
Sky SC	1 Aug 2021	EUR	2,414	1.9%	-%
Europa SC	5 Jul 2022	EUR	20,900	16.0%	88%
G4S Headquarters	16 Aug 2021	EUR	7,750	5.9%	100%
Upmalas Biroji BC	31 Aug 2023	EUR	11,750	9.0%	90%
Pirita SC	20 Feb 2022	EUR	4,944	3.8%	126%
Duetto I	20 Mar 2022	EUR	7,300	5.6%	99% ²
Domus Pro	31 May 2022	EUR	11,000	8.4%	67%
Vainodes I	13 Mar 2024	EUR	9,842	7.6%	50%
Total bank loans		EUR	100,289	77.0%	86%
5 year-unsecured bonds		EUR	30,000	23.0%	100%
Less capitalized bond arrangement fees ³			(207)		
Total debt recognised in the statement of financial position		EUR	129,896	100%	89%

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.



BH UNITS SECONDARY TRADING

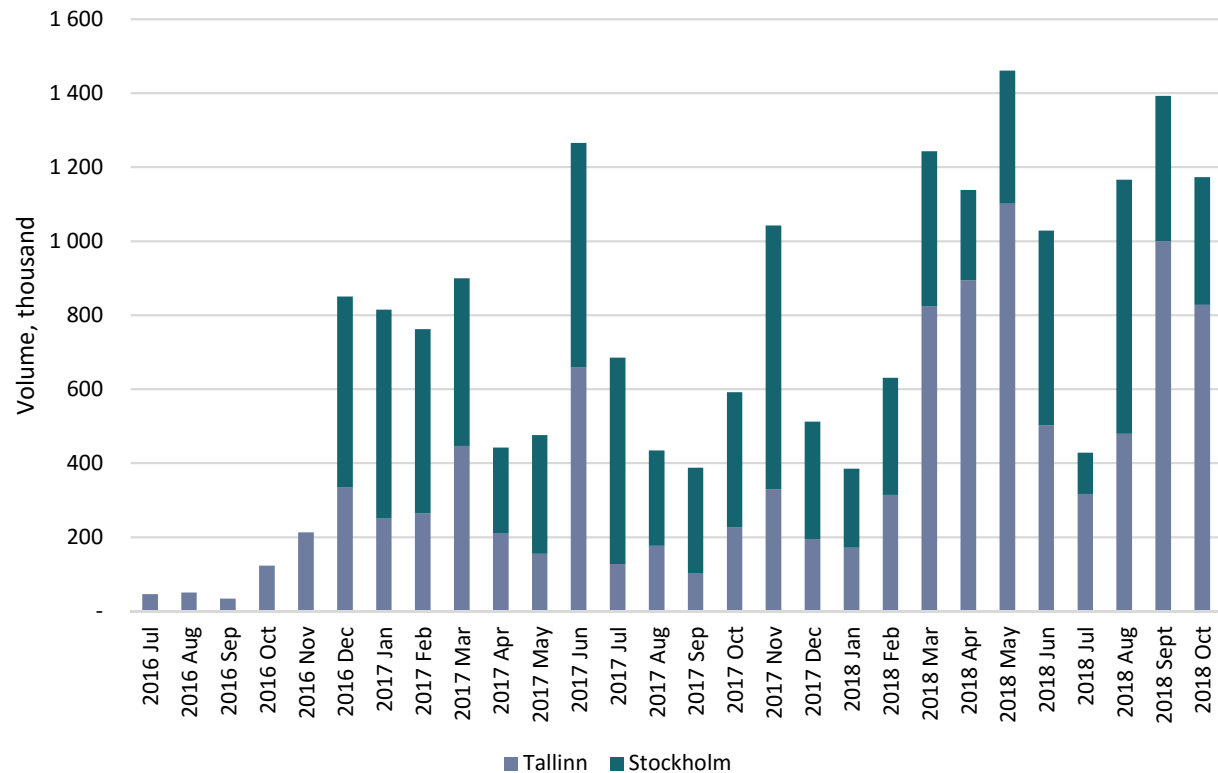
Over 4,500 investors

Improving liquidity in the secondary market

OTC transactions excluded

Market cap of approx. 104mln EUR turns around in c.a. 6.8 years (based on last 12 months trading volume).

BH units secondary trading per month





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