

NORTHERN HORIZON  
CAPITAL

BALTIC HORIZON  
2016 ANNUAL REPORT  
WEBINAR

19 April 2017



## AGENDA

- Baltic Horizon Fund performance of 12 months 2016
- Portfolio review
- Nasdaq announcement – BHF plan of next public offering of new units

# AUDITED FINANCIAL RESULTS FOR 2016

## FINANCIAL PERFORMANCE

- The financial results remained unchanged compared to the preliminary disclosure on 17<sup>th</sup> of February 2017.
- NOI increased by 34.0%, mainly due to new properties acquired (Upmalas Biroji, G4S and Pirita Shopping centre).
- The listing related costs charged in 2016 - EUR 938 thousand.
- Total valuation gain for the year - EUR 2,737 thousand.

<i>Euro '000</i>	2016	2015	Change (%)
Rental income	7,874	6,073	29.7%
Expenses reimbursement revenue	2,594	2,062	25.8%
Cost of rental activities	(3,315)	(2,796)	18.6%
<b>Net rental income</b>	<b>7,153</b>	<b>5,339</b>	<b>34.0%</b>
Expenses related to IPO	(938)	-	n/a
Administrative expenses	(1,252)	(984)	27.2%
Other operating income / (expenses)	97	267	-63.7%
Net loss on disposal of investment property	-	(10)	-100.0%
Valuation gains / (loss) on investment properties	2,562	2,886	-11.2%
Valuation gains / (loss) on investment property under construction	175	-	n/a
<b>Operating profit</b>	<b>7,797</b>	<b>7,498</b>	<b>4.0%</b>
Financial income	14	17	-17.6%
Financial expenses	(1,253)	(1,100)	13.9%
<b>Net financing costs</b>	<b>(1,239)</b>	<b>(1,083)</b>	<b>14.4%</b>
<b>Profit before tax</b>	<b>6,558</b>	<b>6,415</b>	<b>2.2%</b>
Income tax charge	(798)	(890)	-10.3%
<b>Profit for the period</b>	<b>5,760</b>	<b>5,525</b>	<b>4.3%</b>



# AUDITED FINANCIAL RESULTS FOR 2016

## FINANCIAL POSITION

- Audited IFRS NAV per unit EUR 1.3413.
- Audited EPRA NAV per unit EUR 1.4801.
- Weighted average cost of debt as at 31/12/2016 was 1.8% (2.0% as at 31/12/2015).
- Weighted average maturity of debt as at 31/12/2016 was 2.8 years (2.5 years as at 31/12/2015).

<i>Euro '000</i>	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>Change (%)</b>
<b>Investment property in use</b>	141,740	86,810	63.3%
<b>Gross asset value (GAV)</b>	154,938	89,671	72.8%
<b>Interest bearing loans</b>	69,172	51,194	35.1%
<b>Total liabilities</b>	78,129	57,978	34.8%
<b>Total equity</b>	76,809	31,693	142.4%
<b>Number of units outstanding*</b>	57,264,743	25,016,700	128.9%
<b>Net asset value (NAV) per share (EUR)</b>	1.3413	1.2669	5.9%
<b>Loan-to-Value ratio (LTV)</b>	48.8%	59.0%	

\*On June 30, 2016, BOF was merged with Baltic Horizon Fund. Unit holders of BOF received 100 units in Baltic Horizon Fund for each 1 unit in BOF (ratio of 1:100). The units were adjusted for comparison reasons.



# TOTAL VALUE OF EUR 156 MILLION

## Details of existing property portfolio

+Duetto I Office in Vilnius acquired 22 March 2017



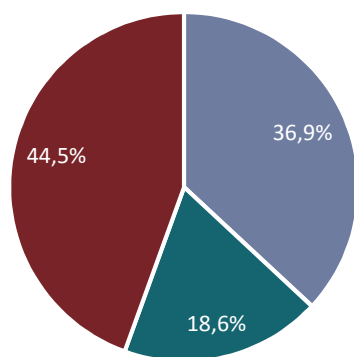
Property	Lincona	Coca-Cola Plaza	Sky	Domus Pro	Europa SC	G4S HQ	Upmalas Biroji	Piirita	Total
City	Tallinn	Tallinn CBD	Riga	Vilnius	Vilnius CBD	Tallinn	Riga	Tallinn	
Type	Office	Cinema	Retail	Retail	Retail	Office	Office	Retail	
NLA, sq.m.	10,859	8,664	3,263	11,247	16,856	9,179	10,846	5,436	<b>76,350</b>
Vacancy	7.9%	0%	0.1%	1.5%	2.1%	0%	0%	0%	<b>1.9%</b>
NOI, EURm	1.2	1.0	0.4	1.2	2.4	1.2	1.6	0.9	<b>9.9</b>
Fair value, EURm	15.7	13.0	5.4	17.1	38.0	16.8	23.5	12.2	<b>141.7</b>
No of lease contracts	14	1	24	25	73	1	13	30	<b>181</b>
WAULT, years	4.4	6.5	4.4	6.1	3.8	6.1	4.6	8.3	<b>5.2</b>
Major tenants									

Source: Northern Horizon Capital



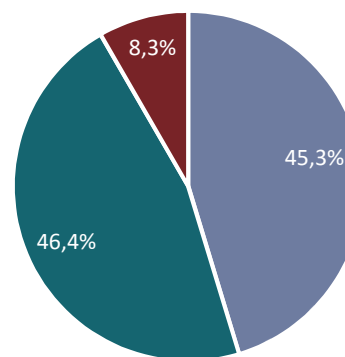
## WELL BALANCED GEOGRAPHICAL AND SEGMENT ALLOCATION

Geographic allocation post Duetto deal



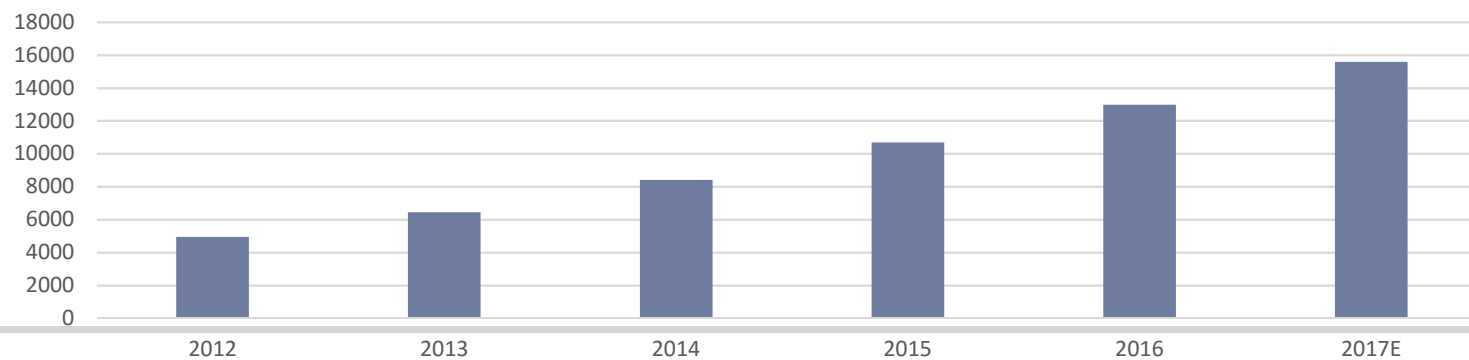
■ Tallinn ■ Riga ■ Vilnius

Segment allocation post Duetto deal



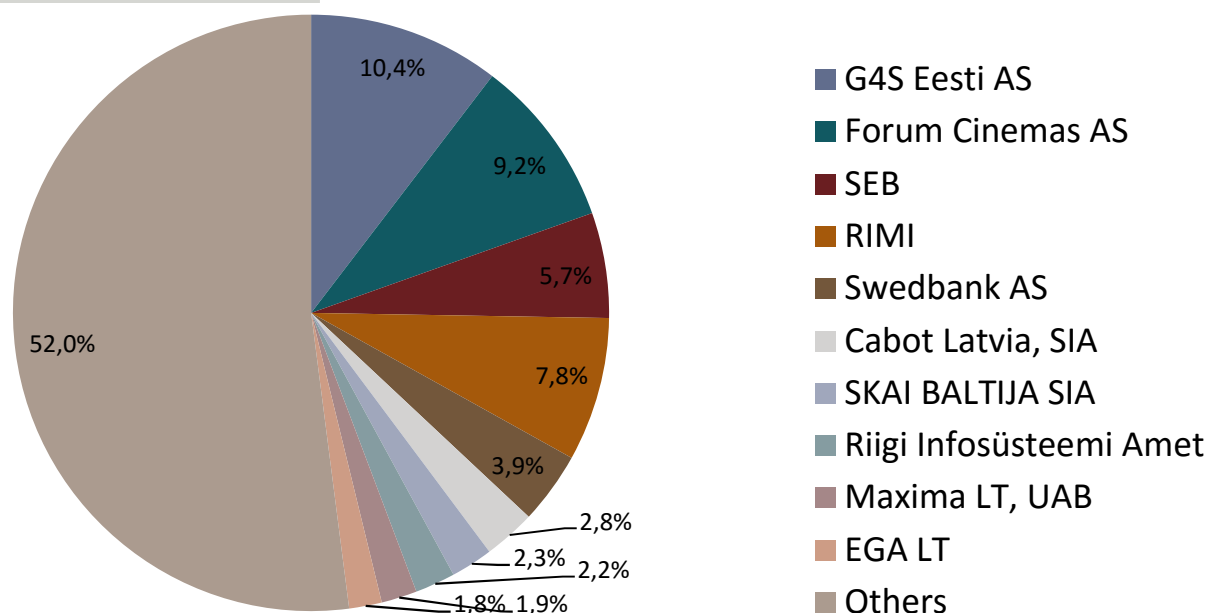
■ Office ■ Retail ■ Other

Shared Service Center headcounts in Vilnius (InvestLithuania)



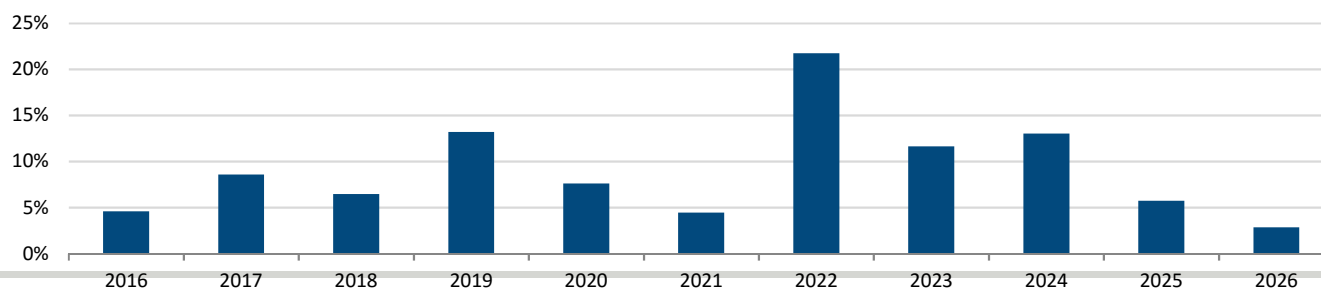


## WELL BALANCED TENANT MIX WITH LARGE NORDIC AND INTERNATIONAL TENANTS



### Maturities of existing lease agreements,

% of total annualized rental income







# LINCONA OFFICE COMPLEX – TALLINN, ESTONIA



## Details of Lincona, 30 Sep 2016

Acquisition date	July 2011
Acquisition price	EUR 15.4 million <sup>1)</sup>
Construction	2002/2008
Type	Office
Location	Pärnu Rd 139a/Kohila St. 2a, Tallinn, Estonia
NLA	10,859 sq.m.
Fair value	EUR 15.7 million (excluding Babycenter)
Vacancy	7.9%
WAULT	4.4 years
No. of leases	14
Major tenants	Swedbank, Information System Authority

- Lincona is a complex of three connected office buildings (total NLA of 10,859 sq.m.) and a 400-vehicles parking structure. Babycenter, a standalone building of 674 sq.m. acquired along with the whole complex in July 2011, was sold in March 2015 for EUR 1.0 million, providing 24 per cent IRR p.a. Lincona was the first asset acquired by BOF.
- The anchor tenant is Swedbank which uses the premises for back office operations. Swedbank accounts for around one third of the property's total annualised rent. The second largest leaseholder is Information System Authority of the Republic of Estonia. It is a public institution responsible for developing Estonia's national information system. Creative Mobile, a leading Estonian mobile app developer, is the third largest tenant. As of 31 September 2016, the vacancy rate was 7.9 per cent.

<sup>1)</sup>The price of Babycenter, sold for EUR 1.0 million in March 2015 – turnaround from sale was 24 per cent p.a.





# LINCONA OFFICE COMPLEX - TALLINN, ESTONIA



- The property is located in the southern part of Tallinn next to Pärnu Road, one of the city's main transport arteries, and four kilometres from Tallinn Old Town. It is also close to the intersection of two main streets (Tammsaare Road and Järvevana Road) which makes the office easily accessible from all major districts of Tallinn. The location is known as a strong office submarket location. The ground floor premises are used as retail and catering premises, while upper floors are dedicated to offices.



# SKY SUPERMARKET – RIGA, LATVIA



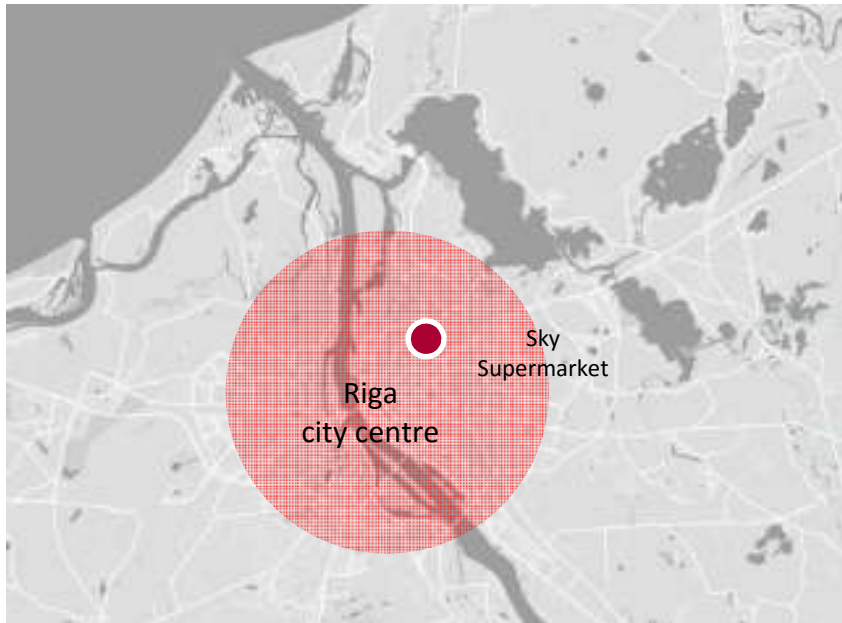
## Details of Sky Supermarket, 30 Sep 2016

Acquisition date	Jan 2013
Acquisition price	EUR 4.5 million
Construction	2000/2010
Type	Shopping centre
Location	Biernieku St 120 B, Riga, Latvia
NLA	3,263 sq.m.
Fair value	EUR 5.43 million
Vacancy	0.1%
WAULT	4.4 years
No. of leases	24
Major tenants	Sky (grocery), A Aptieka, Cup & Cino, Douglas

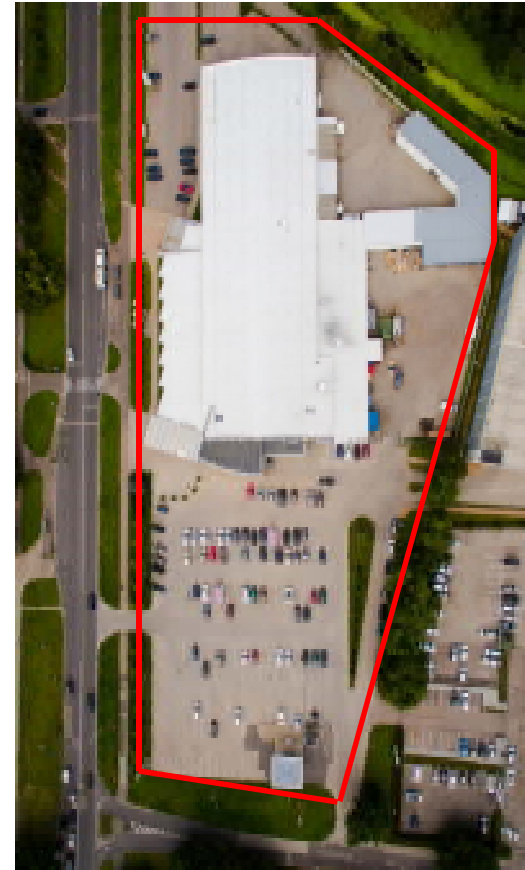
- Sky Supermarket is a neighbourhood shopping centre with the upmarket grocery chain Sky as anchor tenant and a number of satellite tenants. It is the smallest of the properties owned by BOF in terms of both value and lettable area and is the only property based in Riga. The property was built in 2000 and renovated in 2010.
- The anchor tenant Sky accounts for approximately half of annualised rental income (as of 31 September 2016). Sky is an upmarket grocery chain operating four shops, all in Riga. It distinguishes itself from larger nationwide retail chains (for example, Maxima and Rimi) by stocking higher quality, more exclusive products. Hence, its target customer group have higher income than the average customer of national retail chains. The Sky chain is owned by local investors. Satellite tenants in the property are typical of a neighbourhood shopping centre: pharmacy, pet shop etc. The property has been fully let since acquisition.



# SKY SUPERMARKET – RIGA, LATVIA



- The shopping centre is located in the centre of residential suburb Mežciems in northeast Riga. It has good transport connections with the city centre and suburbs thanks to its location on Bikernieku Street – one of the main traffic arteries in the Mežciems district connecting it with the centre of Riga.





# COCA-COLA PLAZA – TALLINN, ESTONIA



## Details of Coca-Cola Plaza, 30 Sep 2016

Acquisition date	March 2013
Acquisition price	EUR 11.9 million
Construction	2001
Type	Cinema
Location	Hobujaama St 5, Tallinn, Estonia
NLA	8,664 sq.m.
Fair value	EUR 13.0 million
Vacancy	0.0%
WAULT	6.5 years
No. of leases	1
Major tenants	Forum Cinemas AS (cinema operator)

- In the very heart of Tallinn, CC Plaza is a popular cinema and leisure complex with eleven screens and 1,967 seats. The building is fully let to Forum Cinemas AS, the largest cinema operator in Estonia, running three cinemas in the country (the other two located in different Estonian cities).
- Forum Cinemas belongs to the largest cinema operator in the Nordic and Baltic regions – Nordic Cinema Group (NDC). It operates 66 cinemas, 444 screens and approximately 65,000 seats in almost 50 large and medium-sized cities. NDC works under the Forum Cinemas brand in the Baltic countries, Finnkinno in Finland, SF Bio in Sweden and SF Kino in Norway. Coca-Cola Plaza is one of the two large (more than 1,000 seats) cinemas in Tallinn. Its main competitor, Solaris cinema with seven screens and 1,591 seats, opened in 2009. In total seven cinemas operate in the city.
- NCG has provided a EUR 5 million guarantee for the rental obligations of Forum Cinemas.
- The property is a six-storey building with underground parking for 43 cars. Forum Cinemas AS rents the entire complex from BOF, hence vacancy is zero. The existing lease will expire in 2023. Since part of the premises is sublet by the tenant, the building also houses catering and retail facilities which together occupy around 1,000 sq.m. of space.





# COCA-COLA PLAZA – TALLINN, ESTONIA



- Coca-Cola Plaza is based in the centre of Tallinn at Hobujaama Street 5. It is located within the CBD in the area between the mediaeval Old Town, the City Harbour and Viru Square. Hobujaama Street is one of the main arterial roads extending from the city centre and a popular destination. The surrounding area hosts many office buildings, hotels, retail shops and department stores, where a lot of the properties have been developed recently.

# COCA-COLA PLAZA – TALLINN, ESTONIA



The buildings are being developed following social responsibility principles in the area, in close cooperation with the city as it is one of the prime areas of the city. The key goal is also to facilitate pedestrian traffic moving from the city centre towards the central harbor area and improve access to Rotermann City, a prominent residential area. Development plans foresee the connection of the two buildings seen in the middle of the previous page. Plans also foresee an extension of the current building and two new floors added to the building next to Coca-Cola Plaza. Additional area could reach almost 13,000 sq.m.



# DOMUS PRO – VILNIUS, LITHUANIA



## Details of Domus Pro, 30 Sep 2016

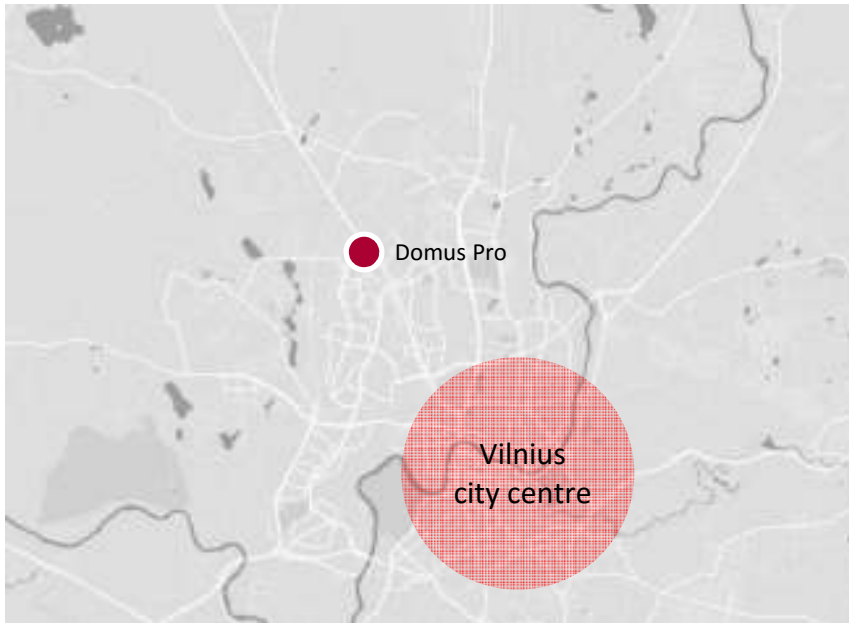
Acquisition date	May 2014
Acquisition price	EUR 12.1 million
Construction	1 <sup>st</sup> stage 2014, 2 <sup>nd</sup> stage 2016 (May), 3 <sup>rd</sup> stage 2017
Type	Shopping centre
Location	Bieliunu St 1, Vilnius, Lithuania
NLA	11,247 sq.m. operational; 4,380 sq.m. to be constructed (3 <sup>rd</sup> stage)
Fair value	EUR 16.74 million
Vacancy	1.5%
WAULT	6.1 years
No. of leases	25
Major tenants	Rimi (grocery), Fitus, Hansa Plyteliu Turgus , Assorti, Benu

- Domus Pro is a neighbourhood shopping centre located in north-eastern Vilnius, close to the Perkuniemis neighbourhood. Perkuniemis is one of the newest and fastest-growing districts in Vilnius.
- As a neighbourhood SC, Domus Pro primarily houses shops offering everyday goods and services. The anchor tenant is a grocery store in the Rimi retail chain constituting around 42 per cent of the property's total annualised rent (as of 31 September 2016). Domus Pro is the only asset in the portfolio in which BOF invested that is currently in active expansion. The acquisition process was initiated in July 2013 by signing an SPA with the Domus Pro project developer TK Development. The first stage of the project comprised 7,500 sq.m. Domus Pro opened its doors in early 2014 and the acquisition was completed in May 2014.
- Due to the positive performance of the shopping centre, the option to build a second stage (3,700 sq.m. was exercised and construction began in March 2015. New space was fully pre-let to two tenants, Fitus (fitness club) and Hansa Plyteliu Turgus (home improvement), and the expansion was finalised in May 2016.





## DOMUS PRO – VILNIUS, LITHUANIA



- Domus Pro is a neighbourhood shopping centre located in north-eastern Vilnius, close to the Perkunėmis neighbourhood and the intersection of the future northern bypass around Vilnius. Perkunėmis is one of the newest and fastest-growing districts in Vilnius. Perkunėmis is primarily seen as a residential area, but new office buildings have also been built, as the area has attracted the interest of both local and international companies requiring large spaces. For instance, Swedbank, Effecto (IT solutions) and General Financing (consumer credit) have offices in the area.



## DOMUS PRO – DEVELOPMENT AND EXTENSION PLANS



The Management Company decided to further expand the Domus Pro complex and is now working on a project for its third stage – a six-storey building with net lettable area of 4,380 sq.m. (gross lettable area of 6,180 sq.m.). The ground floor will be dedicated to retail while upper floors will be office space. The extension will have a two-storey underground car park with 50 spaces. The building is planned to be BREEAM-certified indicating high standards of environmental sustainability and efficiency. The Management Company estimates the total investment in the third stage at around EUR 4.5 million.



# EUROPA SHOPPING CENTER – VILNIUS, LITHUANIA



## Details of Europa Shopping Center, 30 Sep 2016

Acquisition date	March 2015
Acquisition price	EUR 35.8 million
Construction	2004
Type	Shopping centre
Location	Konstitucijos av. 7A, 7B, Vilnius, Lithuania
NLA	16,856 sq.m..
Fair value	EUR 38.0 million
Vacancy	2.1%
WAULT	3.8 years
No. of leases	73
Major tenants	Maxima (grocery), Michael Kors, Apranga, Douglas, Fortas

- Europa SC markets itself as a “City Style centre” and fashion products are the key focus. Visitors are offered a wide selection of clothing, footwear, accessories, etc. In recent years Europa has attracted more and more upscale brands such as Michael Kors, Karen Millen, etc. and now has the most upscale fashion offering of all large shopping centres in Vilnius. As a result, its target customer group is leaning towards the higher income shopper, which is supported by Europa’s location in the CBD. Europa SC also houses a number of catering facilities; due to its location in the CBD, it is an important lunch spot.
- The anchor tenant is the grocery store Maxima (a Baltic retail chain) and in the first quarter of 2015 the lease with Maxima was renewed for another ten years.
- 50 per cent of the seven-floor parking structure (approximately 500 spaces) also belongs to the Europa Shopping Center.



# EUROPA SHOPPING CENTER – VILNIUS, LITHUANIA



With its 16,856 sq.m. of lettable area, the Europa SC is the fourth largest shopping centre in Vilnius. Compared to the larger three, Europa SC is the most centrally located. Its location in the very heart of the CBD means that its catchment area includes surrounding office towers/office complexes such as the Europa Business Centre (directly connected to Europa SC), Vilnius Municipality and Swedbank HQ. In addition, there are three large hotels nearby, enabling Europa to attract tourists.

The property has the potential to substantially expand its visitor flows in the near term as construction of new large office projects in the Vilnius CBD is nearing completion. Development of the Vilnius CBD is unlikely to stop after that because there is still plenty of undeveloped space around Konstitucijos Avenue, the main artery in the CBD.





## NEW PROJECTS IN THE AREA AROUND EUROPA SHOPPING CENTER



1. Europa Shopping Center
2. East Capital Explorer – New Swedbank office (A class, NLA 11,000 sq.m., opening in 2018, 70% pre-let to Swedbank)
3. Schage – Quadrum 1 (A+ class, NLA 30,000 sq.m., opened Q4 2016, 80% leased, including DNB, Newsec, law firm)
4. Schage – Quadrum 3 (A+ class, NLA 10,000 sq.m., opening late 2018)
5. Radisson hotel extension, NLA 8,000 sq.m., opening Q2 2018
6. Lords – K18B (office, NLA 10,000 sq.m., opening 2020, leased to Radisson RED)

*Marina J/Shutterstock – The image is a basic montage of new projects and their approximate locations*



## G4S HEADQUARTERS – TALLINN, ESTONIA



### Details of G4S Headquarters, 30 Sep 2016

Acquisition date	July 2016
Acquisition price	EUR 15.5 million
Construction	2013
Type	Office
Location	Paldiski maantee 80, Tallinn, Estonia
NLA	9,179 sq.m.
Fair value	EUR 16.8 million
Vacancy	0.0%
WAULT	6.1 years
No. of leases	1
Major tenants	G4S

- G4S Headquarters is a nine-floor office building, built-to-suit for G4S Estonia. The office building has a NLA of 9,179 sq.m. and is located in western Tallinn next to a busy arterial road and 4.5 km away from the Old Town. Built in 2013, the property features all modern office amenities, efficient layout and is in good technical condition. The land plot offers additional development potential up to 20,000 sq.m.
- The only tenant G4S uses the premises as headquarters for its Estonian operations and the existing lease lasts until end of 2022. G4S is the world's leading global, integrated security company specialising in the delivery of security and related services to customers in more than 100 countries.



## G4S HEADQUARTERS – TALLINN, ESTONIA



G4S Headquarters is located on Paldiski maantee 80 in western Tallinn next to a busy arterial road and 4.5 km away from the Old Town. It takes 10 minutes by car and 20 minutes by public transport to get to the Old Town of Tallinn. Travelling to the airport is also a short trip, 15 minutes by car and 35 minutes by public transport.







## UPMALAS BIROJI – RIGA, LATVIA



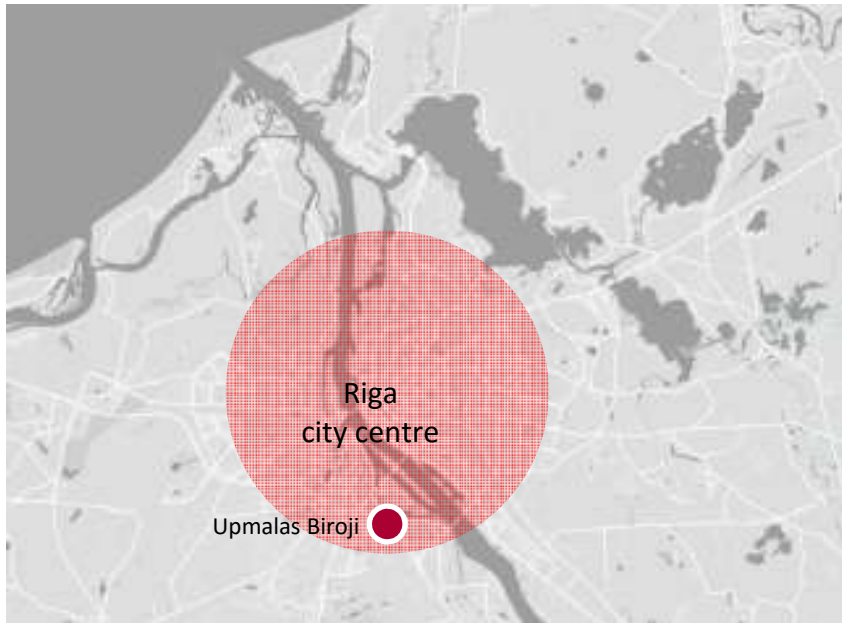
### Details of Upmalas Biroji, 30 Sep 2016

Acquisition date	August 2016
Acquisition price	EUR 23.4 million
Construction	2008
Type	Office
Location	Mukusalas St 101, Riga, Latvia
NLA	10,599 sq.m.
Fair value	EUR 22.5 million
Vacancy	0.0%
WAULT	4.6 years
No. of leases	13
Major tenants	SEB, CABOT, BOSCH, Johnson & Johnson, Mylan

- Upmalas Biroji is an office building in an attractive location within a five minute drive of Old Town Riga. The property was built in 2008 and floorplans are efficient in order to provide a high number of workstations per sq.m. without losing quality for the individual worker. The building was named the most sustainable building in Latvia in 2013.
- The property has 13 tenants, mainly top class international companies such as SEB, CABOT, BOSCH and Johnson & Johnson. The tenants use the building primarily for back-office operations. SEB is the largest leaseholder, accounting for around one third of the property's total annualised rental income (as of 31 September 2016) followed by CABOT, which accounts for around one fifth of annualised rental income.



## UPMALAS BIROJI – RIGA, LATVIA



Upmalas Biroji is located in south-central Riga, close to several important city districts. There is good infrastructure in connection with the property and heavy traffic flow along the property. By car, it takes 10 minutes to the city centre, 10 minutes to the Central Station and 15 minutes to the airport.



# PIIRITA SHOPPING CENTER – TALLINN, ESTONIA



## Details of Piirita Shopping Center

Acquisition date	Dec 2016
Acquisition price	EUR 12,2 million
Construction	2016
Type	Shopping centre
Location	Merivälja tee 24, Tallinn, Estonia
NLA	5 500, sq.m.
Fair value	EUR 12.2 million
Vacancy	0%
WAULT	8 years
No. of leases	25
Major tenants	Rimi, Myfitness



- Piirita shopping center in Tallinn, Estonia is attractively compact center, it is located in Viimsi leading to the Merivälja street and Kloostrimetsa street corner. It is in the proximity of the popular Pirita beach. Piirita shopping centre was reconstructed and opened in 2016.
- The property has Rimi and MyFitness as anchor tenants. Net leasable area of the Piirita shopping centre is approx. 5500 m<sup>2</sup>



## DUETTO I OFFICE – VILNIUS, LITHUANIA



### Details of Duetto I Office

Acquisition date	Mar 2017
Acquisition price	EUR 14,6 million
Construction	2017
Type	Office building
Location	Virsuliskiu lane 26, Vilnius, Lithuania
NLA	8 327, sq.m.
Fair value	EUR 14.9 million
Vacancy	0% (rental guarantee 2 years)
WAULT	5 years
No. of leases	4
Major tenants	Lindorff, Pernod Ricard

- Duetto I is located in the second high-rise office area of Vilnius, next to the newly completed western ring road. The building has 10 floors and underground parking space. Net leasable area of the Duetto I office building is 8,327 m2.
- The property is of A class energy efficiency and will have BREEAM certification. The property is anchored by Lindorff and Pernod Ricard as anchor tenants



## NEW PUBLIC OFFERING

Plan for a new public offering announced today on 19 April 2017

- Public offering planned for May 2017
- Price most recent NAV (according to fund rules)
- Up to EUR 50 million
- Final amount depending on the suitable pipeline

Purpose and goal:

- Acquire new carefully selected investment properties
  - Growing by acquiring established properties with long-term tenants
  - Increase efficiency and diversify risks further across segments, tenants and geographical locations
  - Increase fund's resilience to operate through various phases of financial and economic cycles
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