



NORTHERN HORIZON
CAPITAL

BALTIC HORIZON
WEBINAR
PRESENTATION

18 December 2017

AGENDA

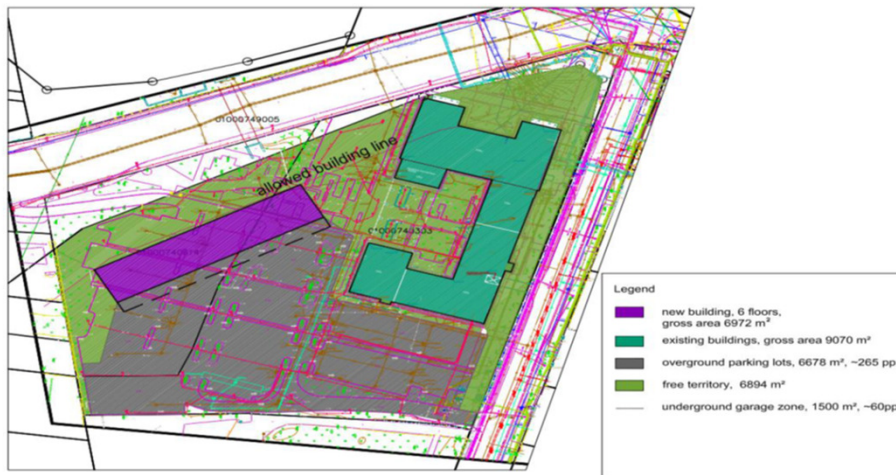
1. Fund overview – portfolio
2. Financial results update
3. Property loan overview
4. Updated dividend policy
5. Stock Exchange update
6. Future outlook



NEW ACQUISITION – LATVIAN STATE FORESTRY, RIGA

Transaction closed
on 13 December

- Price: 21,3 mEUR (+ 0,4 mEUR deferred tax)
- 7% starting yield, with NOI of 1,5mEUR /year
- GLA: 9,547 sqm; NLA: 8,052 sqm
- 4 floors + basement
- Development potential: 7000+ sqm
- Anchor lease contract till 2034 (unbreakable until 2024)
- Strong cash flow property with established tenant on arterial road in Riga.





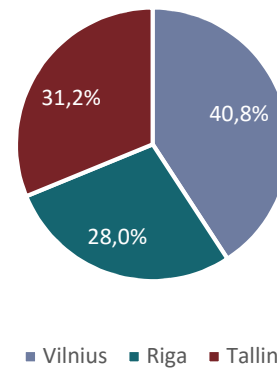
10 PROPERTY PORTFOLIO BREAKDOWN

Geographical and
Segmental
diversification

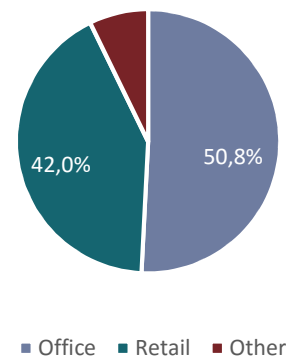
Latvian State Forestry
as largest tenant in
portfolio

6 properties with
expansion potential

Geographical allocation post V1 acquisition



Segment allocation post V1 acquisition





STRONG PORTFOLIO WITH A TOTAL VALUE OF EUR 179 MILLION



Europa Shopping Center

Upmalas Biroji

Domus Pro

G4S Headquarters

Lincona Office Complex

Duetto I

Coca-Cola Plaza

Piirita

Sky Supermarket

Property	Europa SC	Upmalas Biroji	Domus Pro	G4S HQ	Lincona	Duetto I	Coca-Cola Plaza	Piirita	Sky Supermarket	TOTAL
City	Vilnius CBD ¹	Riga	Vilnius	Tallinn	Tallinn	Vilnius	Tallinn CBD ¹	Tallinn	Riga	
Type	Retail	Office	Retail	Office	Office	Office	Cinema	Retail	Retail	
Rentable area, <u>sqm</u>	16,856	10,419	11,247	8,363	10,859	8,500	8,664	5,492	3,263	83,663
Vacancy	6.6%	0.2%	0.7%	0%	2.1%	0% ²	0%	0%	2.3%	2.0%
Rent, EUR/ <u>sqm/month</u>	14.8	12.5	9.4	11.0	10.5	10.6	9.5	11.8	12.2	11.7
NOI, <u>EURm</u>	2.4	1.7	1.3	1.2	1.2	1.1	1.0	0.9	0.4	11.2
Fair value, <u>EURm</u>	38.8	24.1	17.2 ³	16.1	15.9	14.9	13.2	11.6	5.6	157.3
No. of leases	71	9	28	1	14	6	1	20	20	170
WAULT	3.8	4.3	5.5	5.4	4.0	4.8	5.7	6.4	4.4	4.7
Major tenants	 	 	 		 	 		 	 	

Source: Northern Horizon Capital

¹ Central Business District ² Effective vacancy rate was zero because sellers of properties provided 2-year (starting from the acquisition date) guarantees of full-occupancy net rental income. ³ Does not include EUR 3.4m fair value of 3rd stage which was under construction on 30 June 2017.



WELL-BALANCED TENANT MIX WITH MAJOR NORDIC AND MULTINATIONAL TENANTS

11 largest tenants

Strong tenants and long lease agreements

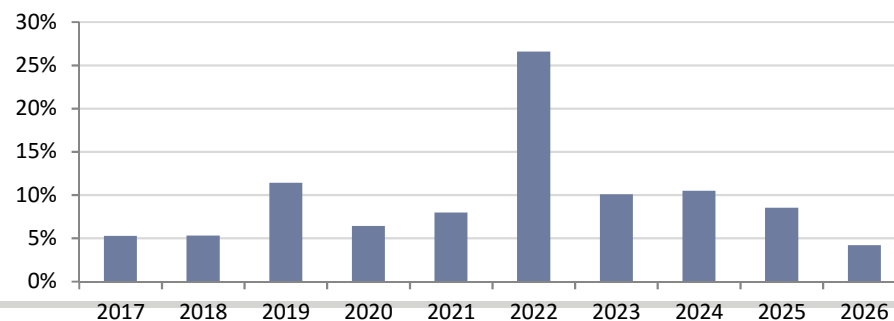
- Baltic Horizon has ~180 tenants, mainly large Nordic and multinational firms.
- Duetto fully leased out in September with Vilnius vandenys as second anchor tenant
- Domus PRO III stage 90% preleased to Fittus Sports club, Pet City, Inspecta, ALD Automotive and Pristis
- Swedbank lease agreement prolonged by 5 years
- Cabot lease agreement to be extended by 2+5 years
- Pirita satellite tenants in front of Rimi are being replaced with stronger ones, active marketing campaign in process
- Relaunch of Europa SC modernized concept is ongoing

1. LATVIAN STATE FORESTRY: 12% of total GRI

No	Tenant	Industry	Property	% of total annualised rental income	WAULT, years
2	G4S	Security	G4S Headquarters	10.0%	5.6
3	(same owner as SF Bio)	Cinema	Coca-Cola Plaza	8.9%	6.0
4	Rimi	Grocery	Domus Pro, Piiirita	7.4%	7.5
5	LINDORFF	Credit management	Duetto I	6.0%	4.9
6	SEB	Banking	Upmalas Biroji	5.1%	5.8
7	Swedbank	Banking	Lincona	3.7%	5.0
8	CABOT	Speciality chemicals	Upmalas Biroji	2.9%	2.3
9	APRANGA	Fashion	Europa SC	2.5%	1.0
10	Republic of Estonia Information System Authority	Public institution	Lincona	2.5%	7.3
11	SKY	Grocery	Sky Supermarket	2.2%	5.8
Total of 10 largest tenants				51.1%	5.2

Maturities of existing leases

% of total annualised rental income





PORTFOLIO PERFORMANCE

Main events in Q3-Q4:

- Additional capital raised EUR 17 million
 - Refinancing of property loans to prolong maturity to approx. 4 years
- GAV: EUR 169,8 million
 - NAV: EUR 86,7 million
 - 7,2% direct property yield holding strong (6,9% net initial yield)
 - Actual occupancy today remains strong at 97-98% – latest lease contract win with Vilniaus Vandenys (Vilnius Water) for 2000 sqm in Duetto I
 - Capital raised in Q2 invested in Latvian State Forestry HQ in Riga
 - Further capital raised to be deployed in selected strategic assets



FINANCIAL RESULTS FOR Q3 2017

FINANCIAL PERFORMANCE

- During Q3 2017, the Fund incurred EUR 61 thousand of non-recurring costs related to the secondary public offering (EUR 474 thousand since begging of financial year).
- No external valuations prepared for Q3 2017 (EUR 2.8 million gain recorded during Q3 2016).

Euro '000	01.07.2017- 30.09.2017	01.07.2016- 30.09.2016	01.01.2017- 30.09.2017	01.01.2016- 30.09.2016
Rental income	2,955	2,058	8,622	5,334
Service charge income	820	617	2,663	1,810
Cost of rental activities	(1,137)	(747)	(3,439)	(2,301)
Net rental income	2,638	1,928	7,846	4,843
Administrative expenses	(535)	(482)	(1,935)	(1,462)
Other operating income / (expenses)	64	17	77	95
Valuation gains / (loss) on investment properties	-	2,802	339	2,361
Operating profit	2,167	4,265	6,327	5,837
Financial income	2	3	45	11
Financial expenses	(348)	(307)	(1,123)	(840)
Net financing costs	(346)	(304)	(1,078)	(829)
Profit before tax	1,821	3,961	5,249	5,008
Income tax charge	(146)	(253)	(1,082)	(428)
Profit for the period	1,675	3,708	4,167	4,580

FINANCIAL RESULTS FOR Q3 2017

ASSETS AS OF 30/09/2017

- Investment under construction is Domus Pros stage III; the construction ended in October 2017.
- No external valuations as of 30/09/2017.

Euro '000	30.09.2017	31.12.2016
Non-current assets		
Investment properties	157,822	141,740
Investment property under construction	5,725	1,580
Derivative financial instruments	9	-
Other non-current assets	72	288
Total non-current assets	163,628	143,608
Current assets		
Trade and other receivables	1,569	1,269
Prepayments	135	178
Cash and cash equivalents	4,406	9,883
Total current assets	6,110	11,330
Total assets	169,738	154,938

FINANCIAL RESULTS FOR Q3 2017

EQUITY & LIABILITIES AS OF 30/09/2017

- Domus PRO loan fully repaid, new loan signed (as of 30/09/2017 was not withdrawn)
- During Q3 2017, the Fund successfully refinanced its Europa Shopping centre bank loan by repaying EUR 2.1 million of the existing bank loan

Euro '000	30.09.2017	31.12.2016
Equity		
Paid in capital	75,597	66,224
Own units	-	(8)
Cash flow hedge reserve	(143)	(294)
Retained earnings	11,199	10,887
Total equity	86,653	76,809
Non-current liabilities		
Interest bearing loans and borrowings	63,601	58,981
Deferred tax liabilities	5,513	4,383
Derivative financial instruments	172	345
Other non-current liabilities	891	935
Total non-current liabilities	70,177	64,644
Current liabilities		
Interest bearing loans and borrowings	8,968	10,191
Trade and other payables	3,496	2,876
Income tax payable	29	46
Other current liabilities	415	372
Total current liabilities	12,908	13,485
Total liabilities	83,085	78,129
Total equity and liabilities	169,738	154,938

FINANCIAL RESULTS FOR Q3 2017

SUMMARY

- IFRS NAV per unit
EUR 1.3402 (EUR
1.3414 as at
31/12/2016).
- EPRA NAV per unit
EUR 1.4770 (EUR
1.4802 as at
31/12/2016).

Euro '000	30.09.2017	31.12.2016	Change (%)
Investment property in use	157,822	141,740	11.3%
Gross asset value (GAV)	169,738	154,938	9.6%
Interest bearing loans	72,569	69,172	4.9%
Total liabilities	83,085	78,129	6.3%
Net asset value (NAV)	86,653	76,809	12.8%
Number of units outstanding	64,655,870	57,264,743	12.9%
Net asset value (NAV) per unit (EUR)	1.3402	1.3413	(0.1)%
Loan-to-Value ratio (LTV)	46.0%	48.8%	
Average effective interest rate	1.7%	1.8%	

Euro '000	30.09.2017
IFRS NAV as of 30 September 2017	86,653
Exclude deferred tax liability on investment properties	8,701
Exclude fair value of financial instruments	163
Exclude deferred tax on fair value of financial instruments	(19)
EPRA NAV*	95,498
Amount of units	64,655,870
EPRA NAV per unit	1.4770

FINANCIAL DEBT STRUCTURE OF THE FUND AS OF 30/09/2017

- Weighted average time to maturity lengthened from 2.7 years at the end of 2016 to 3.9 years on 30 September 2017.
- Lincona loan of EUR 8.3 million was refinanced in December 2017.
- 59% of total bank loans had fixed interest rates. Further focus of the Fund management is on fixing the remaining floating interest rates.

Property	Maturity	Currency	Carrying amount Euro'1000	% of total	Fixed rate portion
Lincona	31 Dec 2017	EUR	8,296	11%	-%
CC Plaza	8 Mar 2019	EUR	6,938	10%	-%
Sky SC	1 Aug 2021	EUR	2,519	3%	-%
Europa SC	5 Jul 2022	EUR	20,900	29%	87%
G4S Headquarters	16 Aug 2021	EUR	7,750	11%	100%
Upmalas Biroji BC	31 Aug 2023	EUR	11,750	16%	90%
Pirita SC	20 Feb 2022	EUR	6,622	9%	95%
Duetto I	20 Mar 2022	EUR	7,990	11%	-%
Total bank loans			72,765	100%	59%

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Regular quarterly bank loan amortisation, EUR'1000	490	489	489	523	222
Regular annual bank loan amortisation from the loans outstanding, %	2.8%	2.8%	2.7%	2.7%	1.2%
Average interest rate, %	1.8%	1.8%	1.7%	1.7%	1.7%
LTV, %	53.9%	48.8%	53.3%	47.6%	46.0%



UPDATED DIVIDEND POLICY

Targeting 7-9% yield of annual dividends to investors from invested equity, which is defined as paid-in-capital since listing the Fund on stock Exchange.

- To provide more stable and predictable cash flow to the Fund unitholders.
- The Fund sets a target of dividend distributions to its unitholders in the range between 80% of generated net cash flow (GNCF) and a net profit after unrealized P&L items are adjusted.
- The distribution is based on the short-term and long-term Fund performance projections. The Management has a discretion to distribute lower dividends than a 80% generated net cash flow (GNCF) in case liquidity of the Fund is endangered.

Item	Comments
(+) Net rental income	
(-) Fund administrative expenses	
(-) External interest expenses	Interest expenses incurred for bank loan financing
(-) CAPEX expenditure	The expenditure incurred in order to upgrade investment properties; the calculation will include capital expenditure based on annual capital investment plans
(+) Added back listing related expenses	
(+) Added back acquisition related expenses	Include the expenses for acquisitions that not occurred
Generated net cash flow (GNCF)	



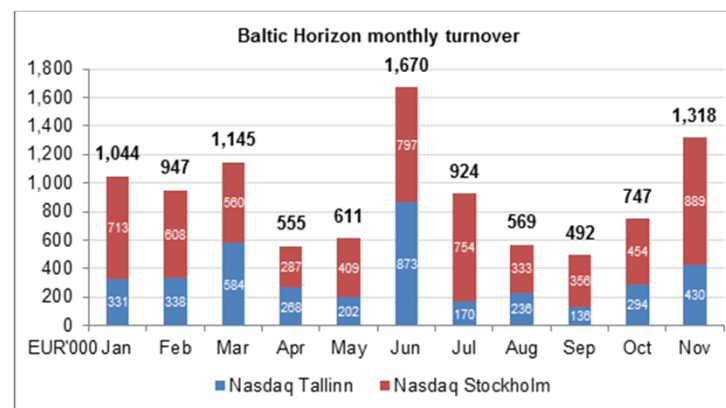
UPDATED DIVIDEND POLICY

Maximum efficiency
for the fund expected
to be achieved in
2018

EUR'1000	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
(+) Net rental income	1,928	2,310	2,526	2,682	2,638
(-) Fund administrative expenses	(482)	(728)	(730)	(670)	(535)
(-) External interest expenses	(302)	(408)	(327)	(438)	(340)
(-) CAPEX expenditure ¹	(211)	(233)	(129)	(197)	(547)
(+) Added back listing related expenses	125	313	202	170	61
(+) Added back acquisition related expenses	-	-	32	65	-
GNCF	1,058	1,254	1,574	1,612	1,277
Weighted average number of units during the quarter	41,979,150	47,186,330	57,262,887	57,998,546	64,655,870
Paid-in-capital since listing on stock exchange	53,698	73,286	73,278	82,659	82,659
Average paid-in-capital during the quarter	53,698	63,492	73,282	77,969	82,659
GNCF per weighted unit	0.025	0.027	0.027	0.028	0.020
Annualized GNCF return from average quarterly paid-in-capital	7.9%	7.9%	8.6%	8.3%	6.2%
Dividends declared	1,091	1,374	1,317	1,164	1,293
Dividends declared per weighted unit	0.026	0.029	0.023	0.020	0.020
Annualized dividend return from average quarterly paid-in-capital	8.1%	8.7%	7.2%	6.0%	6.3%

SWEDBANK'S ANALYSIS OF LISTED SECURITIES IN ALL BALTIC EXCHANGES

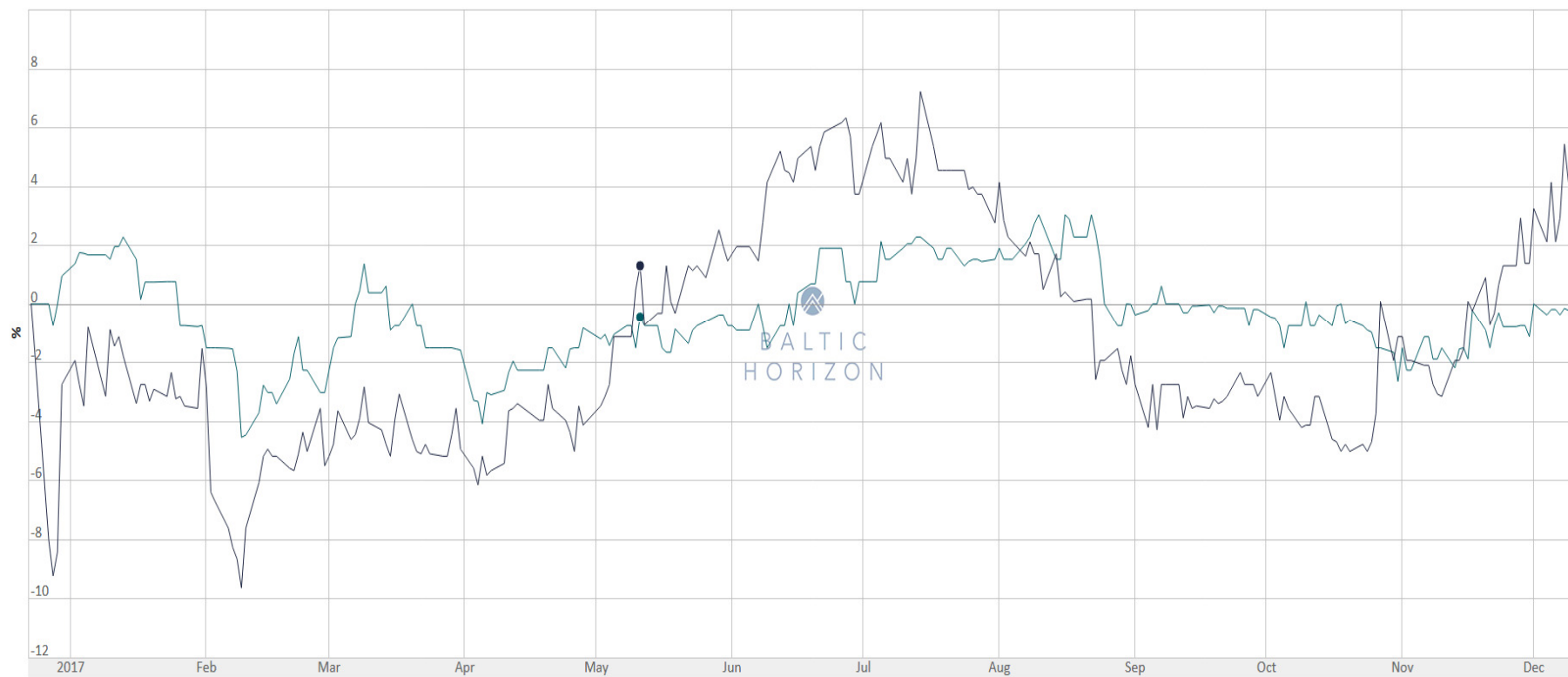
		Turnover, YTD 2017, EURk		
	Company	Primary listing	Secondary listing	Total
1	Šiaulių bankas	41,139		41,139
2	Olympic Entertainment Group	35,561	12	35,573
3	Tallink Grupp	33,020		33,020
4	Silvano Fashion Group	13,849	600	14,449
5	Tallinna Vesi	13,111		13,111
6	Tallinna Kaubamaja Grupp	12,659		12,659
7	LHV Group	11,295		11,295
8	Baltic Horizon	3,863	6,160	10,022
9	Apranga	8,074		8,074
10	Latvijas kuģniecība	6,482		6,482
11	Grindeks	6,474		6,474
12	Telia LT	6,048		6,048
13	Energijas Skirstymo Operatorius	5,508		5,508
14	Harju Elekter	5,091		5,091
15	Klaipēdos nafta	4,821		4,821
16	Pieno žvaigždės	4,687		4,687
17	Olainfarm	4,397		4,397
18	Merko Ehitus	4,193		4,193
19	Grigeo Grigiškės	3,719		3,719
20	Vilkyškių pieninė	2,875		2,875





UNIT PRICE MOVEMENT IN 2017

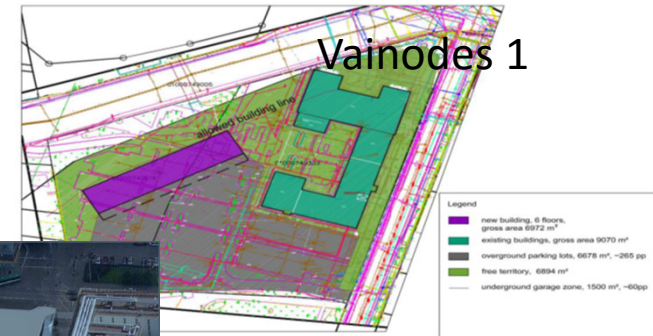
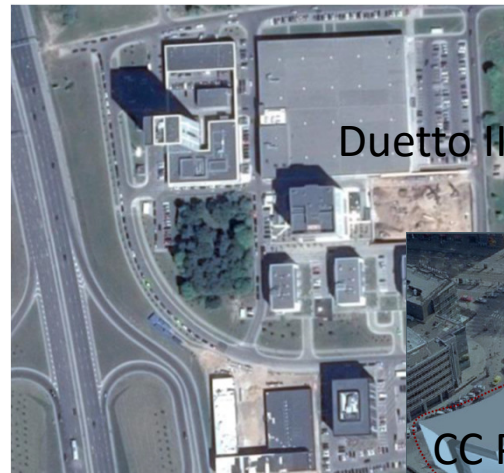
■ Baltic Horizon Fund (STO) 12.50 ■ Baltic Horizon Fund (TLN) 1.31



FUTURE OUTLOOK

Strong focus on
unlocking value:

- Domus PRO III stage
- Vainodes 1 extension
- G4S new extension
- CC Plaza expansion
- Duetto II
- Europa SC repositioning





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