



NORTHERN HORIZON

BALTIC HORIZON
FUND
Q3 WEBINAR

Financial results for 2019 Q3



MAIN EVENTS Q2-Q3 2019

Further growth of portfolio is expected

Sustainable dividend story (Q3 12 m rolling yield is 7.8%)

Acquisitions of Duetto II in Lithuania, North Star in Lithuania and Galerija shopping center in Riga

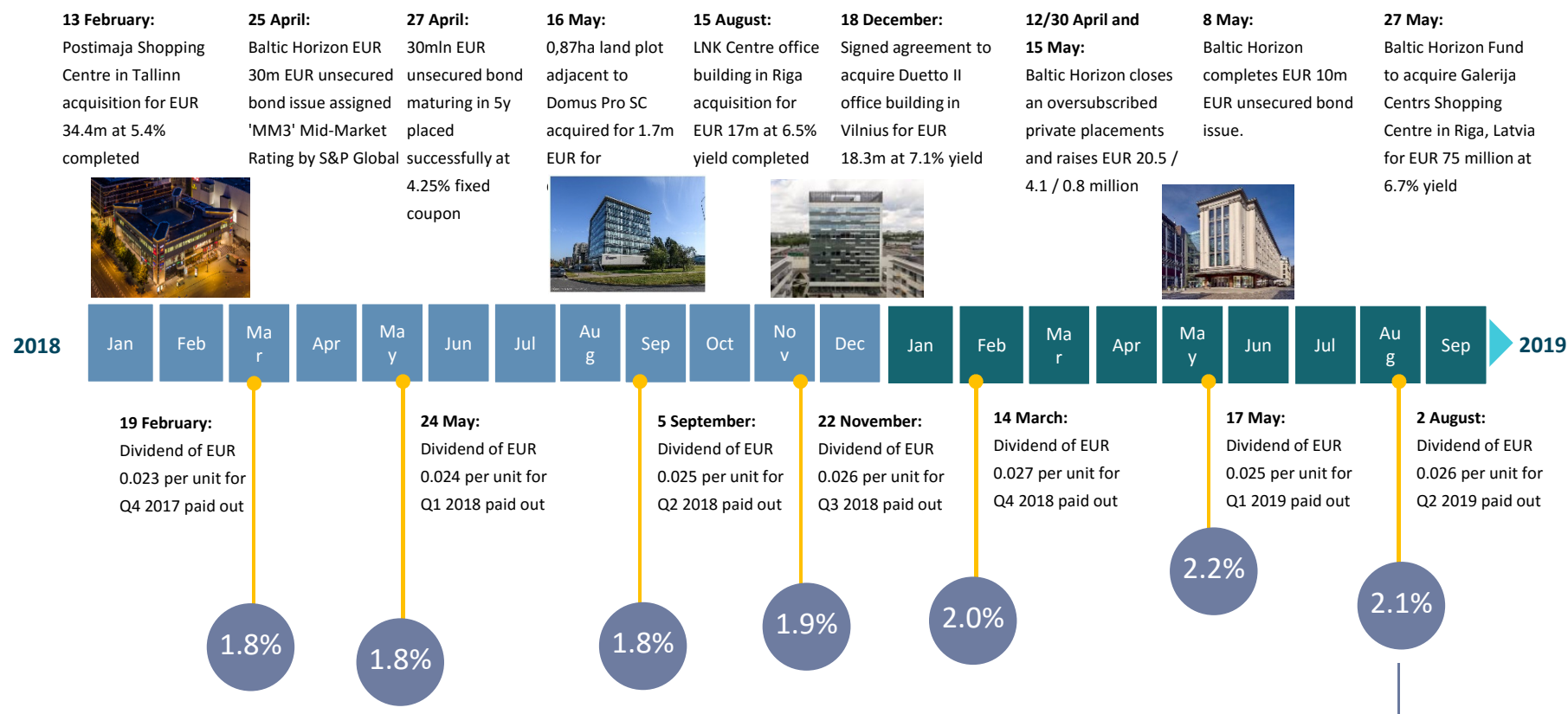
- April 2019 – 20.5 mEUR oversubscribed private placement closing (total orders represented over 160% of the maximum supply permitted);
- April 2019 – 4.1 mEUR private placement closing;
- May 2019 – 10 mEUR unsecured bond maturing in 5y placed at 4.25% fixed coupon;
→ subscribed by Baltic institutional investors
- May 2019 – 0.8 mEUR private placement closing;
- May 2019 – 0.025 EUR dividend declared for Q1 2019 (total amount - 2.45 mEUR);
- June 2019 – Galerija Centrs acquisition in Riga, Latvia completed;
→ purchase price 75 mEUR, which corresponds to entry yield of approximately 6.7%
- July 2019 – 4 mEUR private placement closing (contribution from Galerija Centrs seller);
- August 2019 – 0.026 EUR dividend declared for Q2 2019 (total amount - 2.62 mEUR);
- October 2019 – 16.5 mEUR private placement closing (including 5 mEUR contribution from North Star seller);
- October 2019 – North Star business centre acquisition in Vilnius, Lithuania completed;
→ purchase price 20.7 mEUR, which corresponds to entry yield of approximately 7.3%
- October 2019 – 0.027 EUR dividend declared for Q3 2019 (total amount – 3.06 mEUR);



NORTHERN HORIZON



RECENT DEVELOPMENTS – 2018–2019



Paid out quarterly dividend as % of weighted average NAV



STABILIZED GROWTH STRATEGY

Main focus on
expansion projects

Growth by off-market
(in-kind)
opportunities

- **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
- The Fund management team is taking active steps to **combine Postimaja & Coca-Cola Plaza**. To achieve that synergy HG Arhidektuur OÜ has been selected as the partner to work out architectural solution. The Project includes developing a new exterior design as well as considerably increasing the leasable area.
- The Fund management team is working together with local and International retail consultants on the **renewal of the concept of Pirita** in order to minimize ground floor vacancy and strengthen the tenant mix.
- Team has been in touch with top European retail consultants to **refresh Europa's concept** and increase its attractiveness.



ACTIVE PROPERTY MANAGEMENT

Details of existing property portfolio

Property	Europa SC	Upmalas Biroji	Domus Pro	G4S HQ	Lincona	Duetto I	Duetto II	Coca-Cola Plaza	Pirita	Sky Supermarket	Vainodes	Postimaja SC	LNK Centre	Galerija Centrs	Total
City	Vilnius CBD	Riga	Vilnius	Tallinn	Tallinn	Vilnius	Vilnius	Tallinn CBD ¹	Tallinn	Riga	Riga	Tallinn	Riga CBD ¹	Riga CBD ¹	
Type	Retail	Office	Retail/Office	Office	Office	Office	Office	Cinema	Retail	Retail	Office	Retail	Office	Retail	
Rentable area sq.m.	16,856	10,458	16,078 ²	9,179	10,871	8,498	8,636	8,664	5,508	3,254	8,052	9,145	7,453	23,862	146,514
Vacancy	4.9%	0%	1.3%	13%	1.7%	1.3%	0% ³	0%	8.9%	0.6%	0%	9.4%	0%	4.2%	3%
Rent, EUR/ sq.m./month	14.5	12.7	9.4	10.6	10.1	11.7	12.4	10.6	13.5	10.8	13.2	16.4	12.0	22.7	13
NOI, EURm	2.5	1.7	1.7	1.1	1.3	1.2	1.3	1.0	0.8	0.4	1.5	1.5	1.1	5.2	22
Fair value, EURm	40.4	25.2	25.7 ⁴	17.1	17.5	16.0	17.9	15.0	9.8	5.4	21.5	32.1	16.8	75.8	336.3
No. of leases	72	8	36	1	13	7	12	2	20	18	3	12	3	100	307
Property management company	BPT Real Estate UAB	Bauplan NORD	BPT Real Estate UAB	BPT Real Estate AS	BPT Real Estate AS	YIT Kausta UAB	YIT Kausta UAB	Forum Cinemas AS	BPT Real Estate AS	BPT Real Estate SIA	BPT Real Estate SIA	BPT Real Estate AS	BPT Real Estate SIA	BPT Real Estate SIA	
Major Tenants															

Source: Northern Horizon Capital

¹ Central Business District ² Retail: 11,247 sqm, MV: €16.51m; Office: 4,831 sqm, MV: €7.53m. ³ Duetto II effective occupancy rate is 100% due to a rental guarantee. ⁴ Includes land plot next to Domus Pro (Meraki).

FINANCIAL RESULTS FOR Q3 2019

PROPERTY PERFORMANCE

<i>Euro '000</i>	Sector	Book value ¹ <i>Euro '000</i>	Direct property yield ²	Net initial yield ³	Occupancy rate for Q3 2019
Duetto I	Office	16,020	7.7%	7.2%	98.7%
Duetto II	Office	17,900	7.1%	7.3%	100.0%
Europa SC	Retail	40,402	6.7%	6.1%	95.6%
Domus Pro Retail Park	Retail	16,523	7.5%	7.1%	98.1%
Domus Pro Office	Office	7,530	8.7%	7.5%	100.0%
Meraki Land	-	1,700	-	-	-
Total Vilnius		100,076	7.2%	6.8%	97.9%
Upmalas Biroji BC	Office	25,220	6.9%	6.5%	100.0%
Vainodes I	Office	21,497	6.9%	6.9%	100.0%
LNK Centre	Office	16,830	6.4%	6.5%	100.0%
Sky SC	Retail	5,424	7.9%	7.4%	99.4%
Galerija Centrs	Retail	75,840	6.1%	6.0%	95.9%
Total Riga		144,811	6.5%	6.4%	98.3%
Postimaja & CC Plaza	Retail	32,140	4.2%	4.5%	90.8%
Postimaja & CC Plaza	Leisure	14,980	9.0%	7.1%	100.0%
G4S Headquarters	Office	17,133	7.7%	7.0%	100.0%
Lincona	Office	17,513	8.0%	7.2%	99.4%
Pirita SC	Retail	9,835	6.8%	8.6%	92.6%
Total Tallinn		91,601	6.5%	6.3%	97.0%
Total portfolio		336,488	6.7%	6.5%	97.7%

1. Based on the latest valuation as at 30 June 2019 and subsequent capital expenditures.
2. Direct property yield (DPY) is calculated by dividing NOI by the acquisition value and subsequent capital expenditure of the property.
3. The net initial yield (NIY) is calculated by dividing NOI by the market value of the property.

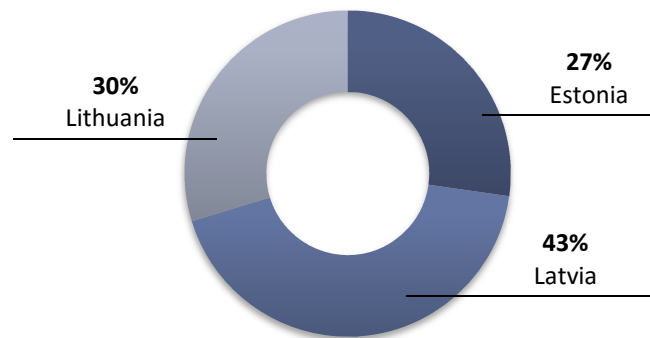


BALTIC HORIZON'S 15 PROPERTY PORTFOLIO BREAKDOWN

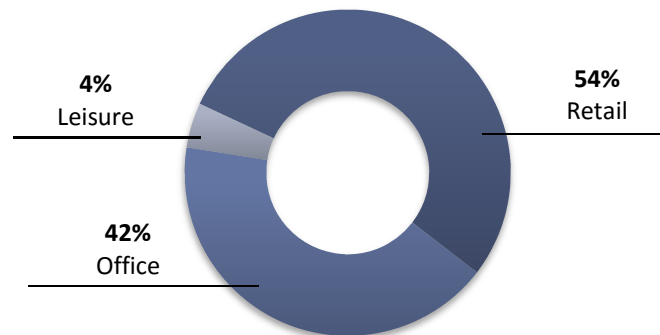
Geographical and Segmental diversification

5 properties with expansion potential

Geographical allocation



Segment allocation





FINANCING SUMMARY

AS OF 30 SEPTEMBER 2019

58.5%

LTV

2.6%

Cost of debt

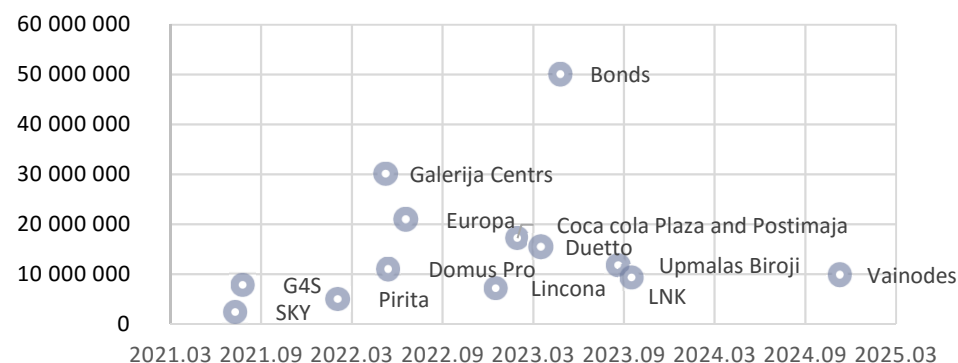
0.2%

Annual debt
amortization

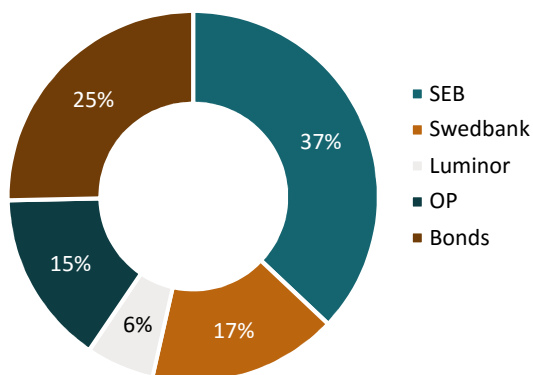
3.3 years

Weighted debt
maturity

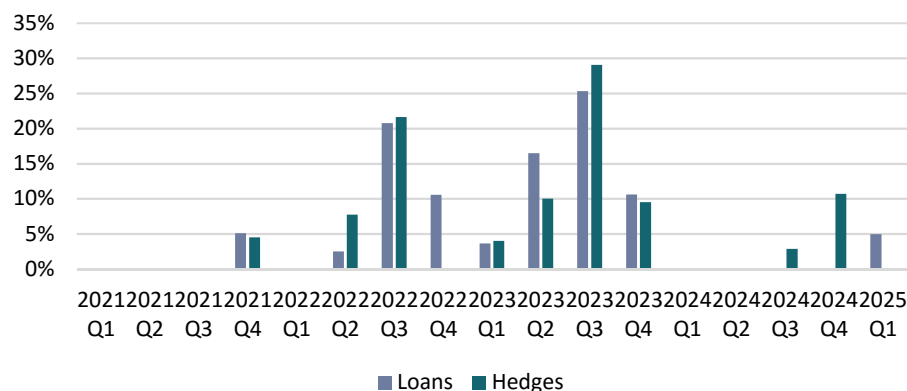
Maturity by separate loan



Diversification by creditor



Loan and hedge maturity



FINANCIAL RESULTS FOR Q3 2019

KEY FIGURES

EUR 1.3400

IFRS NAV per unit
30.09.2019

EUR 1.3988

IFRS NAV per unit
31.12.2018

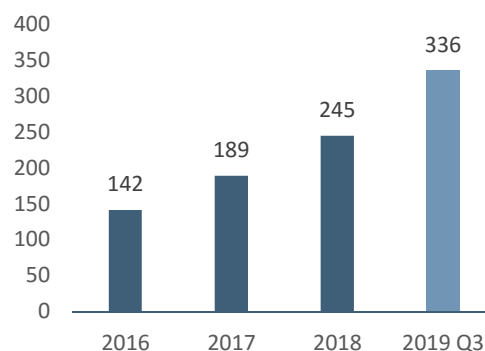
EUR 1.4442

EPRA NAV per unit
30.09.2019

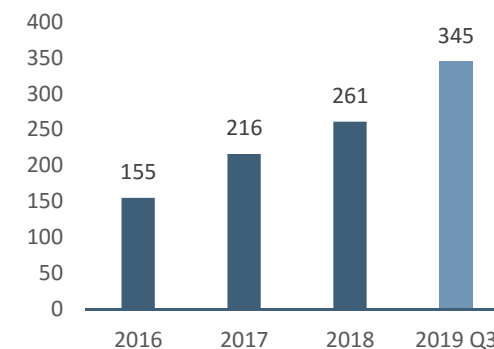
EUR 1.5101

EPRA NAV per unit
31.12.2018

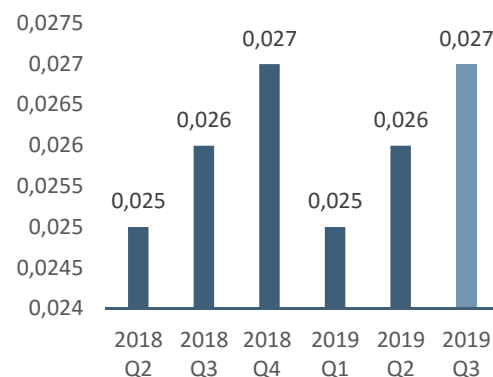
Investments in properties
(mEUR)



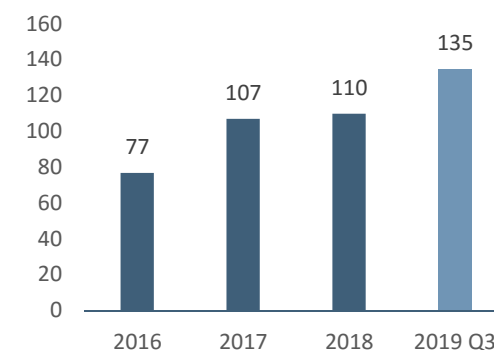
Gross asset value (GAV)
(mEUR)



Dividend
(EUR per share)



Net asset value (NAV)
(mEUR)



FINANCIAL RESULTS FOR Q3 2019

FINANCIAL PERFORMANCE

- In Q3 2019, NOI amounted to EUR 5.4 million and was higher than in Q3 2018 (EUR 3.8 million).
- During Q3 2019, the Fund's result was positively affected by new property acquisitions in 2019 (Duetto II office building and Galerija Centrs shopping centre).

<i>Euro '000</i>	Q3 2019	Q3 2018	Change (%)
Rental income	5,782	4,012	44.1%
Service charge income	1,476	619	138.4%
Cost of rental activities	(1,846)	(791)	133.4%
Net rental income	5,412	3,840	40.9%
Administrative expenses	(879)	(748)	17.5%
Other operating income	17	3	466.7%
Valuation gains (losses) on investment properties	-	-	-%
Operating profit	4,550	3,095	47.0%
Financial income	1	2	(50.0%)
Financial expenses	(1,340)	(776)	72.7%
Net financing costs	(1,339)	(774)	73.0%
Profit (loss) before tax	3,211	2,321	38.3%
Income tax charge	(152)	(126)	20.6%
Profit for the period	3,059	2,195	39.4%

FINANCIAL RESULTS FOR Q3 2019

ASSETS AS OF 30/09/2019

- Total investment value increased from EUR 245 million to EUR 336 million after Galerija Center and Duetto II acquisitions.
- GAV increase is mainly related to the increase in IP book value due to capital expenditures and the increase in cash as a result of newly acquired Galerija Centrs positive effect on the Fund cash flows over the quarter.

<i>Euro '000</i>	30.09.2019	31.12.2018
Non-current assets		
Investment properties	336,488	245,160
Derivative financial instruments	33	9
Other non-current assets	96	596
Total non-current assets	336,617	245,765
Current assets		
Trade and other receivables	1,958	2,229
Prepayments	247	154
Other current assets	960	505
Cash and cash equivalents	5,545	12,225
Total current assets	8,710	15,113
Total assets	345,327	260,878

FINANCIAL RESULTS FOR Q3 2019

EQUITY & LIABILITIES AS OF 30/09/2019

- In Q3 2019, the Fund NAV increased to EUR 135.2 million. The increase is related to capital raising in July as part of Galerija Centrs sale agreement.
- The Fund declared a cash distribution of EUR 3.06 million (EUR 0.027 per unit) to the Fund unitholders for Q3 2019 results (EUR 2.62 million or EUR 0.026 per unit for Q2 2019).

<i>Euro '000</i>	30.09.2019	31.12.2018
Equity		
Paid in capital	121,883	93,673
Own units	-	(335)
Cash flow hedge reserve	(2,310)	(1,005)
Retained earnings	15,656	17,472
Total equity	135,229	109,805
Non-current liabilities		
Interest bearing loans and borrowings	196,559	140,401
Deferred tax liabilities	5,809	5,844
Derivative financial instruments	2,491	1,069
Other non-current liabilities	1,248	905
Total non-current liabilities	206,107	148,219
Current liabilities		
Interest bearing loans and borrowings	388	106
Trade and other payables	2,890	2,397
Income tax payable	1	-
Other current liabilities	712	351
Total current liabilities	3,991	2,854
Total liabilities	210,098	151,073
Total equity and liabilities	345,327	260,878



FINANCIAL DEBT STRUCTURE OF THE FUND AS OF 30/09/2019

- During Q3 2019, there were no changes in financing, expect for new Galerija Centrs interest rate swap contract.

Property	Maturity	Carrying amount Euro '000	% of total	Fixed rate portion
Lincona	31 Dec 2022	7,188	3.6%	95%
CC Plaza and Postimaja	12 Feb 2023	17,200	8.7%	100% ¹
Sky SC	1 Aug 2021	2,289	1.2%	-%
Europa SC	5 Jul 2022	20,900	10.6%	88%
G4S Headquarters	16 Aug 2021	7,750	3.9%	100%
Upmalas Biroji BC	31 Aug 2023	11,750	5.9%	90%
Pirita SC	20 Feb 2022	4,944	2.5%	123%
Duetto I and II	31 Mar 2023	15,376	7.8%	47% ²
Domus Pro	31 May 2022	11,000	5.6%	66%
Vainodes I	13 Nov 2024	9,842	5.0%	50%
LNK	27 Sep 2023	9,2117	4.7%	63%
Galerija Centrs	26 May 2022	30,000	15.2%	100%
Total bank loans		147,456	74.7%	83%
Less capitalized loan arrangement fees ³		(262)		
Total bank loans recognised in the statement of financial position		147,194		
5 year-unsecured bonds	08 May 2023	50,000	25.3%	100%
Less capitalized bond arrangement fees ³		(247)		
Total debt recognised in the statement of financial position		196,947	100%	87%

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.



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BH UNITS SECONDARY TRADING

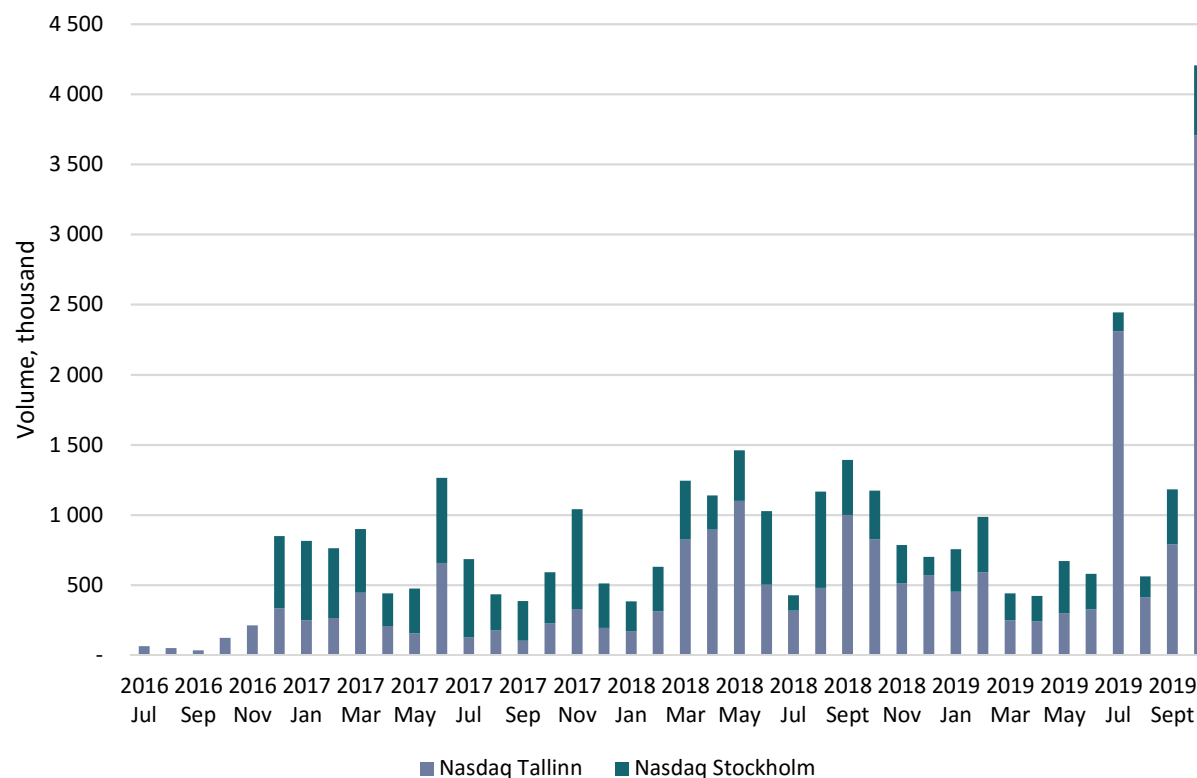
Over 4,500 investors

Improving liquidity in the
secondary market

OTC transactions
excluded

Market cap of approx.
152mln EUR turns around
in c.a. 8.3 years (based on
last 12 months trading
volume) i.e. 15-20mln EUR
traded annually.

BH units secondary trading per month





BALTIC HORIZON & SUSTAINABILITY

PLAN FOR 2019-2020

Environmental

- Improve data coverage:
 - GHG emissions
- Collect data on water, energy and waste management measures
- Request data review by property managers
- Collecting data on IT systems employed by property manager
- Obtain EPC certificates for all properties

Social

- NHC related actions:
 - Employee satisfaction survey
 - Employee engagement program
- Entity related actions:
 - Tenant satisfaction survey
 - Community engagement program

Governance

- Setting ESG related performance targets for senior staff
- Including ESG metrics to investment underwriting
- Implementation of Responsible Investment policy
- Preparation of internal ESG risk assessments
- Reporting:
 - Include ESG reporting to annual statements
 - Section in corporate website dedicated to ESG reporting



BALTIC HORIZON

GRESB PERFORMANCE & ACTION PLAN



Action Plan 2019-2020

○ Environmental:

- Improve data coverage: GHG emissions
- Collect data on water, energy and waster management measures
- Obtain EPC certificates for all properties

○ Social:

- Employee and tenant satisfaction surveys
- Employee engagement program
- Community engagement program
- Staff training

○ Governance:

- Including ESG targets to performance review of senior staff
- Including ESG metrics to investment underwriting
- Rigorous implementation of investment policy
- ESG disclosure
- ESG target definition and commitment



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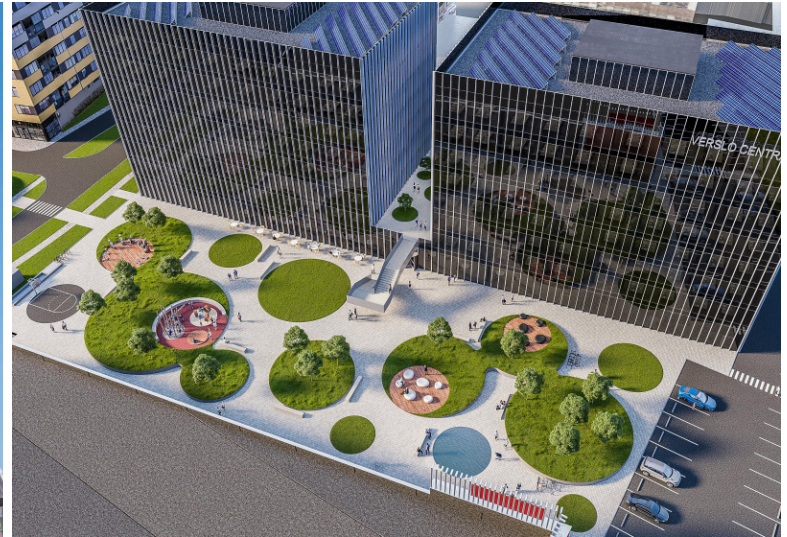
MERAKI BREEAM PROJECT VISUALIZATIONS





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MERAKI BREEAM PROJECT VISUALIZATIONS



Source: Baltic Horizon



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