



NORTHERN HORIZON
CAPITAL

BALTIC HORIZON
FUND
H1 WEBINAR

Financial results for 2019 H1



MAIN EVENTS Q1-Q2 2019

Further growth of portfolio is expected

Sustainable dividend story (Q2 12-month rolling yield is 7.5%)

Acquisitions of Duetto II in Lithuania and Galerija shopping center in Riga

- Feb 2019 – 0.027 EUR dividend declared for Q4 2018 (0.026 EUR previous quarter);
 - Feb 2019– Q4 2018 financial results published;
 - Feb 2019 – Duetto II acquisition in Lithuania completed
 - purchase price 18.3 MEUR which corresponds to entry yield of approximately 7.1%
 - April 2019 – 20.5 MEUR oversubscribed private placement closing (total orders represented over 160% of the maximum supply permitted);
 - May 2019 – 10 MEUR unsecured bond maturing in 5y placed at 4.25% fixed coupon;
 - subscribed by Baltic institutional investors
 - May 2019 – registration of Listing Prospectus;
 - May 2019 – 0.8 MEUR private placement closing;
 - May 2019 - Q1 2019 financial results published;
 - May 2019 – 0.025 EUR dividend declared for Q1 2019;
 - June 2019 – Galerija Centre acquisition in Riga completed
 - purchase price 75 MEUR, which corresponds to entry yield of approximately 6.7%
-



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
 - **Further equity raising through private placement in Q3 2019**
 - 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.
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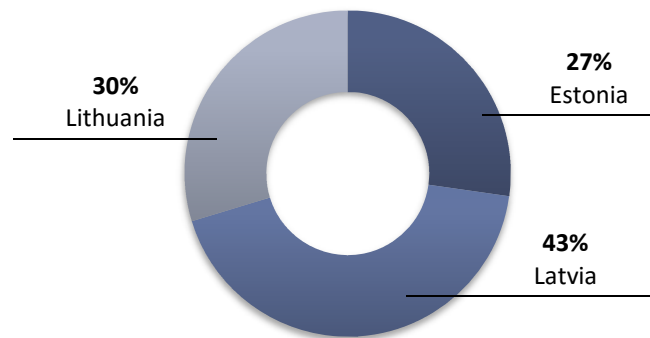


BALTIC HORIZON'S 14 PROPERTY PORTFOLIO BREAKDOWN

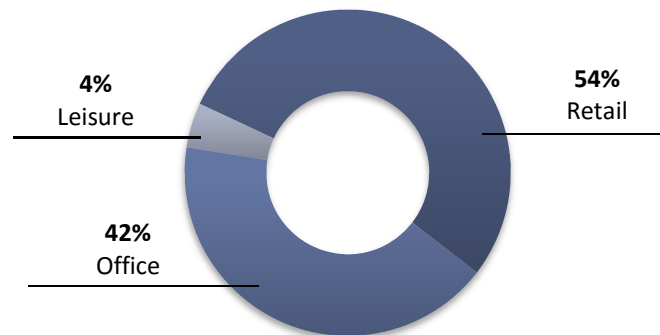
Geographical and Segmental diversification

5 properties with expansion potential

Geographical allocation



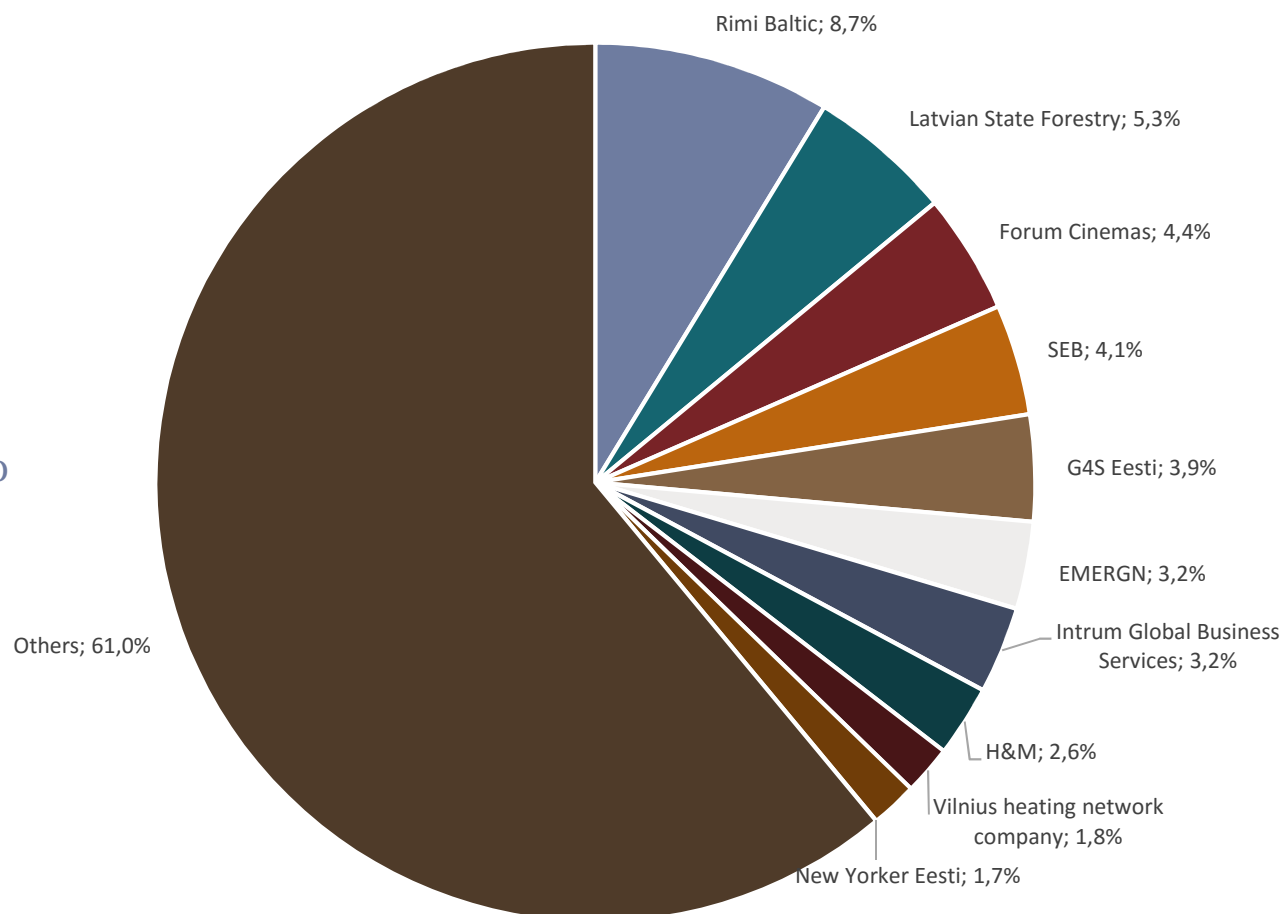
Segment allocation





RENTAL CONCENTRATION – 10 LARGEST

Largest tenant accounts for only 8,7% of the portfolio





FINANCING SUMMARY

AS OF 30 JUNE 2019

58.6%

LTV

2.6%

Cost of debt

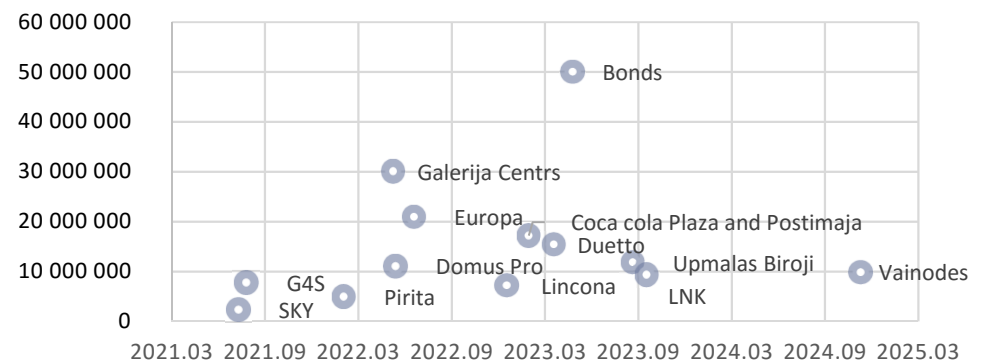
0.2%

Annual debt
amortization

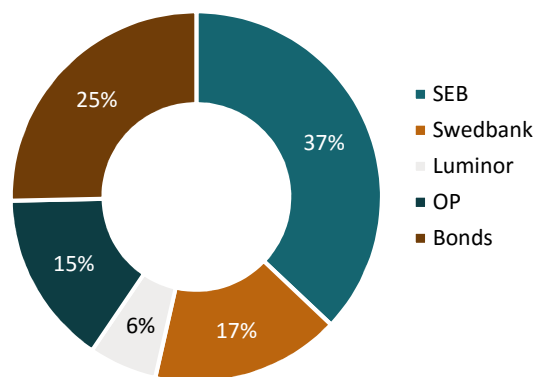
3.6 years

Weighted debt
maturity

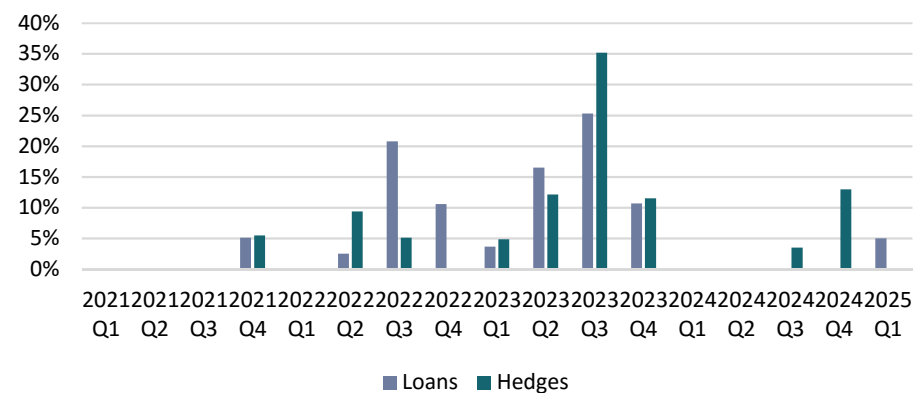
Maturity by separate loan



Diversification by creditor



Loan and hedge maturity





ACQUISITION OF GALERIJA CENTER

- Galerija Center was acquired on 13 June 2019 with a purchase price of EUR 75 MEUR, which corresponds to an estimated entry yield of 6.7%. It is the largest asset in portfolio, comprising 22% of the portfolio's total fair value. The net leasable area of the property is 20,073 m².
- The property is located in Riga Old Town, next to the National Opera. As a block of Old Town, the 5-floor property complex consists of two buildings connected with a passage of glass roofed arcade.
- Galerija offers a diversified portfolio of shops and services. The anchor tenants include H&M, RIMI, Massimo Dutti, Douglas, Lindex, Esprit, Gant, Marc O'Polo, Max Mara Weekend and others. The fifth floor houses a healthcare center, a beauty salon and a fitness club.



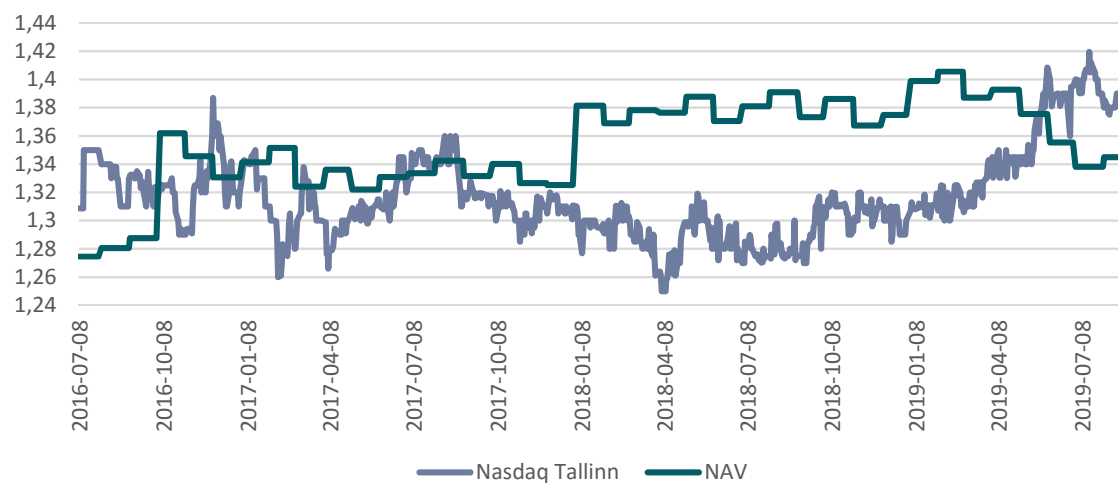


UNITS TRADING

Since end of May 2019 Baltic Horizon fund units are traded at Premium in Nasdaq Tallinn Stock Exchange market

Investor increased faith and interest

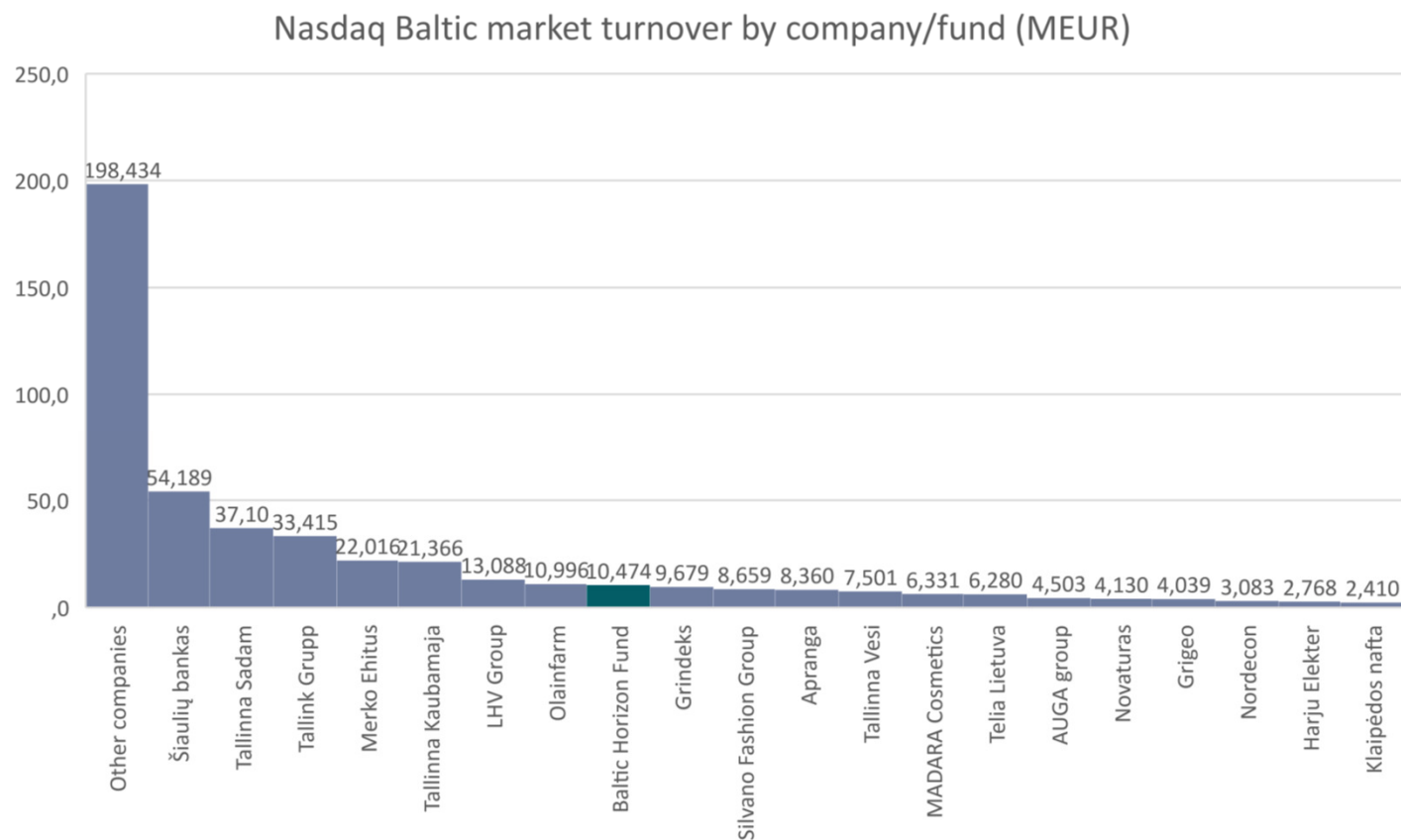
BH units performance since IPO





LIQUIDITY OVERVIEW

Baltic
Horizon has
become one
of the most
liquid
equities in
the Baltics



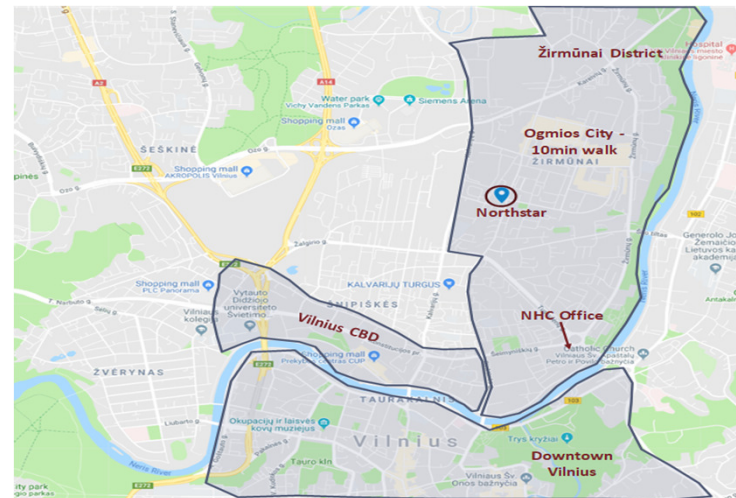
Market turnover calculated over a period 03.09.2019-04.09.2019

Source: Nasdaq Baltic



INVESTMENT OPPORTUNITY – NORTH STAR

- On 30.08.2019 Baltic Horizon Fund signed an agreement with closed-end investment undertaking intended for informed investors UAB “Prosperus Strategic RE Fund” to acquire business center “North Star”. The purchase price is approximately EUR 20.7 million, which corresponds to an estimated entry yield of approximately 7.3%
- North Star is a well-located office building near the central business district of Vilnius. Property is surrounded by residential developments, various administrative and commercial objects.
- Within its 10,600 sq.m. leasable area it houses various strong tenants with anchor tenant being the Lithuanian State Tax Inspectorate. The office complex also includes an underground parking facility with 370 places.





FINANCIAL RESULTS FOR Q2 2019

KEY FIGURES

EUR 1.3381

IFRS NAV per unit
30.06.2019

EUR 1.3988

IFRS NAV per unit
31.12.2018

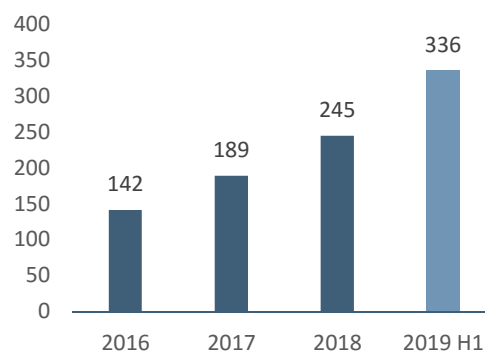
EUR 1.4378

EPRA NAV per unit
30.06.2019

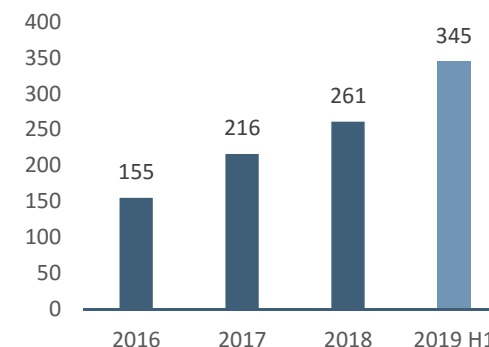
EUR 1.5101

EPRA NAV per unit
31.12.2018

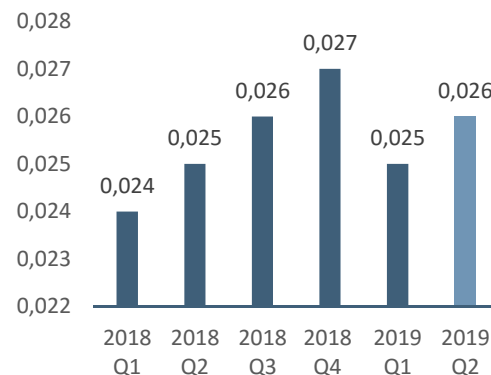
Investments in properties
(MEUR)



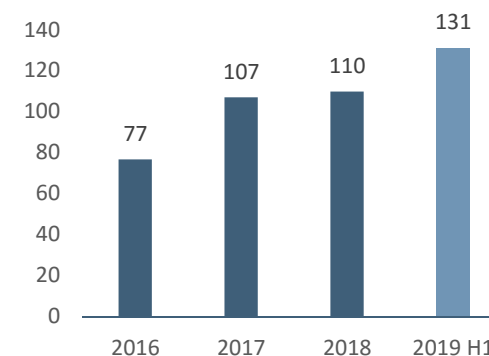
Gross asset value (GAV)
(MEUR)



Dividend
(EUR per share)



Net asset value (NAV)
(MEUR)





FINANCIAL RESULTS FOR Q2 2019

FINANCIAL PERFORMANCE

- In Q2 2019, NOI amounted to EUR 4.3 million and was higher than in Q2 2018 (EUR 3.6 million).
- During Q2 2019, the Fund's result includes the half-year valuation loss of EUR 2.4 million mainly due to changes in future inflation projections.

| <i>Euro '000</i> | 30.06.2019 | 31.12.2018 |
|---|-------------------|-------------------|
| Rental income | 4,646 | 3,958 |
| Service charge income | 889 | 608 |
| Cost of rental activities | (1,279) | (940) |
| Net rental income | 4,256 | 3,626 |
| Administrative expenses | (817) | (621) |
| Other operating income | - | 39 |
| Valuation gains (losses) on investment properties | (2,439) | 480 |
| Operating profit | 1,000 | 3,524 |
| Financial income | 1 | 2 |
| Financial expenses | (1,077) | (716) |
| Net financing costs | (1,076) | (714) |
| Profit (loss) before tax | (76) | 2,810 |
| Income tax charge | 220 | (234) |
| Profit for the period | 144 | 2,576 |



FINANCIAL RESULTS FOR Q2 2019

ASSETS AS OF 30/06/2019

- Total investment value increased from EUR 245 million to EUR 336 million after Galerija Center and Duetto II acquisitions.

| <i>Euro '000</i> | 30.06.2019 | 31.12.2018 |
|----------------------------------|-------------------|-------------------|
| Non-current assets | | |
| Investment properties | 336,310 | 245,160 |
| Derivative financial instruments | 33 | 9 |
| Other non-current assets | 95 | 596 |
| Total non-current assets | 336,438 | 245,765 |
| Current assets | | |
| Trade and other receivables | 2,301 | 2,229 |
| Prepayments | 339 | 154 |
| Other current assets | 856 | 505 |
| Cash and cash equivalents | 4,952 | 12,225 |
| Total current assets | 8,448 | 15,113 |
| Total assets | 344,886 | 260,878 |



FINANCIAL RESULTS FOR Q2 2019

EQUITY & LIABILITIES AS OF 30/06/2019

- In Q2 2019, the Fund NAV increased to EUR 131.1 million. The increase is related to three capital raisings in April and May.
- The Fund declared a cash distribution of EUR 2.62 million (EUR 0.026 per unit) to the Fund unitholders for Q2 2019 results (EUR 2.4 million or EUR 0.025 per unit for Q1 2019).

| <i>Euro '000</i> | 30.06.2019 | 31.12.2018 |
|---------------------------------------|-------------------|-------------------|
| Equity | | |
| Paid in capital | 117,883 | 93,673 |
| Own units | - | (335) |
| Cash flow hedge reserve | (2,022) | (1,005) |
| Retained earnings | 15,221 | 17,472 |
| Total equity | 131,082 | 109,805 |
| Non-current liabilities | | |
| Interest bearing loans and borrowings | 196,613 | 140,401 |
| Deferred tax liabilities | 5,674 | 5,844 |
| Derivative financial instruments | 2,186 | 1,069 |
| Other non-current liabilities | 1,271 | 905 |
| Total non-current liabilities | 205,744 | 148,219 |
| Current liabilities | | |
| Interest bearing loans and borrowings | 388 | 106 |
| Trade and other payables | 6,710 | 2,397 |
| Income tax payable | 1 | - |
| Other current liabilities | 961 | 351 |
| Total current liabilities | 8,060 | 2,854 |
| Total liabilities | 213,804 | 151,073 |
| Total equity and liabilities | 344,886 | 260,878 |



FINANCIAL DEBT STRUCTURE OF THE FUND AS OF 30/06/2019

- During Q2 2019, the Fund drew down an EUR 8.1 million bank loan for Duetto II. The Fund drew down an additional EUR 30 million bank loan to finance the Galerija Centrs shopping centre acquisition.
- On 8 May 2019, the Fund completed subsequent subscription for its 5-year unsecured bonds for the amount of EUR 10 million.

| 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 | 2,333 | 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% | 124% |
| 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 | 9,287 | 4.7% | 62% |
| Galerija Centrs | 26 May 2022 | 30,000 | 15.2% | -% |
| Total bank loans | | 147,570 | 74.7% | 62% |
| Less capitalized loan arrangement fees ³ | | (304) | | |
| Total bank loans recognised in the statement of financial position | | 147,266 | | |
| 5 year-unsecured bonds | 08 May 2023 | 50,000 | 25.3% | 100% |
| Less capitalized bond arrangement fees ³ | | (265) | | |
| Total debt recognised in the statement of financial position | | 197,001 | 100% | 72% |

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.



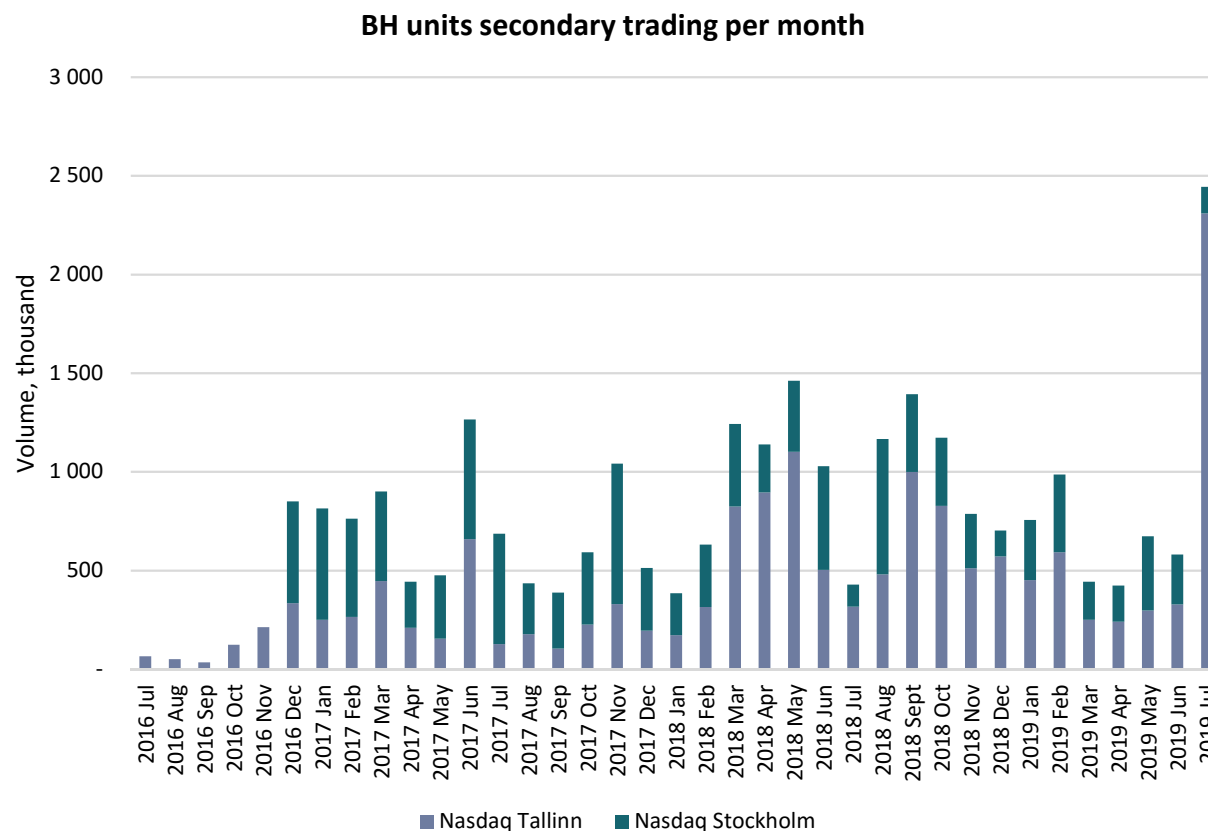
BH UNITS SECONDARY TRADING

Over 4,500 investors

Improving liquidity in
the secondary market

OTC transactions
excluded

Market cap of approx.
140 MEUR turns
around in c.a. 8.5
years (based on last 12
months trading
volume).





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