



BALTIC HORIZON

PRESENTATION

Key events of Baltic Horizon

Acquisition in Tallinn

- Feb 2018 – Postimaja SC in Tallinn acquired for 34,4mln EUR; 2,35mln EUR re-invested back to Fund;
- Mar 2018 – annual report for 2017 published;

Fund rated by S&P

- Apr 2018 – S&P mid-market rating of MM3 (corresponding to BB+/BB on a global scale) assigned;

30mln EUR bond placed

- 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);

Increasing dividend

- May 2018 – c.a. 17mln EUR of bank loans repaid from bond proceeds; better margins and non-amortizing structures obtained as a result;

Land plot in Vilnius

- May 2018 – Q1 2018 financial results published;
- May 2018 – 0,024 EUR dividend declared for Q1 2018 (0,023 EUR previous quarter);

Acquisition in Riga closed

- May 2018 – AGM did not happen due to no quorum; another AGM on 19 June;
 - buy-back proposed for 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;
- Apr-June 2018 – DD/negotiations of LNK business center in Riga; target at 17,1mln EUR and c.a. 6,5% yield; expected closing in June 2018;
- August 2018 - 0,025 EUR dividend declared for Q2 2018
- August 2018 - Q1/H1 2018 financial results published;

Stabilized growth strategy

Main focus on internal LT value creation through expansion projects

Growth by off-market (in-kind) opportunities

Increase development and AM expertise in BH

- **Diversified low risk 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
- **Careful about buying low yield properties** with record high rental levels and sq.m prices
- **Prolong lease agreements** with BH leading tenants (SKY, Cabot, G4S)

Strong cash-flow portfolio with a value of EUR 248 million

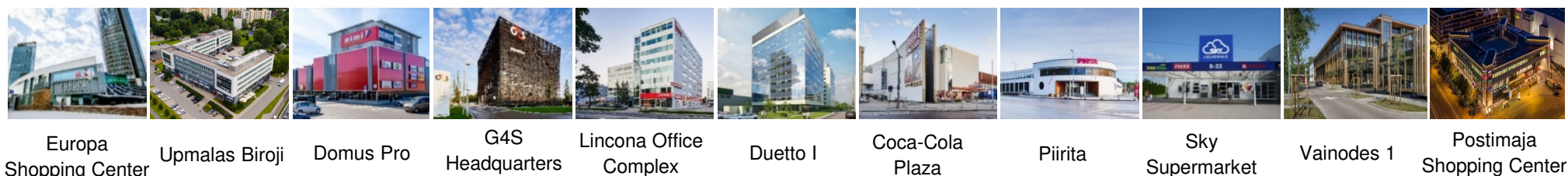
Geographical and
Segmental diversification

Blue chip tenants
including Nordic Banks,
Baltic Fintechs, SSCs,
Governmental agencies
and leading regional retail
companies












5 properties with major
expansion potential



Diversified portfolio across capital cities and retail/office segments



Details of existing property portfolio

Property	Europa SC	Upmalas Biroji	Domus Pro	G4S HQ	Lincona	Duetto I	Coca-Cola Plaza	Piirita	Sky Supermarket	Vainodes 1	Postimaja SC	TOTAL
City	Vilnius CBD ¹	Riga	Vilnius	Tallinn	Tallinn	Vilnius	Tallinn CBD ¹	Tallinn	Riga	Riga	Tallinn	
Type	Retail	Office	Retail/Office	Office	Office	Office	Cinema	Retail	Retail	Office	Retail	
Rentable area, sqm	16,856	10,419	16,006 ³	8,363	10,859	8,327	8,664	5,436	3,263	8,052	9,141	105,556
Vacancy	4.5%	0.2%	4.5%	0%	5.9%	3.5% (0% ²)	0%	5.4% (0% ²)	0.7%	0%	4.4	2.8%
Rent, EUR/sqm/month	13.6	12.2	9.4	11.2	10.0	11.5	9.6	13.3	11.0	13.3	17	11.9
NOI, EURm	2.4	1.7	1.3	1.2	1.2	1.1	1.0	0.9	0.4	1.4	1.8	15
Fair value, EURm	39.6	24.3	24.5 ³	16.6	16.1	16.2	13.2	11.6	5.5	21.9	34.4	223.9
No. of leases	75	12	38	1	14	7	1	21	20	3	14	206
WAULT	4.3	3.8	5.0	4.9	5.5	4.3	5.2	7.0	4.0	7.1	4.0	4.8
Major tenants	 MICHAEL KORS VAPIANO [®]	 BOSCH Johnson & Johnson	 Fitus BENU ⁺		 REPUBLIC OF ESTONIA INFORMATION SYSTEM AUTHORITY	 Pernod Ricard VILNIUS & VANDENY		 myfitness	 CUP & CINO		 rimi [!]	

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. ³Retail: 11,247 sqm, MV: €17.3m; Office: 7,150 sqm, MV: €7.1m

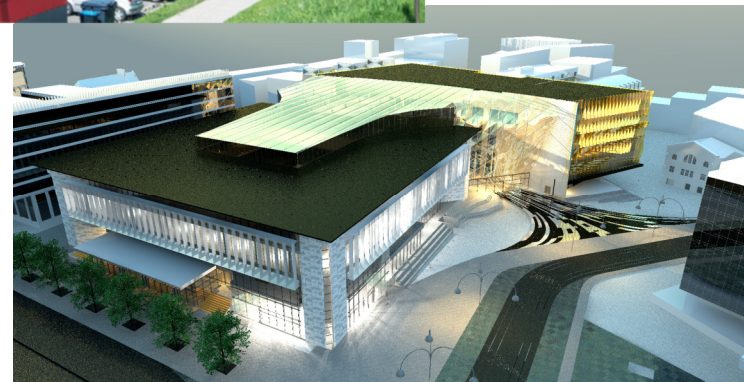
Expansion projects 2018-2023

5 expansion projects

1. Upmalas Salas
2. Vainodes 1
3. G4S
4. Postimaja
5. Domus PRO 4th stage

Development cost: ~70 mEUR











Value: ~100 mEUR



Well-balanced tenant mix with major Nordic and multinational tenants

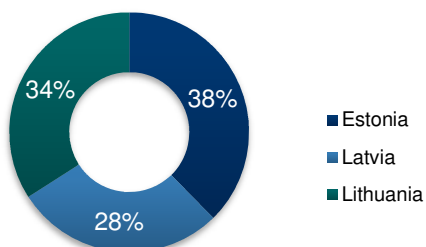
Strong tenants and long lease agreements

- Baltic Horizon has 206 tenants, mainly large Nordic and multinational firms.
- The 10 largest leases comprise 48% of total annualised rental income.
- Latvijas Valsts Meži is the largest tenant and accounts for 8.1% of total annualised rental income, closely followed by Rimi (7.6%).
- Successful property management is an important value driver for the Fund and the Management Company closely oversees property managers and signs off all new leases covering space of at least 100 sqm.
- The maturities of existing leases are fairly evenly distributed over the next 10 years with the exception of 2022 when lease contracts of 4 out of the 10 largest tenants are set to mature.

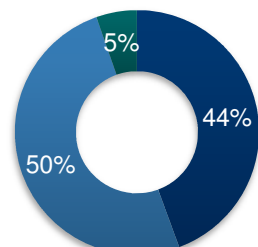
No	Tenant	Industry	Property	% of total annualized rental income	WAULT ⁺ , years
1		Forestry management	Vainodes 1	8.1%	6.9
2		Grocery	Domus Pro, Piirita, Postimaja	7.6%	6.6
3		Security	G4S Headquarters	7.6%	4.8
4		(same owner as SF Bio) Cinema	Coca-Cola Plaza	6.7%	5.2
5		Banking	Upmalas Biroji	4.9%	5.0
6		Credit management	Duetto I	4.7%	4.2
7		Clothing	Postimaja	3.0%	3.1
8		Banking	Lincona	2.0%	6.7
9		Utilities	Duetto I	1.7%	4.7
10		Grocery	Sky Supermarket	1.6%	5.0
Total of 10 largest tenants				48.1%	5.2

Fund Segment and Country Distribution

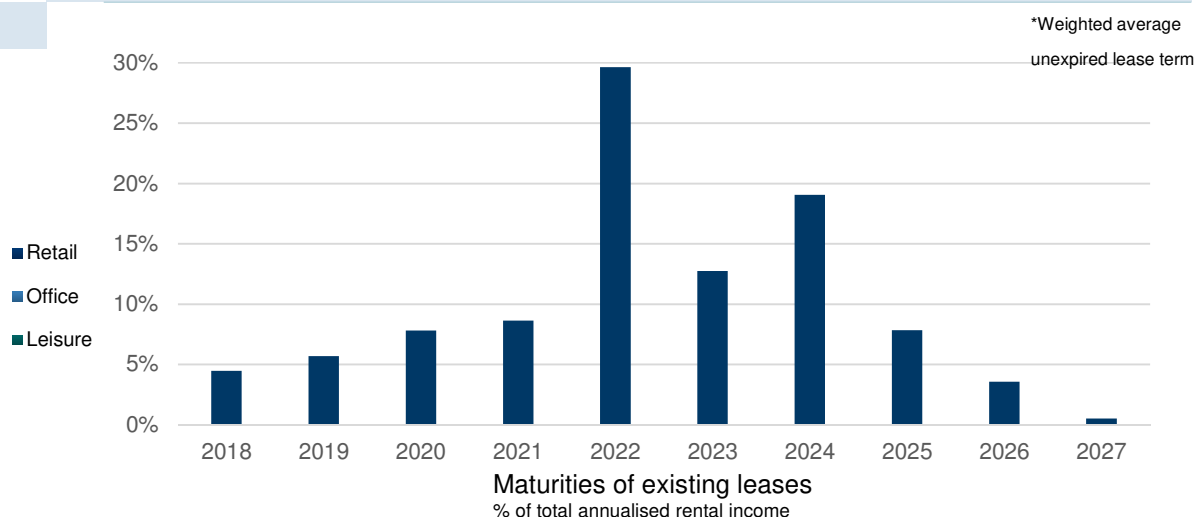
Fund geographical diversification



Fund segments



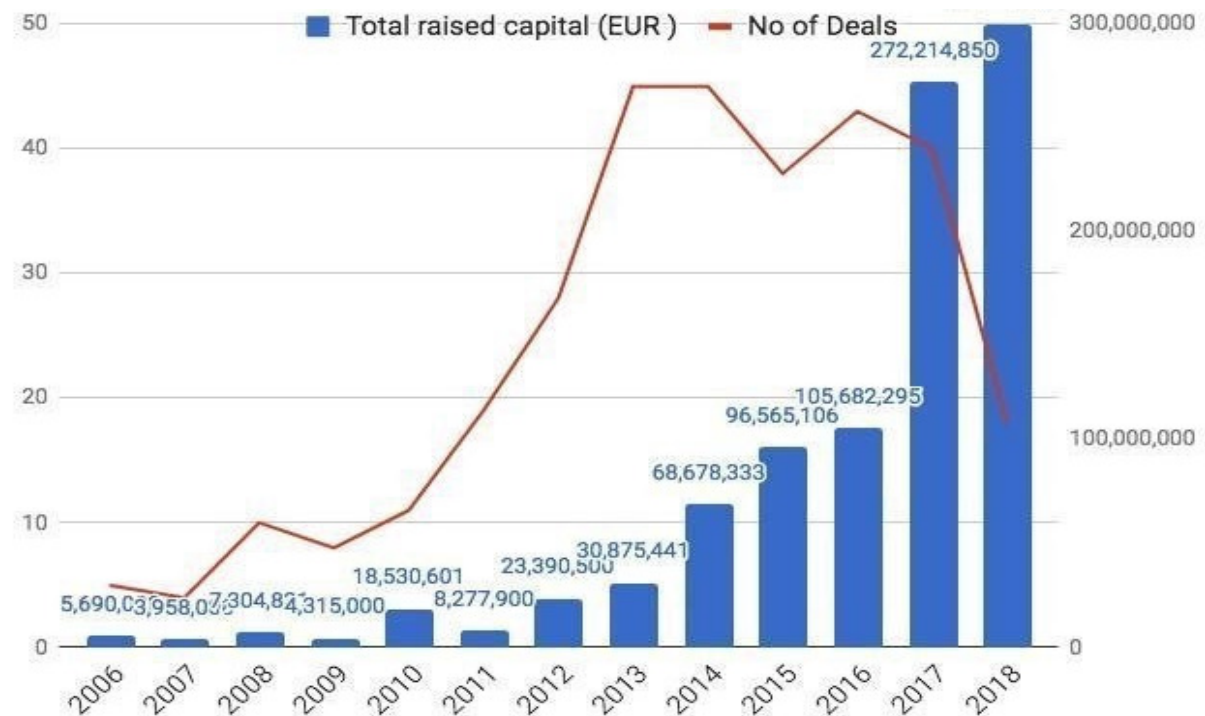
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Baltics – home for shared service centers and start-ups

- 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

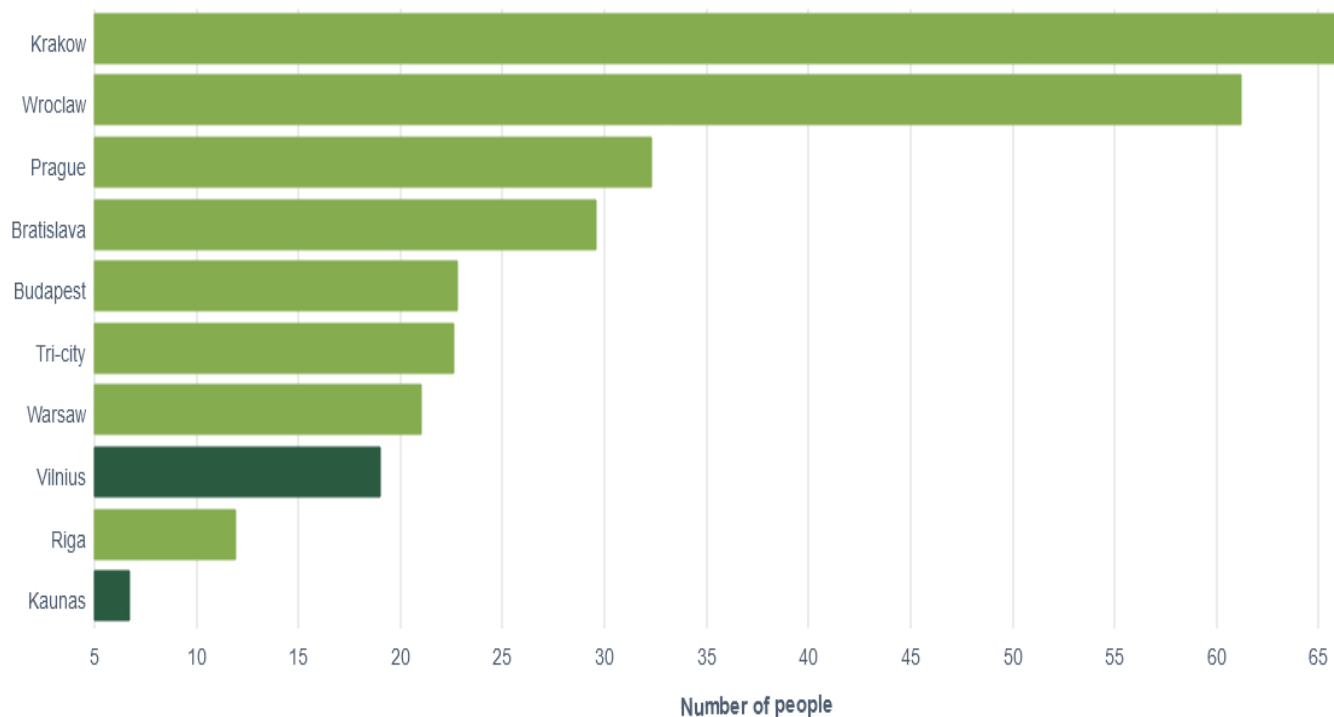
Estonian Startups Total Funding



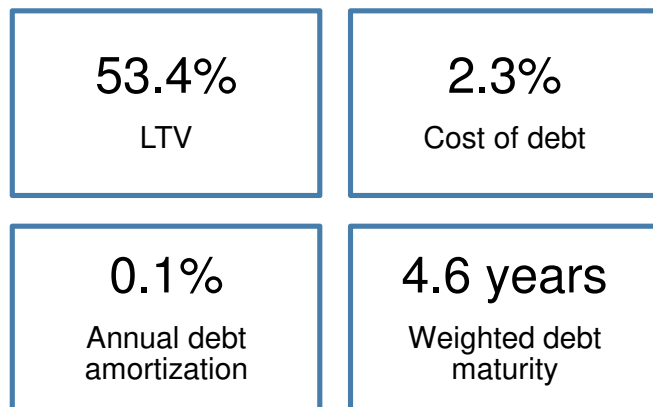
Vilnius has established itself as a growing SSC hot spot

- 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.

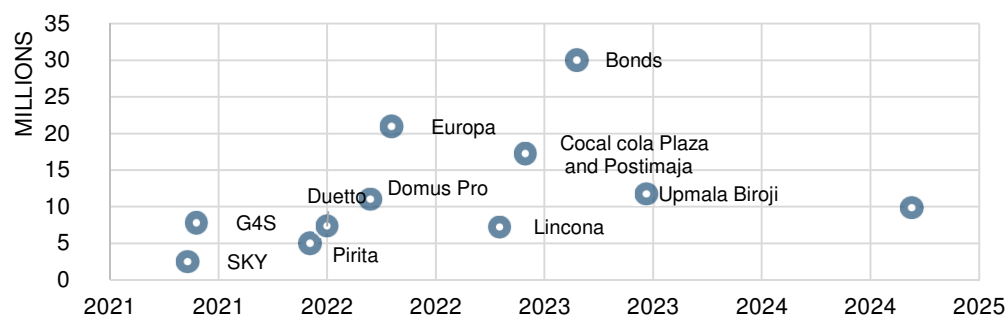
People employed in shared service centers per 1,000 residents



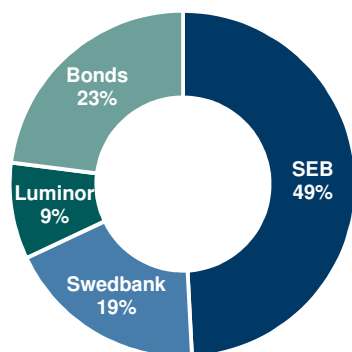
Financing snapshot August 2018



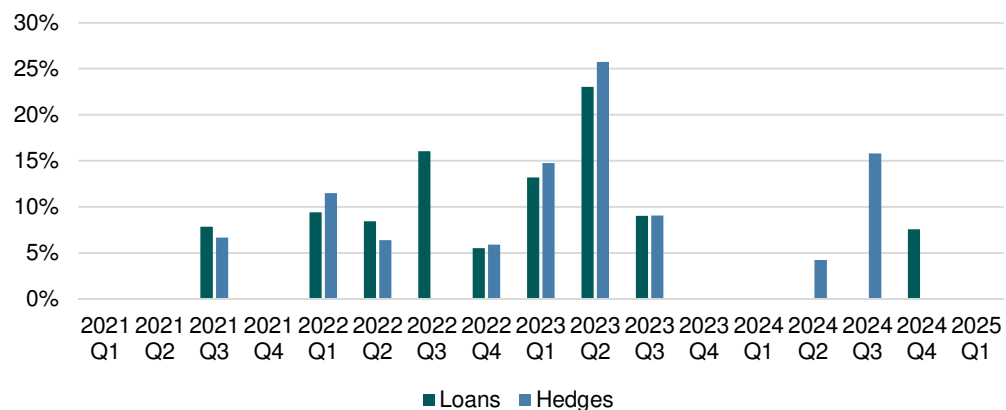
Maturity by separate loan



Diversification by creditor



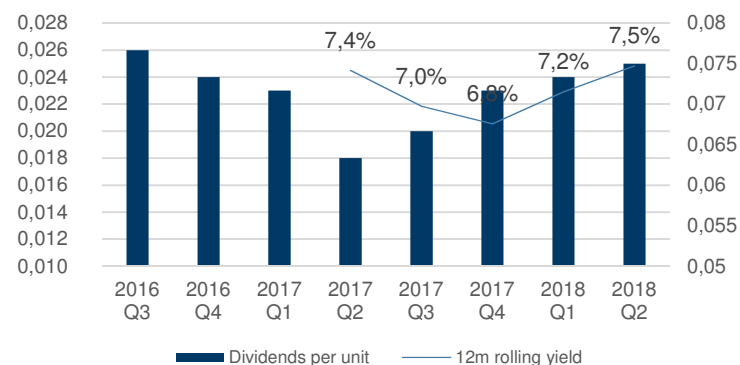
Loan and hedge maturity, %



Dividend return and capacity

- The Fund declared a cash distribution of EUR 0.024 per unit to the Fund unitholders for Q1 2018 results.
- The Fund declared a cash distribution of EUR 0.025 per unit to the Fund unitholders for Q2 2018 results.

Quarterly dividend and 12m rolling dividend yield



EUR'1000	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
(+) Net rental income	2,682	2,638	2,922	3,409	3,626
(-) Fund administrative expenses	(670)	(535)	(839)	(640)	(621)
(-) External interest expenses	(438)	(340)	(405)	(489)	(680)
(-) CAPEX expenditure ¹	(197)	(547)	(290)	(155)	(58)
(+) Added back listing related expenses	170	61	203	-	-
(+) Added back acquisition related expenses	65	-	97	-	-
Generated net cash flow (GNCF)	1,612	1,277	1,688	2,125	2,267
GNCF per weighted unit	0.028	0.020	0.024	0.027	0.029
12-months rolling GNCF yield	8.1%	7.7%	7.6%	7.9%	7.9%
Dividends declared	1,164	1,293	1,781	1,900	1,979
Dividends declared per weighted unit	0.020	0.020	0.026	0.024	0.025
12-months rolling dividend yield	7.4%	7.0%	6.8%	7.2%	7.5%

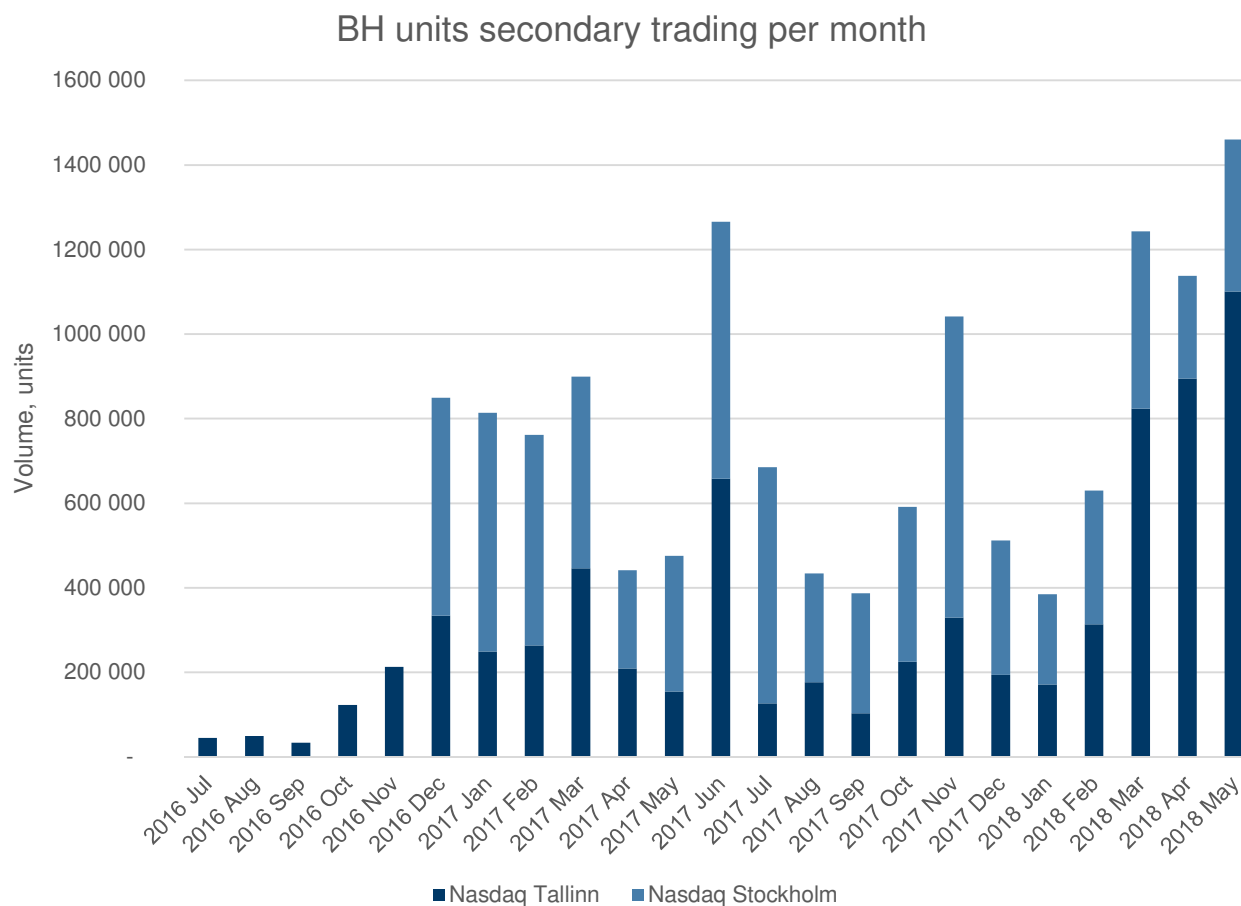
BH units secondary trading

Over 4,500 investors

Improving liquidity in the
secondary market

OTC transactions excluded

Market cap of approx.
101mln EUR turns around
in c.a. 8,6 years



Financial results for Q2 2018

Financial performance

- In Q2 2018, NOI amounted to EUR 3.6 million and was higher than in Q2 2017 (EUR 2.7 million).
- During Q2 2018, the Fund's result includes the half-year valuation gain of EUR 0.5 million.

<i>Euro '000</i>	Q2 2018	Q2 2017 (restated)*	Change (%)
Rental income	3,958	2,940	34.6%
Service charge income	608	382	59.2%
Cost of rental activities	(940)	(640)	46.9%
Net rental income	3,626	2,682	35.2%
Expenses related to public offerings	-	(171)	(100.0)%
Administrative expenses	(621)	(499)	24.4%
Other operating income / (expenses)	39	-	n/a
Valuation gains/ (loss) on investment properties	480	339	41.6%
Operating profit	3,524	2,351	49.9%
Financial income	2	2	0%
Financial expenses	(716)	(443)	61.6%
Net financing costs	(714)	(441)	61.9%
Profit before tax	2810	1,910	47.1%
Income tax charge	(234)	(368)	(36.4)%
Profit for the period	2,576	1,542	67.1%

*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 Q2 2018

Assets as of 30 June 2018

- On 16 May 2018, the Fund acquired a land plot next to Domus Pro in Vilnius, Lithuania for a total price of EUR 1.7 million. The land was acquired with the goal to further expand the Domus Pro complex.
- Total investment value increased from EUR 189 million to EUR 226 million after Postimaja SC acquisition in February and property revaluations in June.

<i>Euro '000</i>	30.06.2018	31.12.2017	Change (%)
Non-current assets			
Investment properties	226,160	189,317	19.5%
Derivative financial instruments	52	89	(41.6)%
Other non-current assets	138	146	(5.5)%
Total non-current assets	226,350	189,552	19.4%
Current assets			
Trade and other receivables	1,820	1,568	16.1%
Prepayments	224	108	107.4%
Cash and cash equivalents	19,847	24,557	(19.2)%
Total current assets	21,891	26,233	(16.6)%
Total assets	248,241	215,785	15.0%

Financial results for Q2 2018

Equity & Liabilities as of 30 June 2018

- The Fund NAV marginally increased from EUR 108.9 million to EUR 109.3 million. The increase is related to an increase in property valuation.
- The Fund declared a cash distribution of EUR 2 million (EUR 0.025 per unit) to the Fund unitholders for Q2 2018 results (EUR 1.9 million or EUR 0.024 per unit for Q1 2018).

<i>Euro '000</i>	30.06.2018	31.12.2017	Change (%)
Equity			
Paid in capital	94,198	91,848	2.6%
Cash flow hedge reserve	(640)	(56)	1,042.9%
Retained earnings	15,763	15,184	3.8%
Total equity	109,321	106,976	2.2%
Non-current liabilities			
Interest bearing loans and borrowings	129,794	96,497	34.5%
Deferred tax liabilities	5,493	5,206	5.5%
Derivative financial instruments	729	88	728.4%
Other non-current liabilities	874	859	1.7%
Total non-current liabilities	136,862	102,650	33.3%
Current liabilities			
Interest bearing loans and borrowings	106	1,590	(93.3)%
Trade and other payables	1,658	4,202	(60.5)%
Income tax payable	-	14	N/A
Derivative financial instruments	-	15	N/A
Other current liabilities	294	338	(13.0)%
Total current liabilities	2,058	6,159	(66.6)%
Total liabilities	138,920	108,809	27.7%
Total equity and liabilities	248,241	215,785	15.0%

Financial debt structure of the Fund as of 30 June 2018

- On 27 April 2018, the Fund completed subscription to 5-year unsecured bond of EUR 30 million.
- Average interest rate has increased from 1.8% to 2.3% mainly due to the 4.25% coupon rate on the bond issue.
- The bond issue reduced regular bank loan amortisation from 1.7% to 0.1%.

Property	Maturity	Currency	Carrying amount Euro'1000	% 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%
Sky SC	1 Aug 2021	EUR	2,440	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 ¹	20 Mar 2022	EUR	7,300	5.6%	99%
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			100,315	77.0%	86%
5-year unsecured bond		EUR	30,000	23.0%	100%
Less capitalized loan & bond arrangement fees ²			(415)		
Total bank loans recognized in books			129,900		89%

1. Duetto loan has an interest rate cap at 1% for the variable interest rate part.

2. Amortised each month over the term of a loan or bond.

Financial results for Q2 2018

Summary

- IFRS NAV per unit EUR 1.3811 (EUR 1.3765 as at 31/03/2018).
- EPRA NAV per unit EUR 1.4689 (EUR 1.4683 as at 31/03/2018).

<i>Euro '000</i>	30.06.2018	31.12.2017	Change (%)
Investment property in use	226,160	189,317	19.5%
Gross asset value (GAV)	248,241	215,785	15.0%
Interest bearing loans	129,900	98,087	32.4%
Total liabilities	138,920	108,809	27.7%
Net asset value (NAV)	109,321	106,976	2.2%

<i>Euro '000</i>	30.06.2018
IFRS NAV as of 30 June 2018	109,320
Exclude deferred tax liability on investment properties	7,231
Exclude fair value of financial instruments	678
Exclude deferred tax on fair value of financial instruments	(38)
EPRA NAV*	117,191
Amount of units	79,157,094
EPRA NAV per unit	1.4689

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