



NORTHERN HORIZON  
CAPITAL



BALTIC HORIZON FUND  
CEO MEETS INVESTORS

2018.11.26 - Riga



# EFFICIENT AND TRANSPARENT EXPOSURE TO INVESTMENT PROPERTIES IN THE BALTIC CAPITALS



Diversified low risk Baltic listed REIT

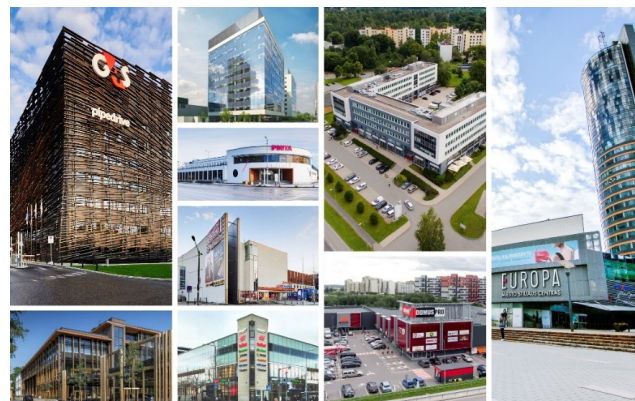
Long-term strategy with focus on high-quality properties in the Baltic capitals

Strong Nordic and international tenants and stable cash flows

Well-diversified and cash-generating portfolio at a conservative 50% LTV.

High dividend capacity – quarterly dividend pay-outs of 7–9% per annum.

Liquidity through stock market listings



## Financials 2018 Q3

Net lettable area: 105,575 sq.m.  
Vacancy<sup>1</sup>: <2.0%  
WALT: 5.0 years  
Property value: EUR 243m  
Net initial yield: 6.6%  
NAV<sup>2</sup>: EUR 109m  
EPRA NAV<sup>3</sup>: EUR 117m  
LTV: 53%

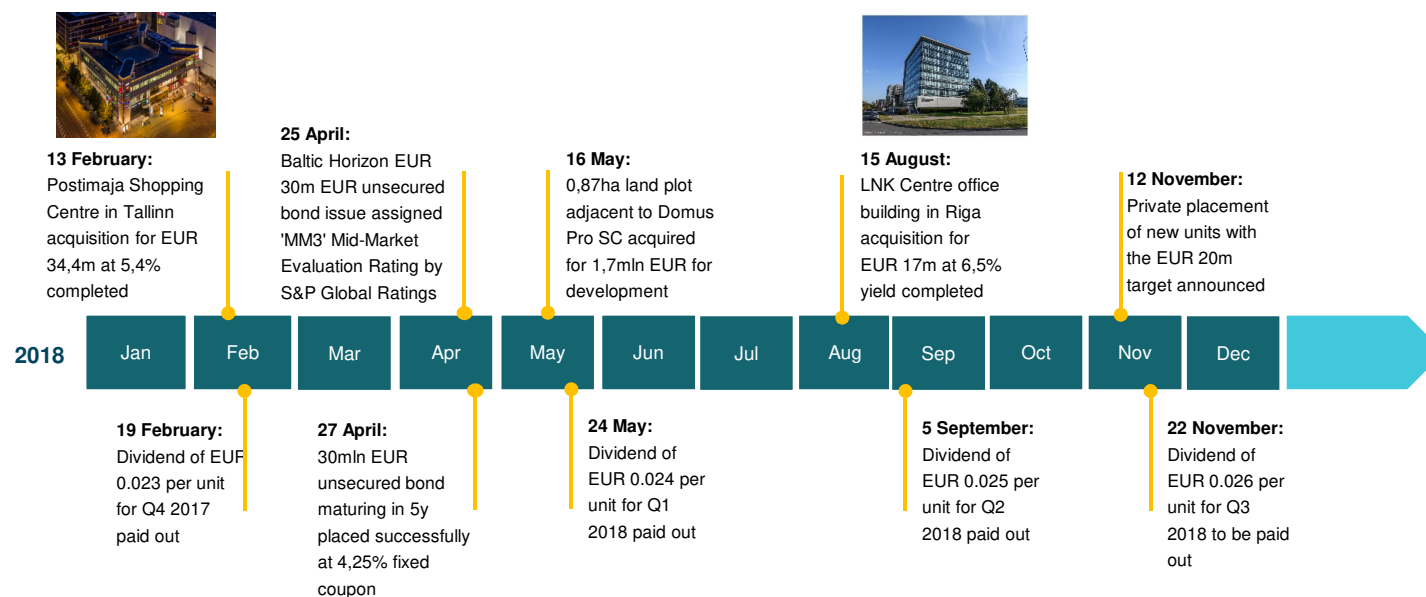
## Financial targets

GAV<sup>4</sup>: EUR 1,000m  
ROE: 12–15 % per annum  
Dividends: 7–9 % per annum  
Dividend policy: ≥80 % of distributable cash flow paid out quarterly  
LTV: 50 % / max 65%

<sup>1</sup> % of net lettable area. <sup>2</sup> Net Asset Value of the Fund as per IFRS financial statements. <sup>3</sup> The EPRA NAV measure is designed to reflect the fair value of net assets of an entity that invests in real estate with a long-term investment strategy. Assets and liabilities that are not expected to crystallise in normal circumstances, such as the fair value of financial derivatives and deferred taxes on property valuation gains, are therefore excluded.

<sup>4</sup> The gross asset value shall be determined based on the aggregate of the Gross Property Value and the market value of all other consolidated assets of the Fund and the SPVs (excluding shares of SPVs holding real estate).

## RECENT DEVELOPMENTS - 2018





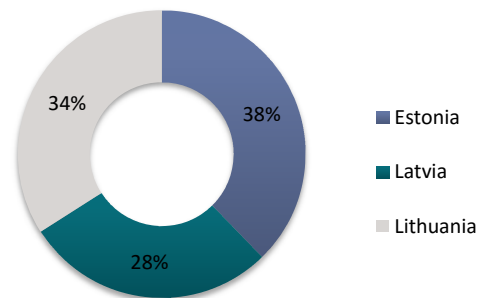
## BALTIC HORIZON'S 12 PROPERTY PORTFOLIO BREAKDOWN



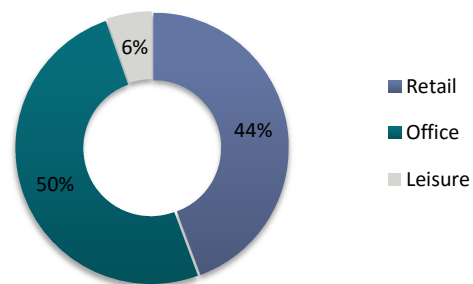
Geographical and Segmental diversification

5 properties with expansion potential

Geographical allocation



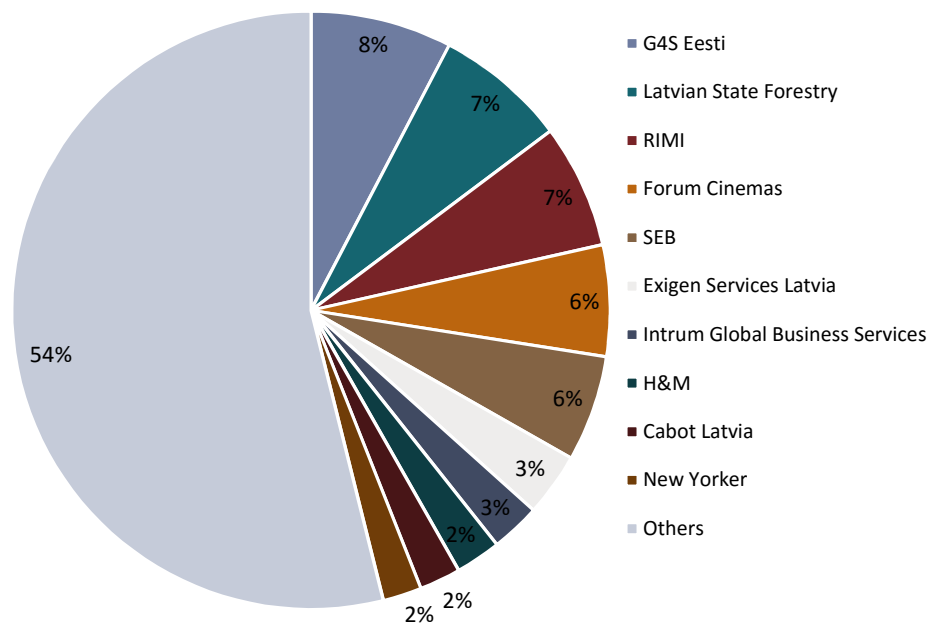
Segment allocation





## RENTAL CONCENTRATION – 10 LARGEST

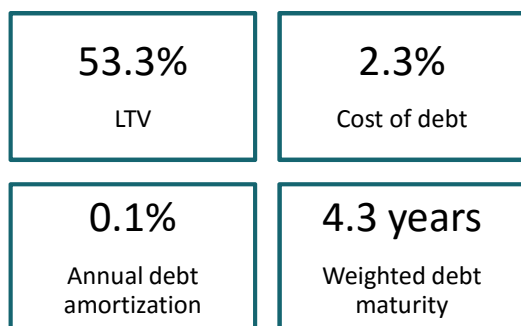
Largest tenant now only 7.6%  
of the portfolio



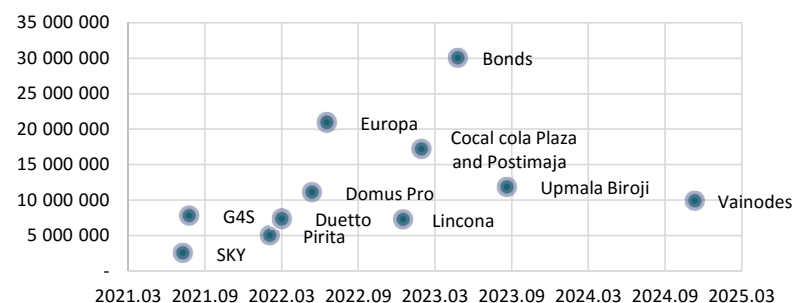




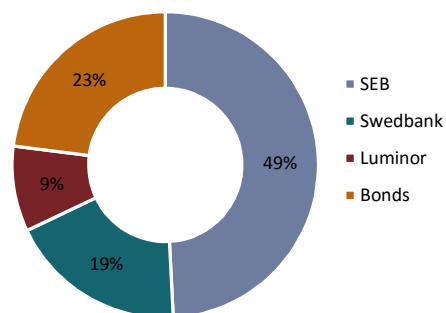
# FINANCING SUMMARY AS OF 30 SEPTEMBER 2018



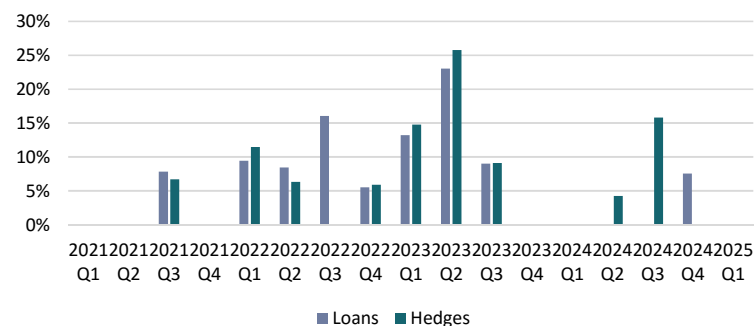
**Maturity by separate loan**



**Diversification by creditor**



**Loan and hedge maturity**





# FINANCIAL RESULTS FOR Q3 2018

## FINANCIAL PERFORMANCE

In Q3 2018, NOI amounted to EUR 3.8 million and was higher than in Q3 2017 (EUR 2.6 million).

<i>Euro '000</i>	<b>2018 Q3</b>	<b>2017 Q3 (restated)*</b>	<b>Change (%)</b>
Rental income	4,012	2,955	35,8%
Service charge income	619	425	45,6%
Cost of rental activities	-791	-742	6,6%
<b>Net rental income</b>	<b>3,840</b>	<b>2,638</b>	<b>45,6%</b>
Administrative expenses	-748	-535	39,8%
Other operating income / (expenses)	3	64	-95,3%
Valuation gains / (loss) on investment properties	-	-	
<b>Operating profit</b>	<b>3,095</b>	<b>2,167</b>	<b>42,8%</b>
Financial income	2	2	0,0%
Financial expenses	-776	-348	123,0%
<b>Net financing costs</b>	<b>-774</b>	<b>-346</b>	<b>123,7%</b>
<b>Profit before tax</b>	<b>2,321</b>	<b>1,821</b>	<b>27,5%</b>
Income tax charge	-126	-146	-13,7%
<b>Profit for the period</b>	<b>2,195</b>	<b>1,675</b>	<b>31,0%</b>

\*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 Q3 2018

## ASSETS AS OF 30/09/2018

Total investment value increased from EUR 189 million to EUR 243 million after Postimaja SC, LNK BC acquisitions and revaluations in June

<i>Euro '000</i>	<b>30.09.2018</b>	<b>31.12.2017</b>
<b>Non-current assets</b>		
Investment properties	243,497	189,317
Derivative financial instruments	39	89
Other non-current assets	138	146
<b>Total non-current assets</b>	<b>243,674</b>	<b>189,552</b>
<b>Current assets</b>		
Trade and other receivables	2,418	1,568
Prepayments	246	108
Cash and cash equivalents	2,610	24,557
<b>Total current assets</b>	<b>5,274</b>	<b>26,233</b>
<b>Total assets</b>	<b>248,948</b>	<b>215,785</b>





## FINANCIAL RESULTS FOR Q3 2018

### EQUITY & LIABILITIES AS OF 30/09/2018

In Q3 2018, the Fund NAV to EUR 109,7 million.

The increase is partly related to an increase in mid-year property valuation, new units relating to Postimaja acquisition

Loan level increased in line with new property acquisitions

<i>Euro '000</i>	<b>30.09.2018</b>	<b>31.12.2017</b>
<b>Equity</b>		
Paid in capital	94,198	91,848
Cash flow hedge reserve	(472)	(56)
Retained earnings	15,981	15,184
<b>Total equity</b>	<b>109,707</b>	<b>106,976</b>
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings	129,790	96,497
Deferred tax liabilities	5,641	5,206
Derivative financial instruments	512	88
Other non-current liabilities	966	859
<b>Total non-current liabilities</b>	<b>136,909</b>	<b>102,650</b>
<b>Current liabilities</b>		
Interest bearing loans and borrowings	106	1,590
Trade and other payables	1,935	4,202
Income tax payable	-	14
Derivative financial instruments	-	15
Other current liabilities	291	338
<b>Total current liabilities</b>	<b>2,332</b>	<b>6,159</b>
<b>Total liabilities</b>	<b>139,241</b>	<b>108,809</b>
<b>Total equity and liabilities</b>	<b>248,948</b>	<b>215,785</b>



# FINANCIAL RESULTS FOR Q3 2018 SUMMARY

IFRS NAV per unit EUR  
1.3876 (EUR 1.3811 as at  
30/06/2018).

EPRA NAV per unit EUR  
1.4855 (EUR 1.4805 as at  
30/06/2018).

<i>Euro '000</i>	<b>30.09.2018</b>	<b>31.12.2017</b>	<b>Change (%)</b>
Investment property in use	243,497	189,317	28.6%
Gross asset value (GAV)	248,948	215,785	15.4%
Interest bearing loans	129,896	98,087	32.4%
Total liabilities	139,241	108,809	28.0%
Net asset value (NAV)	109,707	106,976	2.6%

<i>Euro '000</i>	<b>30.06.2018</b>	<b>30.09.2018</b>
<b>IFRS NAV</b>	<b>109.320</b>	<b>109.707</b>
Exclude deferred tax liability on investment properties	7.231	7.343
Exclude fair value of financial instruments	678	473
Exclude deferred tax on fair value of financial instruments	-38	-1
<b>EPRA NAV*</b>	<b>117.191</b>	<b>117.522</b>
Amount of units	79.157.094	79.157.094
<b>EPRA NAV per unit</b>	<b>1,4805</b>	<b>1,4901</b>



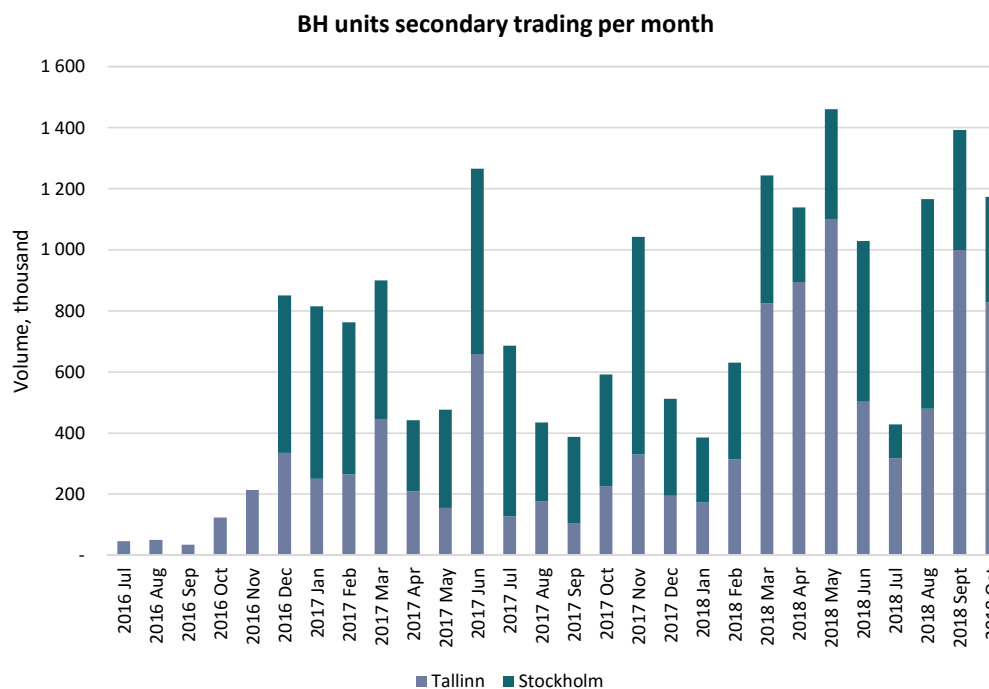
## BH UNITS SECONDARY TRADING

Over 4,500 investors

Improving liquidity in the secondary market, helped by Buy-back program

OTC transactions excluded

Market cap of approx. 104mln EUR turns over in c.a. 6.8 years (based on last 12 months trading volume).





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