

NORTHERN HORIZON
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BALTIC HORIZON
Q4 INVESTOR UPDATE

27 February 2017



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AGENDA

1. Review of the SPO in December 2016
2. Fund overview – portfolio
3. Financial unaudited results for Q4 2016



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BH LISTED ON 23 DECEMBER 2016 ON NASDAQ STOCKHOLM

SPO offering

- Issuing agents: DnB (SE)
Swedbank (EE)
 - EUR units held at ECRS
(Nasdaq Tallinn)
 - SEK units held at
Euroclear
- Offering period: 8-30 November
 - Retail in Estonia, Sweden, Finland, Denmark; institutional Estonia, Sweden
 - Net result 19,6 mEUR (20,5 mEUR – 0,9 mEUR fees), minimal institutional demand due to Brexit / Trump
 - Audit & comfort letter: KPMG Baltics
 - Legal advisors: Sorainen, Ellex, Gernandt & Danielsson, Borenien
 - Financial advisors: Catella, LHV, Swedbank, Avanza, Nordnet

 - Compliance: PWC legal
 - Internal audit: PWC advisory
 - New internal risk manager: Nerijus Žebrauskas
 - Depository bank and fund admin: Swedbank AS
 - Treasury and financial reporting: NHC UAB
 - Communication / Marketing: NHC AS Estonia
 - Market makers: Orion, Swedbank, Mangold (SE)
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NEW ACQUISITION - PIRITA SC IN TALLINN





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TOTAL VALUE OF EUR 142 MILLION

Details of existing property portfolio, 31 December 2016



Property	Lincona	Coca-Cola Plaza	Sky	Domus Pro	Europa SC	G4S HQ	Upmalas Biroji	Piirita	Total
City	Tallinn	Tallinn CBD	Riga	Vilnius	Vilnius CBD	Tallinn	Riga	Tallinn	
Type	Office	Cinema	Retail	Retail	Retail	Office	Office	Retail	
NLA, sq.m.	10,859	8,664	3,263	11,247	16,856	9,179	10,846	5,436	76,350
Vacancy	7.9%	0%	0.1%	1.5%	2.1%	0%	0%	0%	1.9%
NOI, EURm	1.2	1.0	0.4	1.2	2.4	1.2	1.6	0.9	9.9
Fair value, EURm	15.7	13.0	5.4	17.1	38.0	16.8	23.5	12.2	141.7
No of lease contracts	14	1	24	25	73	1	13	30	181
WAULT, years	4.4	6.5	4.4	6.1	3.8	6.1	4.6	8.3	5.2
Major tenants	 		 	 	 		 	 	



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PORTFOLIO OVERVIEW AT 31/12/2016

Well balanced
portfolio geography
and segment wise

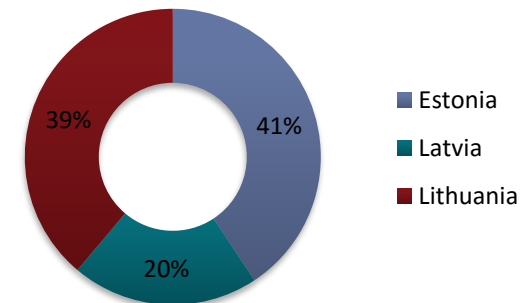
Best risk/return
profile still seen in
capital cities and
office/retail

Total NLA c.a. 76,350
m²

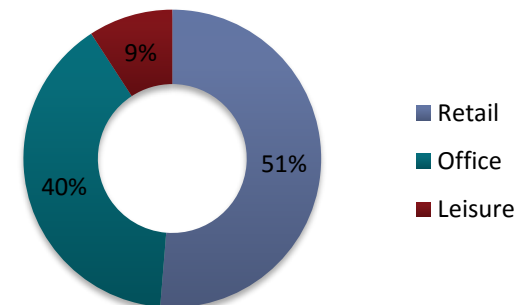
~7,2% portfolio yield

- 8(+1) properties in capital cities
 - 3 (+1) office properties
 - 4 retail properties
 - 1 leisure/retail property
- Portfolio yield ~7,2%
- Portfolio value ~mEUR 142
- Full year NOI ~mEUR 10
- Portfolio occupancy ~98%

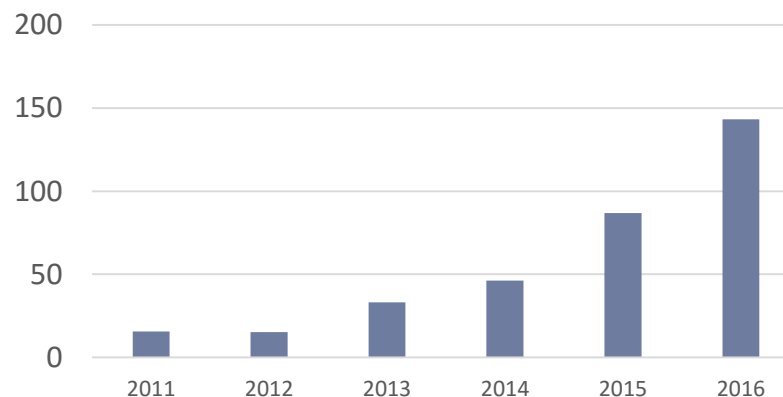
Country distribution



Fund segment



Value of portfolio, mEUR





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INTERIM FINANCIAL RESULTS (Q4 2016)

FINANCIAL PERFORMANCE

- NOI increased by 19.8%, mainly due to new properties operating for the full quarter (Upmalas Biroji and G4S) and acquisition of Pirita Shopping centre.
- The listing related costs charged in Q4 2016 - EUR 313 thousand
- Only Domus Pro new valuation performed in Q4.

<i>Euro '000</i>	Q4 2016	Q3 2016	Change (%)
Rental income	2,540	2,058	23.4%
Expenses reimbursement revenue	784	617	27.1%
Cost of rental activities	(1,014)	(747)	35.7%
Net rental income	2,310	1,928	19.8%
Expenses related to public offerings	(313)	(125)	150.4%
Administrative expenses	(415)	(357)	16.2%
Other operating income / (expenses)	2	17	-88.2%
Valuation gains / (loss) on investment properties	201	2,802	-92.8%
Valuation gains / (loss) on investment property under construction	175	-	n/a
Operating profit	1,960	4,265	-54.0%
Financial income	3	3	0.0%
Financial expenses	(413)	(307)	34.5%
Net financing costs	(410)	(304)	34.9%
Profit before tax	1,550	3,961	-60.9%
Income tax charge	(370)	(253)	46.2%
Profit for the period	1,180	3,708	-68.2%



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INTERIM FINANCIAL RESULTS (Q4 2016)

FINANCIAL POSITION

- IFRS NAV per unit EUR 1.3414 (-1.5% since September 2016). Decrease is mainly due to payout distributed in Q4 and costs related to SPO
- EPRA NAV per unit EUR 1.4774 (-3.4% since September 2016)
- Loan to value ratio as at 31/12/2016 was 48.8% (53.9% as at 30/09/2016).
- Weighted average cost of debt as at 31/12/2016 was 1.7% (2.1% as at 30/09/2016). Decrease is due to refinancing of Upmalas Biroji.
- Weighted average maturity of debt as at 31/12/2016 was 2.77 years (2.09 years as at 30/09/2016).

'000 Euro	31.12.2016	31.12.2015	Change (%)
Assets			
Investment properties	141,740	86,810	63.3%
Investment property under construction	1,580	-	n/a
Other non-current assets	288	263	9.5%
Trade and other receivables	1,277	840	52.0%
Prepayments	178	81	119.8%
Cash and cash equivalents	9,883	1,677	489.3%
Total assets	154,946	89,671	72.8%
Equity			
Paid in capital	66,224	25,674	157.9%
Cash flow hedge reserve	(294)	(199)	47.7%
Retained earnings	10,887	6,218	75.1%
Total equity	76,817	31,693	142.4%
Liabilities			
Interest bearing loans and borrowings	69,172	51,194	35.1%
Deferred tax liabilities	4,383	3,673	19.3%
Derivative financial instruments	345	232	48.7%
Trade and other payables	2,876	2,036	41.3%
Other liabilities	1,353	843	60.5%
Total liabilities	78,129	57,978	34.8%
Total equity and liabilities	154,946	89,671	72.8%



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EQUITY RESEARCH - UPDATES

Maintaining the „Buy“
recommendation
from Swedbank

LHV comments on
expected Q4/2016
results and fair price
per unit

- Swedbank’s Equity Research papers issued on 31st January 2017: “Establishing a larger footprint” and 21st February 2017: “Investments bear fruit”
- Swedbank’s key messages to investors regarding BH:
 - Capital from the SPO well deployed into Pirita and Duetto (March 2017)
 - BH eyeing the Vilnius office market particularly as the Lithuanian office market is going into high activity
 - BH remains a good buy prospect with a sustained and attractive dividend yield
- LHV published their Equity Research paper and update regarding BH on 10th and 21st February 2017 respectively
- LHV’s key messages:
 - BH fair value range continues to stand at € 1.40 – 1.60 per unit (closing price on 20/2/2017 - € 1.286/unit)
 - Comments on Q4 2016 results
 - No changes in forecasts



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LIQUIDITY ON THE STOCK MARKET

Swedbank's
analysis of listed
securities in all
Baltic exchanges

		Turnover, Jan 2017, EURk		
	Company	Primary listing	Secondary listing	Total
1	Olympic Entertainment Group	4,166	2	4,168
2	Tallinna Vesi	2,055		2,055
3	TEO LT	1,683		1,683
4	Šiaulių bankas	1,652		1,652
5	Tallink Grupp	1,634		1,634
6	Tallinna Kaubamaja Grupp	1,260		1,260
7	Silvano Fashion Group	1,195	49	1,244
8	Baltic Horizon Fund	331	714	1,045
9	LHV Group	901		901
10	Harju Elekter	698		698
11	Merko Ehitus	537		537
12	HansaMatrix	388		388
13	Energijos Skirstymo Operatorius	383		383
14	Klaipėdos nafta	311		311
15	Grigeo Grigiškės	251		251
16	Apranga	230		230
17	Latvijas Gāze	225		225
18	Grindeks	191		191
19	PRFoods	135		135
20	Arco Vara	110		110



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