

Company Baltic Horizon Fund / Northern Horizon Capital AS

Type Company Release

Category Annual financial report

Disclosure time 16 Mar 2018 20:05:40 +0200

Attachments:

- BHF annual report 2017.PDF (<http://oam.fi.ee/en/download?id=3336>)
- BHF majandusaasta aruanne 2017.pdf (<http://oam.fi.ee/en/download?id=3337>)

Currency

Title BALTIC HORIZON FUND CONSOLIDATED AUDITED RESULTS FOR 2017

Management Board of Northern Horizon Capital AS has approved the audited financial results of Baltic Horizon Fund (the Fund) for the year 2017. The financial results remained unchanged compared to the preliminary disclosure on 15th of February 2018.

At the end of 2017, the GAV increased from EUR 154.9 million to EUR 215.8 million as compared to the end of 2016. The increase is mainly related to new acquisitions during the year and the increase in cash as a result of the latest secondary public offering in November. The Fund completed the acquisition of the Postimaja Shopping Centre on 13 February 2018 and thus has deployed most of the new capital raised in November 2017.

During 2017, the Fund NAV increased from EUR 76.8 million to EUR 107 million as compared to the end of 2016. The increase is related to new equity raised and the Group's operational performance over the year. The Fund raised EUR 25.6 million net equity during the June and November public offerings and generated EUR 9.4 million in net profit. The Fund also made a EUR 5.1 million cash distribution to its investors.

In 2017, the net profit of the Group increased from EUR 5.8 million to EUR 9.4 million as compared to 2016. During the year, the Group recorded a EUR 3.7 million fair value gain (EUR 2.7 million during 2016).

In 2017, the Group recorded a EUR 10.8 million net rental income (EUR 7.2 million in 2016). The increase is related to new acquisitions that were made following the capital raisings at the end of 2016 and during 2017.



## Annual Key Figures

Euro '000	2017	2016	Change (%)
Rental income	11,839	7,874	50.4%
Service charge income	3,692	2,594	42.3%
Cost of rental activities	(4,763)	(3,315)	43.7%
Net rental income	10,768	7,153	50.5%
Expenses related to public offerings	(637)	(938)	(32.1)%
Administrative expenses	(2,137)	(1,252)	70.7%
Other operating income / (expenses)	14	97	(85.6)%
Valuation gain / (loss) on investment properties	3,676	2,737	34.3%
Operating profit	11,684	7,797	49.9%
Financial income	47	14	235.7%
Financial expenses	(1,528)	(1,253)	21.9%
Net financing costs	(1,481)	(1,239)	19.5%
Profit before tax	10,203	6,558	55.6%
Income tax charge	(759)	(798)	(4.9)%
Profit for the period	9,444	5,760	64.0%
Weighted average number of units outstanding	62,270,694	47,350,881	31.5%
Earnings per unit (EUR)	0.08	0.02	300.0%
Weighted average number of units outstanding	62,270,694	47,350,881	31.5%
Earnings per unit (EUR)	0.15	0.12	25.0%
Euro '000	31.12.2017	31.12.2016	Change (%)
Investment property in use	189,317	141,740	33.6%
Gross asset value (GAV)	215,785	154,938	39.3%
Interest bearing loans	98,087	69,172	41.8%
Total liabilities	108,809	78,129	39.3%
Net asset value (NAV)	106,976	76,809	39.3%
Number of units outstanding	77,440,638	57,264,743	35.2%
Net asset value (NAV) per unit (EUR)	1.3814	1.3413	3.0%



Loan-to-Value ratio (LTV)	51.8%	48.8%
Average effective interest rate	1.7%	1.8%

#### INVESTMENT PROPERTIES PERFORMANCE as of 31 DECEMBER 2017

During 2017, the average actual occupancy of the portfolio was 96.6% (2016: 97.1%). When all rental guarantees are considered, the effective occupancy rate is 97.8% (2016: 97.1%). Average direct property yield during 2017 was 7.2% (2016: 7.2%). The net initial yield for the whole portfolio for 2017 was 6.8% (2016: 6.8%).

Property name	City	Country	Market value Euro'000	NLA	Direct property yield for 2017	Net initial yield for 2017	Occupancy rate for 2017
-----							
Duetto I	Vilnius	Lithuania	16,210	8,327	6.5%	6.4%	100.0% <sup>2</sup>
Pirita SC	Tallinn	Estonia	11,630	5,436	7.5%	7.6%	100.0% <sup>2</sup>
Upmalas Biroji BC	Riga	Latvia	24,269	10,419	7.2%	6.7%	99.8%
G4S Headquarters	Tallinn	Estonia	16,570	8,363	7.4%	7.0%	100.0%
Europa SC	Vilnius	Lithuania	39,600	16,856	6.5%	6.5%	95.5%
Domus Pro Retail Park	Vilnius	Lithuania	17,280	11,247	7.8%	6.9%	98.0%
Domus Pro Office	Vilnius	Lithuania	7,150	4,759	3.9% <sup>3</sup>	2.8%	73.4%
CC Plaza	Tallinn	Estonia	13,240	8,664	8.2%	7.5%	100.0%
Sky SC	Riga	Latvia	5,448	3,263	8.6%	7.5%	99.3%
Lincona	Tallinn	Estonia	16,050	10,859	7.7%	7.4%	94.1%
Vainodes I	Riga	Latvia	21,870	8,052	4.3% <sup>4</sup>	4.2%	100.0%
-----							
-----							



Total portfolio	189,317	96,245	7.2%	6.8%	97.2%
-----------------	---------	--------	------	------	-------

1. Based on the latest valuation as at 31 December 2017.
2. Effective occupancy rate is 100% due to a rental guarantee.
3. Domus Pro stage III was opened in October, however, it was not fully occupied during Q4 2017. It is expected to be fully occupied by the end of Q1 2018. The property development yield and annualized direct property yield is 7.9%.
4. Vainodes I acquisition was closed on 12 December 2017. The annualized direct property yield is 7.0%.

#### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Euro '000	2017	2016
Rental income	11,839	7,874
Service charge income	3,692	2,594
Cost of rental activities	(4,763)	(3,315)
Net rental income	10,768	7,153
Administrative expenses	(2,774)	(2,190)
Other operating income / (expenses)	14	97
Valuation gains / (loss) on investment properties	3,676	2,737
Operating profit	11,684	7,797
Financial income	47	14
Financial expenses	(1,528)	(1,253)
Net financing costs	(1,481)	(1,239)



Profit before tax	10,203	6,558
Income tax charge	(759)	(798)
-----		
Profit for the period	9,444	5,760

Total comprehensive income/ (expense) for the period, net of tax	9,682	5,665
--	-------	-------

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Current assets

Trade and other receivables	1,568	1,269
Prepayments	108	178
Cash and cash equivalents	24,557	9,883
-----		
Total current assets	26,233	11,330
-----		
Total assets	215,785	154,938
-----		
-----		
Equity		
Paid in capital	91,848	66,224
Own units	-	(8)
Cash flow hedge reserve	(56)	(294)
Retained earnings	15,184	10,887
-----		
Total equity	106,976	76,809
-----		
-----		
Non-current liabilities		
Interest bearing loans and borrowings	96,497	58,981
Deferred tax liabilities	5,206	4,383
Derivative financial instruments	88	345
Other non-current liabilities	859	935
-----		
Total non-current liabilities	102,650	64,644
-----		
-----		
Current liabilities		
Interest bearing loans and borrowings	1,590	10,191
Trade and other payables	4,202	2,876
Income tax payable	14	46
Derivative financial instruments	15	-
Other current liabilities	338	372
-----		
Total current liabilities	6,159	13,485
-----		
Total liabilities	108,809	78,129
-----		
Total equity and liabilities	215,785	154,938
-----		

Additional information:

Tarmo Karotam



Baltic Horizon Fund manager  
E-mail [tarmo.karotam@nh-cap.com](mailto:tarmo.karotam@nh-cap.com)  
[www.baltichorizon.com](http://www.baltichorizon.com)

The Fund is a registered contractual public closed-end real estate fund that is managed by an alternative investment fund manager license holder Northern Horizon Capital AS.

Distribution: Nasdaq, GlobeNewswire, [www.baltichorizon.com](http://www.baltichorizon.com)

This announcement contains information that the Management Company is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the above distributors, at 18:00 EET on 16 March 2018.

