

Company Baltic Horizon Fund / Northern Horizon Capital AS

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Attachments:

- BalticHori-10002939291-en.pdf (<http://oam.fi.ee/en/download?id=4155>)
- BalticHori-10002939293-et.pdf (<http://oam.fi.ee/en/download?id=4156>)
- BalticHori-10002939294-et.pdf (<http://oam.fi.ee/en/download?id=4157>)

Currency

Title Baltic Horizon Fund Consolidated Un-Audited Results for Q3 2019

Gross Asset Value (GAV)

In Q3 2019, the GAV increased slightly from EUR 344.9 million to EUR 345.3 million compared to the end of Q2 2019. The increase is mainly related to the increase in investment property book value due to capital expenditures and the increase in cash as a result of the newly acquired Galerija Centrs's positive effect on the Fund's cash flows over the quarter.

Net Asset Value (NAV)

In Q3 2019, the Fund NAV increased from EUR 131.1 million to EUR 135.2 million compared to the end of Q2 2019. The Fund NAV was positively affected by the Fund's operational performance over the quarter and capital raising in the amount of EUR 4 million (net equity) through a private placement in July. However, this was offset by a EUR 2.6 million cash distribution to unitholders (EUR 0.026 per unit) and a negative cash flow hedge reserve movement during the quarter.

Net Rental Income and Net Profit

In Q3 2019, the Fund earned a net profit of EUR 3.1 million (EUR 2.2 million during Q3 2018). In Q3 2019, the Fund recorded a EUR 5.4 million net rental income (EUR 3.8 million in Q3 2018). Growth in net rental income and net profit was positively affected by new property acquisitions in 2019 (Duetto II office building and Galerija Centrs shopping centre).

Cash Distributions (dividends)

On 18 October 2019, the Fund declared a EUR 3.06 million quarterly cash distribution to investors, which represents a EUR 0.027 distribution per unit for the Q3 2019 results (EUR 2.62 million or EUR 0.026 per unit for Q2 2019).

Quarterly key figures



Euro '000	Q3 2019	Q3 2018	Change (%)
Net rental income	5,412	3,840	40.9%
Operating profit	4,550	3,095	47.0%
Net financing costs	(1,339)	(774)	73.0%
Profit before tax	3,211	2,321	38.3%
Net profit for the period	3,059	2,195	39.4%
Weighted average number of units outstanding	100,461,178	79,064,293(1)	27.1%
Earnings per unit (EUR)	0.03	0.03	-

Euro '000	30.09.2019	31.12.2018	Change (%)
Investment property in use	336,488	245,160	37.3%
Gross asset value (GAV)	345,327	260,878	32.4%
Interest bearing loans	196,947	140,507	40.2%
Total liabilities	210,098	151,073	39.1%
Net asset value (NAV)	135,229	109,805	23.2%
Number of units outstanding	100,915,202	78,496,831(2)	28.6%
Net asset value (NAV) per unit (EUR)	1.3400	1.3988	(4.2%)
Loan-to-Value ratio (LTV)	58.5%	57.3%	-
Average effective interest rate	2.6%	2.4%	-



1. The number of units excludes 278,402 units purchased by the Fund and cancelled in October 2018 as part of the unit buy-back program.
2. The number of units excludes 255,969 units acquired by the Fund and cancelled in February 2019 as part of the unit buy-back program.

Investment properties PERFORMANCE in Q3 2019

During Q3 2019, the average actual occupancy of the portfolio was 97.3% (Q2 2019: 95.4%). When all rental guarantees are considered, the effective occupancy rate is 97.7% (Q2 2019: 96.7%). The average direct property yield during Q3 2019 was 6.7% (Q2 2019: 6.8%). The net initial yield for the whole portfolio for Q3 2019 was 6.5% (Q2 2019: 6.5%).

Overview of the Fund's investment properties as of 30.09.2019

Property name	Sector	Book value(1) Euro '000	NLA	Direct property yield(2)	Net initial yield(3)	Occupancy rate for Q3 2019
Vilnius, Lithuania						
Duetto I	Office	16,020	8,498	7.7%	7.2%	98.7%
Duetto II	Office	17,900	8,673	7.1%	7.3%	100.0%(4)
Europa SC	Retail	40,403	16,856	6.7%	6.1%	95.6%
Domus Pro Retail Park	Retail	16,523	11,247	7.5%	7.1%	98.1%
Domus Pro Office	Office	7,530	4,831	8.7%	7.5%	100.0%
Meraki Land		1,700	-	-	-	-
Total Vilnius		100,076	50,105	7.2%	6.8%	97.9%

Riga, Latvia

Upmalas Biroji BC	Office	25,220	10,458	6.9%	6.5%	100.0%
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Vainodes I	Office	21,497	8,052	6.9%	6.9%	100.0%
LNK Centre	Office	16,830	7,453	6.4%	6.5%	100.0%
Sky SC	Retail	5,424	3,254	7.9%	7.4%	99.4%
Galerija Centrs	Retail	75,840	20,022	6.1%	6.0%	95.9%
Total Riga		144,811	49,239	6.5%	6.4%	98.3%

Tallinn,
Estonia

Postimaja & CC Plaza	Retail	32,140	9,145	4.2%	4.5%	90.8%
Postimaja & CC Plaza	Leisure	14,980	8,664	9.0%	7.1%	100.0%
G4S Headquarters	Office	17,133	9,179	7.7%	7.0%	100.0%
Lincona	Office	17,513	10,871	8.0%	7.2%	99.4%
Pirita SC	Retail	9,835	5,508	6.8%	8.6%	92.6%
Total Tallinn		91,601	43,367	6.5%	6.3%	97.0%
Total portfolio		336,488	142,711	6.7%	6.5%	97.7%

1. Based on the latest valuation as at 30 June 2019 and subsequent capital expenditures.
2. Direct property yield (DPY) is calculated by dividing NOI by the acquisition value and subsequent capital expenditure of the property.
3. The net initial yield (NIY) is calculated by dividing NOI by the market value of the property.
4. Duetto II effective occupancy rate is 100% due to a rental guarantee.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Euro '000	01.07.2019-30.09.2019	01.07.2018-30.09.2018	01.01.2019-30.09.2019	01.01.2018-30.09.2018
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Service charge income 1,812	1,476	619	3,128
Cost of rental activities (2,513)	(1,846)	(791)	(4,123)
----- Net rental income 10,875	5,412	3,840	13,584
----- Administrative expenses (2,009)	(879)	(748)	(2,405)
Other operating income 48	17	3	23
Valuation gains (losses) on investment properties 480	-	-	(2,439)
----- Operating profit 9,394	4,550	3,095	8,763
----- Financial income 6	1	2	4
Financial expenses (1,981)	(1,340)	(776)	(3,316)
----- Net financing			



Other comprehensive income that is or may be reclassified to profit or loss in subsequent periods

Net gains (losses) on cash flow hedges (425)	(305)	205	(1,397)
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Recognition of initial interest rate cap costs (33)	-	-	-
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Income tax relating to net gains (losses) on cash flow hedges 42	17	(37)	92
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Other comprehensive income (expense), net of tax, that is or may be reclassified to profit or loss in subsequent periods (416)	(288)	168	(1,305)
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Total comprehensive income for the period, net of tax 6,039	2,771	2,363	4,071
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Euro '000	30.09.2019	31.12.2018
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Non-current assets		
Investment properties	336,488	245,160
Derivative financial instruments	33	9
Other non-current assets	96	596
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Total non-current assets	336,617	245,765
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Current assets		
Trade and other receivables	1,958	2,229
Prepayments	247	154
Other current assets	960	505
Cash and cash equivalents	5,545	12,225
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Total current assets	8,710	15,113
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Total assets	345,327	260,878
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Equity		
Paid in capital	121,883	93,673
Own units	-	(335)
Cash flow hedge reserve	(2,310)	(1,005)
Retained earnings	15,656	17,472
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Total equity	135,229	109,805
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Non-current liabilities		
Interest bearing loans and borrowings	196,559	140,401



Deferred tax liabilities	5,809	5,844
Derivative financial instruments	2,491	1,069
Other non-current liabilities	1,248	905
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Total non-current liabilities	206,107	148,219
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Current liabilities		
Interest bearing loans and borrowings	388	106
Trade and other payables	2,890	2,397
Income tax payable	1	-
Other current liabilities	712	351
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Total current liabilities	3,991	2,854
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Total liabilities	210,098	151,073
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Total equity and liabilities	345,327	260,878
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Baltic Horizon Fund is a registered contractual public closed-end real estate fund managed by Alternative Investment Fund Manager license holder Northern Horizon Capital AS.

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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 17:15 EET on 15 November 2019.

