

Company Baltic Horizon Fund / Northern Horizon Capital AS

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Attachments:

- BalticHori-10003187791-en.pdf (<http://oam.fi.ee/en/download?id=4338>)
- BalticHori-10003187793-et.pdf (<http://oam.fi.ee/en/download?id=4339>)
- BalticHori-10003187794-et.pdf (<http://oam.fi.ee/en/download?id=4340>)

Currency

Title Baltic Horizon Fund Consolidated Un-Audited Results for Q4 2019

Gross Asset Value (GAV)

In Q4 2019, the GAV increased from EUR 345.3 million to EUR 371.7 million compared to the end of Q3 2019. The increase is mainly related to a new acquisition during the quarter and the increase in cash as a result of the private placements. The Fund completed the acquisition of the North Star Business Centre on 11 October 2019 and thus has deployed the new capital raised in October 2019. The value of investment properties in use increased to EUR 356.6 million after the acquisition of the North Star Business Centre and year-end valuations.

Net Asset Value (NAV)

In Q4 2019, the Fund NAV increased from EUR 135.2 million to EUR 152.5 million compared to the end of Q3 2019. The Fund NAV was positively affected by the Fund's operational performance and a positive cash flow hedge reserve movement during the quarter. The Fund raised additional equity in the amount of EUR 16.2 million (net equity) through private placements in October. However, this was offset by a EUR 3.06 million cash distribution to unitholders (EUR 0.027 per unit).

Net Rental Income and Net Profit

In Q4 2019, the Fund earned a net profit of EUR 3.4 million (EUR 3.5 million during Q4 2018). In Q4 2019, the Fund recorded a EUR 5.6 million net rental income (EUR 3.9 million in Q4 2018). Growth in net rental income was positively affected by new property acquisitions in 2019 (Duetto II office building, Galerija Centrs shopping centre and North Star Business Centre). Compared to Q4 2018, the Fund's net profit slightly decreased mainly due to lower fair value gain resulting from year-end valuations. During Q4 2019, the Fund recorded a fair value gain of EUR 0.4 million whereas the fair value gain in Q4 2018 was EUR 1.5 million.



Cash Distributions (dividends)

On 31 January 2020, the Fund declared a EUR 3.18 million quarterly cash distribution to investors, which represents a EUR 0.028 distribution per unit for the Q4 2019 results (EUR 3.06 million or EUR 0.027 per unit for Q3 2019). In total, the Fund has paid out EUR 11.31 million from the operating results of 2019. The pay-out also represents a 8.0% rolling distribution yield based on the closing unit price of the last day of Q4 2019 on Nasdaq Tallinn stock exchange.

Quarterly key figures

Euro '000	Q4 2019	Q4 2018	Change (%)
Net rental income	5,635	3,929	43.4%
Valuations gains on investment properties	375	1,534	(75.6%)
Operating profit	5,167	4,685	10.3%
Net financing costs	(1,401)	(806)	73.8%
Profit before tax	3,766	3,879	(2.9%)
Net profit for the period	3,415	3,535	(3.4%)

Weighted average number of units outstanding	112,686,139	78,637,645(1)	43.3%
Earnings per unit (EUR)	0.03	0.04	(25.0%)

Euro '000	31.12.2019	31.12.2018	Change (%)
Investment property in use	356,575	245,160	45.4%
Gross asset value (GAV)	371,734	260,878	42.5%
Interest bearing loans	205,827	140,507	46.5%
Total liabilities	219,216	151,073	45.1%



Net asset value (NAV)	152,518	109,805	38.9%
Number of units outstanding	113,387,525	78,496,831(1)	44.4%
Net asset value (NAV) per unit (EUR)	1.3451	1.3988	(3.8%)
Loan-to-Value ratio (LTV)	57.7%	57.3%	-
Average effective interest rate	2.6%	2.4%	-

1. 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 Q4 2019

During Q4 2019, the average actual occupancy of the portfolio was 98.0% (Q3 2019: 97.3%). When all rental guarantees are considered, the effective occupancy rate is 98.0% (Q3 2019: 97.7%). The average direct property yield during Q4 2019 was 6.6% (Q3 2019: 6.7%). The net initial yield for the whole portfolio for Q4 2019 was 6.4% (Q3 2019: 6.5%).

Overview of the Fund's investment properties as of 31.12.2019

Property name	Sector	Fair value(1) Euro '000	NLA	Direct property yield(2)	Net initial yield(3)	Occupancy rate for Q4 2019
Vilnius, Lithuania						
Duetto I	Office	16,460	8,586	7.7%	7.1%	100.0%
Duetto II	Office	18,935	8,674	7.1%	7.1%	100.0%
Europa SC	Retail	40,711	16,856	6.2%	5.7%	96.7%
Domus Pro Retail Park	Retail	16,670	11,247	6.8%	6.4%	97.5%
Domus Pro Office	Office	7,740	4,831	8.7%	7.4%	100.0%



North Star	Office	20,092	10,550	6.8%	6.9%	97.9%
Meraki Land		2,367	-	-		-
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Total Vilnius		122,975	60,744	6.9%	6.5%	98.3%
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Riga, Latvia

Upmalas Biroji BC	Office	24,198	10,458	7.6%	7.2%	100.0%
Vainodes I	Office	20,890	8,052	6.8%	6.9%	100.0%
LNK Centre	Office	17,000	7,453	6.4%	6.5%	100.0%
Sky SC	Retail	4,850	3,254	8.2%	8.0%	99.4%
Galerija Centrs	Retail	76,409	20,022	6.2%	6.1%	96.0%
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Total Riga		143,347	49,239	6.6%	6.5%	98.3%
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Tallinn, Estonia

Postimaja & CC Plaza	Retail	32,250	9,145	4.2%	4.5%	92.4%
Postimaja & CC Plaza	Leisure	15,150	8,664	9.0%	7.1%	100.0%
G4S Headquarters	Office	17,550	9,179	7.7%	6.9%	100.0%
Lincona	Office	17,820	10,871	8.0%	7.1%	100.0%
Pirita SC	Retail	9,850	5,508	4.2%	5.3%	90.7%
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Total Tallinn		92,620	43,367	6.1%	6.0%	97.2%
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Total portfolio		358,942	153,350	6.6%	6.4%	98.0%
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1. Based on the latest valuation as at 31 December 2019 and recognised right-of-use assets.



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.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Euro '000	01.10.2019-31.12.2019	01.10.2018-31.12.2018	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Rental income 15,860	6,197	4,284	20,776	
Service charge income 2,760	1,397	948	4,525	
Cost of rental activities (3,816)	(1,959)	(1,303)	(6,082)	
Net rental income 14,804	5,635	3,929	19,219	
Administrative expenses (2,813)	(846)	(804)	(3,251)	
Other operating income 74	3	26	26	
Valuation gains (losses) on investment properties 2,014	375	1,534	(2,064)	
Operating				



Profit before tax	3,766	3,879	9,217
11,298			
Income tax charge	(351)	(344)	(426)
(1,308)			
Profit for the period	3,415	3,535	8,791
9,990			
Other comprehensive income that is or may be reclassified to profit or loss in subsequent periods			
Net gains (losses) on cash flow hedges	802	(588)	(595)
(1,013)			
Recognition of initial interest rate cap costs	-		-
(33)			
Income tax relating to net gains (losses) on cash flow hedges	(48)	55	44
97			
Other comprehensive income (expense), net of tax, that			



income for the period, net of tax	4,169	3,002	8,240
9,041			

Basic and diluted earnings per unit (Euro)	0.03	0.04	0.09
0.13			

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Euro '000	31.12.2019	31.12.2018
Non-current assets		
Investment properties	356,575	245,160
Investment property under construction	2,367	-
Derivative financial instruments	73	9
Other non-current assets	54	596
Total non-current assets	359,069	245,765
Current assets		
Trade and other receivables	1,794	2,229
Prepayments	301	154
Other current assets	734	505
Cash and cash equivalents	9,836	12,225
Total current assets	12,665	15,113



Paid in capital	138,064	93,673
Own units	-	(335)
Cash flow hedge reserve	(1,556)	(1,005)
Retained earnings	16,010	17,472
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Total equity	152,518	109,805
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Non-current liabilities		
Interest bearing loans and borrowings	205,718	140,401
Deferred tax liabilities	6,199	5,844
Derivative financial instruments	1,728	1,069
Other non-current liabilities	1,298	905
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Total non-current liabilities	214,943	148,219
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Current liabilities		
Interest bearing loans and borrowings	414	106
Trade and other payables	3,171	2,397
Income tax payable	8	-
Other current liabilities	680	351
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Total current liabilities	4,273	2,854
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Total liabilities	219,216	151,073
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Total equity and liabilities	371,734	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 15:20 EET on 14 February 2020.

