

On 1 September 2016, Baltic Horizon Fund (the "Fund") published the Unaudited Interim Condensed Consolidated Financial Statements for the 6-month period ended 30 June 2016. Subsequently, auditor of the Fund performed review of these financial statements. The reviewed financial statements are attached to this announcement.

The Board of the Fund management company wishes to highlight that review resulted in certain adjustments to the Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows. The summary of the adjustments is set out below:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Euro '000</i>	Unaudited 30.06.2016	Reviewed 30.06.2016	Change	Note
Non-current assets				
Investment properties	87,266	87,238	(28)	1
Other non-current assets	252	280	28	1
Total non-current assets	87,518	87,518	-	
Current assets				
Trade and other receivables	724	724	-	
Prepayments	97	98	1	2
Subscriptions receivable	20,962	28,483	7,521	3
Cash and cash equivalents	1,460	1,460	-	
Total current assets	23,244	30,765	7,521	
Total assets	110,762	118,283	7,521	
Equity				
Share capital	46,636	46,636	-	
Cash flow hedge reserve	(222)	(222)	-	
Retained earnings	7,090	7,090	-	
Total equity	53,504	53,504	-	
Non-current liabilities				
Interest bearing loans and borrowings	41,557	41,557	-	
Deferred tax liabilities	3,811	3,811	-	
Derivative financial instruments	260	260	-	
Other non-current liabilities	494	494	-	
Total non-current liabilities	46,122	46,122	-	
Current liabilities				
Redemption of units payable	-	7,521	7,521	3
Interest bearing loans and borrowings	9,140	9,140	-	
Trade and other payables	1,597	1,597	-	
Income tax payable	168	168	-	
Derivative financial instruments	1	1	-	
Other current liabilities	230	230	-	
Total current liabilities	11,136	18,657	7,521	
Total liabilities	57,258	64,779	7,521	
Total equity and liabilities	110,762	118,283	7,521	

Notes:

1. Domus Pro Stage III development costs were classified as “*Investment properties*”. After review, these costs were reclassified to “*Other non-current assets*”.
2. Rounding error.
3. The difference is related to new share capital raised during the public offering from June 8 June 2016 until 29 June 2016. The total issue proceeds were EUR 29.7 million. Share capital was increased by EUR 21.0 million, whereas the remaining amount was used to redeem units of exiting investors (EUR 7.5 million) and to pay off subscription fees (EUR 1.2 million). Previously the Fund showed a subscription receivable at net amount of EUR 21.0 million. After the review, these items were presented as follows: a receivable of EUR 28.5 million (net of subscription fees) and a payable of EUR 7.5 million.

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Euro '000</i>	Unaudited 01.01.2016- 30.06.2016	Reviewed 01.01.2016- 30.06.2016	Change	Note
Cash flows from core activities				
Profit (loss) before tax	1,047	1,047	-	
Adjustments for non-cash items:			-	
Value adjustment of investment properties	441	441	-	
(Gain)/loss on property disposal	6	-	(6)	1
Value adjustment of derivative finance instruments	-	6	6	1
Financial income	(8)	(8)	-	
Financial expenses	533	533	-	
Working capital adjustments:			-	
Decrease/(Increase) in trade and other accounts receivable	140	140	-	
(Increase)/decrease in other current assets	(40)	(40)	-	
(Decrease)/Increase in other non-current liabilities	43	43	-	
Increase/(Decrease) in trade and other accounts payable	247	247	-	
(Decrease)/increase in other current liabilities	(702)	43	745	2
Refunded/(paid) income tax	(45)	(45)	-	
Total cash flows from core activities	1,662	2,407	745	
Cash flows from investing activities				
Interest received	8	8	-	
Acquisition of subsidiaries, net of cash acquired	-	-	-	
Disposal of investment properties	-	-	-	
Capital expenditure on investment properties	(878)	(1,623)	(745)	2
Total cash flows from investing activities	(870)	(1,615)	745	
Cash flows from financial activities				
Proceeds from bank loans	232	445	213	3
Repayment of bank loans	(741)	(954)	(213)	3
Proceeds from issue of units	-	-	-	
Interest paid	(500)	(500)	-	
Total cash flows from financing activities	(1,009)	(1,009)	-	
Net change in cash and cash equivalents	(217)	(217)	-	
Cash and cash equivalents at the beginning of the year	1,677	1,677	-	
Cash and cash equivalents at the end of the period	1,460	1,460	-	

Notes:

1. Fair value adjustment related to derivative finance instrument was classified incorrectly.

2. Reclassification of Domus Pro stage II capex works to “Cash flows from investing activities”.
3. Reclassification between the lines.