



Quarterly Review Q3 2023

UB Nordic Property Fund



OBJECTIVES AND STRATEGY

The Fund's assets are invested directly or indirectly in commercial properties located in Finland, Sweden, Norway and Denmark.

The objective of the Fund's investment strategy is to achieve a return equal to the return of the Nordic real estate markets in the long term. The fund is suitable for investors seeking a diversified investment in the Nordic region as well as a stable return on their investment. The objective is a nominal return of 7–9% p.a. to investors under current market conditions.

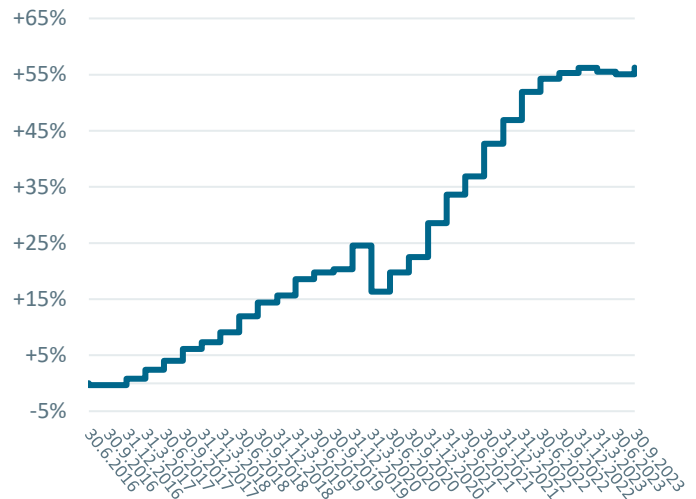
RISC INDICATOR



The risk indicator assumes the investor holds the Fund for a minimum of five years. The actual risk can vary significantly, if the investor redeems their fund units earlier, resulting in returns being lower than anticipated.

FUND RETURN (I-series)

(Cumulative return, dividend adjusted)



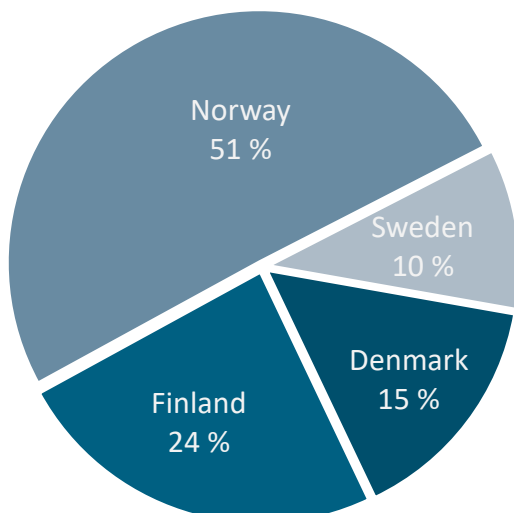
KEY FUND FIGURES

| | | | |
|---------------------------------------|-----------|---|------|
| Market Value of Properties Owned | 532 MEUR | Initial Yield on Investment Properties | 6.8% |
| Weighted Average Unexpired Lease Term | 7.4 years | Return on Equity of the Property Portfolio* | 7.6% |
| Number of Investments | 32 | Loan to Value (LTV) Ratio of the Fund | 42% |
| Accrued Acquisition Costs (% of NAV) | 1.5% | Leverage Ratio of Property Portfolio** | 54% |

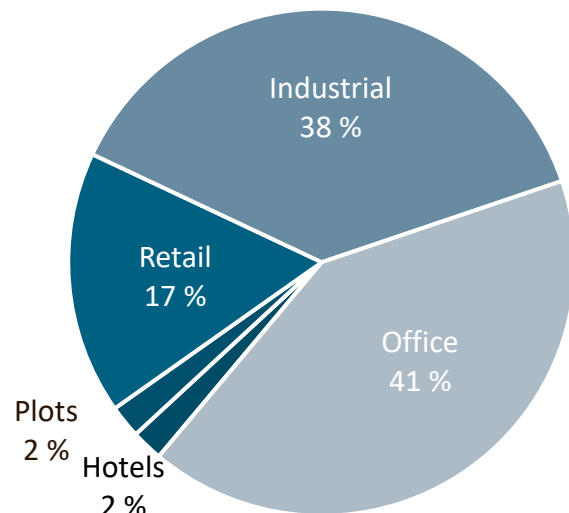
* "Funds from operations": Cash Flow Before Amortisations

** Excluding Cash, includes Debt in Minority Holdings

GEOGRAPHICAL DISTRIBUTION (PROPERTY PORTFOLIO)



SECTOR DISTRIBUTION (PROPERTY PORTFOLIO)



The New Normal

For the past four quarters, we have observed how the real estate market has slowed down, and transaction volumes have dropped. Looking at the past three quarters of this year, it can be seen that, on a Nordic level, transaction volume seems to have stabilized at around 4-5 billion euros per quarter. Transactions continue steadily, though the volume is over half less of what it used to be. Perhaps this is the new normal – at least for the time being. According to the real estate consultant Colliers' forecast, the Nordic transaction volume for this year will settle somewhere between the levels of 2012 and 2013, around 20 billion euros. While transaction volume certainly reflects the overall sentiment of the real estate market, it must be noted that for the majority of real estate investors, rental income is the core of the business.

Fund's Activity in the Third Quarter of the Year

In the third quarter of the year, the UB Nordic Property Fund continued to invest in improving the cash flow of its existing real estate portfolio. For example, a significant new lease agreement was signed for the Galleria shopping center located in Leppävaara. In addition, there are other major leasing negotiations in progress, which hopefully will be concluded in the coming quarters.

In the field of responsible real estate investing, the fund continued to work on the environmental certifications of properties as usual. Solar panels are being installed in one of the fund's properties as we speak, and installations for another property will begin later this year. When completed, these panels will save energy costs and improve the ratings of environmental certificates, but most importantly, they will reduce the carbon dioxide emissions of the properties. During the quarter, the fund also received official results from the GRESB (Global Real Estate Sustainability Benchmark) sustainability assessment, where the fund achieved three stars. This is a remarkable improvement compared to last year's one star. However, we will not rest on our laurels in managing the fund's portfolio but will continue decisively towards achieving the fourth and fifth stars.

Regarding the UB Nordic Property Fund, it can be said that the significant allocation to Norway our allocation has supported the fund over the past year. Although we have seen impairments in Norway as well, it has remained smaller mainly due to the strong fundamentals of the Norwegian economy. These include a virtually debt-free state, the amount of renewable energy, and population growth, to name just a few. At the same time, it must be noted that while property values have decreased at the portfolio level, there have been individual successes in other countries as well. For example, the fund's largest investment, Oulu Ideapark, has performed exceptionally well in terms of both cash flow and property valuation. The key factors at Ideapark have been the demand for space due to a good micro-location, moderate rental levels, and initially high yield (net rental yield/property value).

Jaakko Onali & Mikko Hentinen Portfolio Managers

Source: Colliers Research Monthly 10/2023

THE FUND'S RETURNS Q3/2023

The rental yield remained at the level of the previous quarter, at approximately 1.4 percentage points. The rental yield was still affected by investments made in the properties and unproductive cash. It is worth noting that without the diluting effect of cash but still considering the investments, the rental yield would have been around 1.7 percentage points, which, when converted to an annual return, would represent approximately a 7% yield.

The impact of currencies on the fund's return was positive this time. Both the Swedish and Norwegian crowns strengthened significantly from the depreciation in the previous quarter. The currency strengthening had an impact of approximately 0.6 percentage points on the quarterly return. The Swedish central bank has begun to hedge the currency reserve by selling dollars and euros, and although the amounts have been relatively small, this may have had a positive signaling effect. The strengthening of the Norwegian crown can also be expected in the longer term, considering the economic strengths mentioned earlier. However, currency exchange rates are likely to continue to fluctuate, and to reduce volatility, the fund has hedged 60% of its currency risk.

Property value changes remained negative, which had an impact of approximately -0.5 percentage points on the quarterly return. The market believes that the European Central Bank's policy rate will start to decrease next spring or even early in the year. If this materializes, it can be imagined that the pressure to write down property values would begin to ease at the same time.

RETURN DECOMPOSITION Q3/2023**

| | |
|-------------------------------------|-------|
| Net Cash Flow | 1.4% |
| Interest Rate Hedges | 0.0% |
| Currency and Hedging Effects | 0.6% |
| Realised Profits on Sold Properties | 0.0% |
| Valuation Effects | -0.5% |
| Fund Fees | -0.6% |
| Total on Average | 0.9% |

** Indicative calculation on return components . Assessment based on UB Fund Company and Portfolio Management internal data. Final Return may differ from this assessment.

FUND PERFORMANCE

| | 3 months | Since Inception p.a. | 2020 | 2021 | 2022 |
|----------|----------|----------------------|-------|--------|-------|
| R-series | 0.65% | 6.45% | 2.43% | 15.79% | 6.49% |
| A-series | 0.83% | 6.41% | 3.05% | 16.35% | 7.12% |
| T-series | 0.91% | 6.67% | 3.34% | 16.59% | 7.40% |
| I-series | 0.98% | 6.91% | 3.61% | 16.84% | 7.69% |

| FUND INFORMATION | |
|--|--------------------------------------|
| Fund Manager | UB Fund Management Ltd. YT 2118101-5 |
| Domicile | Helsinki, Finland |
| Fund Inception Date | 20.5.2016 |
| Gross Asset Value (GAV) 1.10.2023 | 484.7 MEUR |
| Net Asset Value (NAV) 1.10.2023 | 306.3 MEUR |
| Borrowed Capital | 178.4 MEUR |
| Minimum Investments | |
| R-series | 5,000 euros |
| A-series | 100,000 euros |
| T-series | 1,000,000 euros |
| I-series | 5,000,000 euros |
| NAV per Share | |
| R-series | 109.2366 |
| A-series | 115.6356 |
| T-series | 117.7594 |
| I-series | 119.8484 |
| ISIN codes | |
| R-series | FI4000242979 |
| A-series | FI4000197793 |
| T-series | FI4000189261 |
| I-series | FI4000197801 |

| FUND FEES | |
|------------------------------------|---|
| Management Fee | % of GAV |
| R-series | 1.65% |
| A-series | 1.2% |
| T-series | 1.0% |
| I-series | 0.8% |
| Subscription Fee | |
| 5,000 – 49,999 euros | 2% |
| 50,000 – 99,999 euros | 1.5% |
| 100,000 – 199,999 euros | 1.5% |
| 200,000 euros – | 1% |
| Redemption Fee, Period Held | |
| < 1 year | 5% |
| > 1 year < 3 years | 1% |
| > 3 years < 5 years | 0.5% |
| > 5 years | 0% |
| Performance Fee | 20% of calendar year return exceeding the Fund's reference return of 7% |

This fund review is not an invitation to subscribe, redeem or exchange fund shares. An investor should not base an investment decision on this fund review. The fund review has been prepared with the aim of data reliability, but UB Fund Management Company Ltd. cannot guarantee the completeness or accuracy of the information contained in this review, and is not responsible for any errors or deficiencies in the information contained herein. Before making an investment decision, an investor must familiarise oneself with the fund specific material that reflects the risks of the fund. Key information presentations, fund presentations as well as fund rules and price lists for all funds managed by UB Fund Management Company Ltd are available at UB Fund Management Company Ltd and on www.unitedbankers.fi. There is always a financial risk associated with investing in funds. The fund's historical return is not a guarantee of future development. The value of an investment in the fund may rise or fall and investors may lose all or part of the assets they invest.