



Quarterly Review Q4 2024

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.

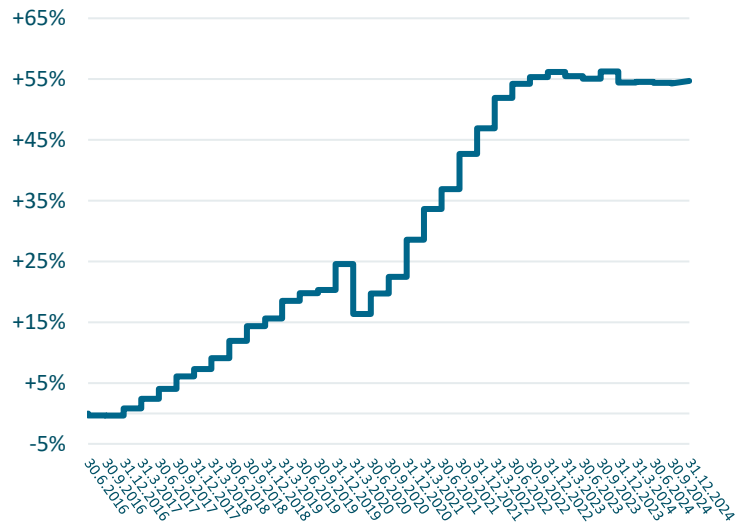
RISC INDICATOR



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)



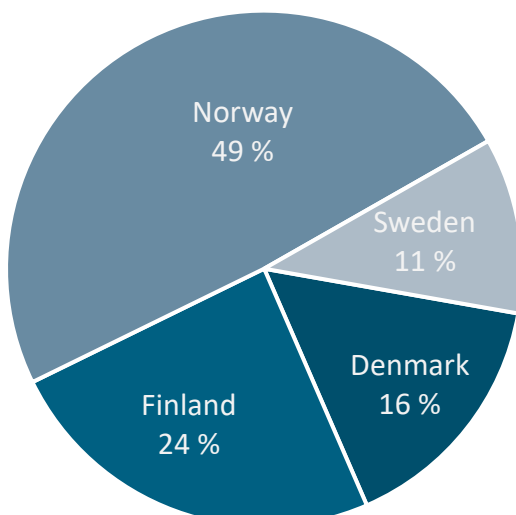
KEY FUND FIGURES

Market Value of Properties Owned	508 MEUR	Initial Yield on Investment Properties*	6.4%
Weighted Average Unexpired Lease Term	7.9 years	Loan to Value (LTV) Ratio of the Fund	50%
Number of Investments	30	Leverage Ratio of Property Portfolio**	48%
Accrued Acquisition Costs (% of NAV)	1.0%		

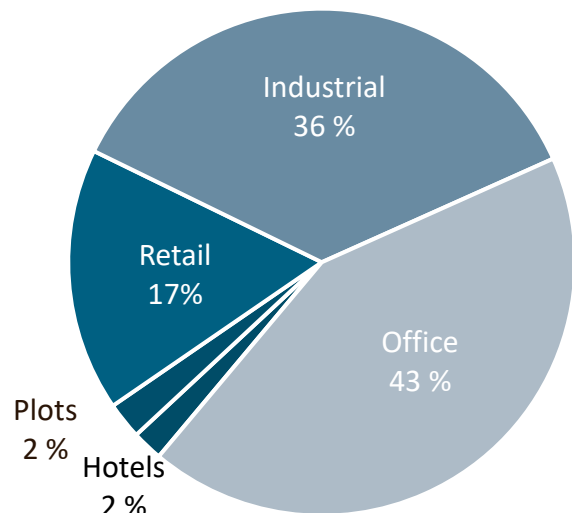
*Includes two real estate development projects that do not generate rental income; initial yield is 6.9% excluding these two real estate development projects.

** Excluding Cash, includes Debt in Minority Holdings

GEOGRAPHICAL DISTRIBUTION (PROPERTY PORTFOLIO)



SECTOR DISTRIBUTION (PROPERTY PORTFOLIO)



Sweden has taken a turnaround – the other Nordic countries are likely to follow suit

Old wisdom tells us that what happens (in the economy) in Sweden follows with a delay in Finland. If this saying is to be believed, the Finnish real estate market may turn around during 2025, as the market turnaround in Sweden began already last autumn. In Sweden, the bond market was considered a major risk factor when interest rates rose, as the real estate market was highly indebted. Not all companies escaped hits, but as interest rates have fallen, the bond market has recovered significantly, which has increased willingness to buy, especially among listed companies.

In our previous review, we wrote that lower interest rates support property value growth, but uncertainty at the moment is caused especially by the weaker economic outlook. Finland is known to have lived off construction, and when it is in a kind of recession due to rising interest rates and high construction costs, this affects GDP development in our country. When construction is low, this inevitably leads to demand for space being directed to the current property stock, increasing their rents and thus also their values. Inflation risk can still be seen globally. These include large government deficits, which may require quantitative stimulus, and trends suggestive of protectionism. Real assets should therefore be held in an investment portfolio.

Transaction volume in the Nordics exceeded 2023 figures by 30%. The biggest growth was seen in Norway and Sweden, but in Finland the volume remained more than 10 percent below the level of 2023. The increase in yield requirements has mainly come to a halt and certain segments – especially Sweden – have seen a slight decline. The interest rate differential (risk-free interest rate vs. property return) is currently at an attractive level, even nominally speaking, so investors are likely to see a return to the real estate market during 2025.

Source: Colliers Nordic Property Market Update 1/2025, KTI News 16.1.2025

Fund operations in the fourth quarter of 2024

The fund's most significant event was the sale of an industrial and warehouse property in Norway. The sale of the property was supported by relatively weak energy points, the raising of which would have required significant investments. The annual return on the investment was 10% (IRR) for the fund, which means that the return target was reached. The property was sold at the current valuation level.

We continued to invest in and lease the property in Vallila, Helsinki. We still see challenges in the Helsinki metropolitan area office market, but due to the unique nature of the site, we believe that there will be good users there. The target accounts for 1.4% of the total fund measured at fair value.

In addition, at the time of writing this report, we have signed a deed of sale for a property located in Sweden. The property was owned for about 7 years, and according to the strategy, the time for sale came during 2024. The annual return on investment for the fund was 13% (IRR), and the asset was sold at a price more than 10% higher than the fund's Q3-2024 valuation level. The transaction will be booked in 2025, with closing in February.

Jaakko Onali

Portfolio Manager

THE FUND'S RETURNS Q4/2024

Return Components

Rental income was +1.4 percentage points due to two partially empty office properties, one of which is located in Oslo. The Oslo property has already been leased, but the contracts will start later in 2025, so the rental income will not be enjoyed yet. The second office property is located in Helsinki, where the office market is clearly more challenging. The reason for this is the approximately 15-16% vacancy rate in the Helsinki metropolitan area. By comparison, the corresponding figure in Oslo is about 6%. The interest costs of the properties are also included in the rental income in the fund, so when interest rates fall, rental income can be expected to continue rising, although the change will be slower due to the high loan hedging rate (approx. 70%).

The Norwegian and Swedish krona have remained weak, but there were no major movements. This time, on the last day of the quarter, currencies were slightly weaker than in the previous quarter, which affected the quarterly return by -0.3 percentage points.

Property values developed both positively and negatively during the quarter, depending on the country. In Sweden, asset values are on the rise and at the time of writing, the trend is likely to continue, as there is constant interest in our portfolio. In Denmark, the values of properties fell the most, but when we talk about tenths of one percent, these are very small changes. Changes in value had an impact of around -0.4 percentage points.

The impact of interest rate hedges (SWAPs) on the fund's return was positive this time (+0.3 percentage points) as long-term interest rates rose compared to the previous quarter. In any case, interest rates have been trending downwards despite volatility. This will support the real estate story going forward.

The return components are outlined below:

RETURN DECOMPOSITION Q4/2024**	
Net Cash Flow	1.4%
Interest Rate Hedges	0.3%
Currency and Hedging Effects	-0.3%
Realised Profits on Sold Properties	0.0%
Valuation Effects	-0.4%
Fund Fees	-0.6%
Total on Average	0.3%

** 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.	2022	2023	2024
R-series	0.00%	5.21%	6.49%	-2.67%	-1.18%
A-series	0.19%	5.41%	7.12%	-2.00%	-0.45%
T-series	0.27%	5.68%	7.40%	-1.70%	-0.12%
I-series	0.35%	5.93%	7.69%	-1.41%	0.20%

FUND INFORMATION	
Fund Manager	UB Fund Management Ltd. YT 2118101-5
Domicile	Helsinki, Finland
Fund Inception Date	20.5.2016
Gross Asset Value (GAV) 1.1.2025	441.7 MEUR
Net Asset Value (NAV) 1.1.2025	264.7 MEUR
Borrowed Capital	177.0 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	99.9862
A-series	106.8347
T-series	109.2534
I-series	111.6557
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%

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