



Quarterly Review Q1 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.

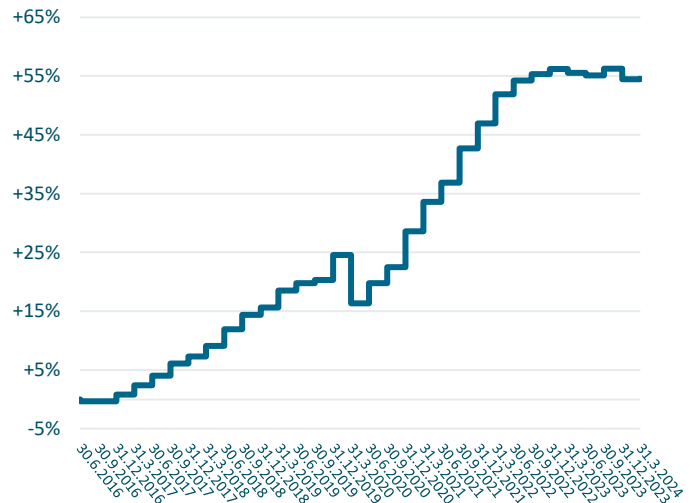
RISC INDICATOR



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)



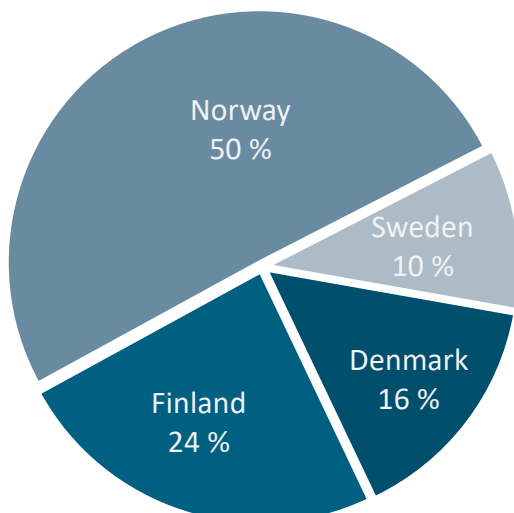
KEY FUND FIGURES

Market Value of Properties Owned	515 MEUR	Initial Yield on Investment Properties	7.0%
Weighted Average Unexpired Lease Term	7.8 years	Return on Equity of the Property Portfolio*	9.1%
Number of Investments	31	Loan to Value (LTV) Ratio of the Fund	44%
Accrued Acquisition Costs (% of NAV)	1.3%	Leverage Ratio of Property Portfolio**	50%

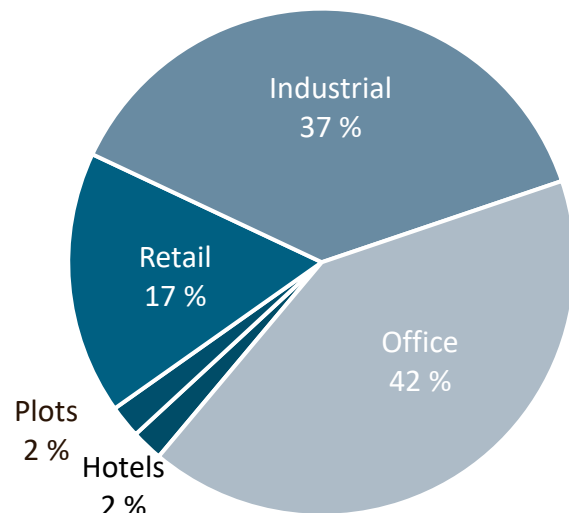
* "Funds from operations": Cash Flow Before Amortisations

** Excluding Cash, includes Debt in Minority Holdings

GEOGRAPHICAL DISTRIBUTION (PROPERTY PORTFOLIO)



SECTOR DISTRIBUTION (PROPERTY PORTFOLIO)



PORTFOLIO MANAGERS' COMMENTS Q1/2024

In the quarterly report released at the beginning of the year for Q4/2023, we stated that property values are likely to find a new equilibrium during the current year. Upon reviewing changes in the value of our properties in the first quarter of the year, we observe that, at least, the most significant declines seem to be behind us for now. Hopefully, property appraisers will gather more evidence throughout the year, thus adjustments to property values based on actual transactions are expected.

An interesting observation worth noting is the forecast released by a Nordic real estate research/consultancy firm in early April. According to this forecast, often used as a measure of property value development, prime office yields are expected to decline during the current year, indicating a potential increase in property values. Hopefully, this forecast holds true and the trend reflects in other property segments as well.

In the first quarter of the year, there was a slight improvement in transaction market volume, albeit a decrease in the number of transactions. Encouragingly, the Nordic region continues to attract international investors, with more capital flowing in than out. Towards the end of last year, long-term interest rates utilized by property investors saw a rapid decline. However, at the beginning of this year, this decline slowed down or even reversed slightly. While we, in portfolio management, hope for interest rate reductions, it's worth emphasizing that our satisfaction lies in the absence of rate hikes. Rising interest rates may erode rental yields to some extent, but on the other hand, property values have declined while rental yields have increased. In the bigger picture, we are approaching nearly the same cash flow yields as before the rate hikes. Several economists predict that inflation will decrease but stabilize at a slightly higher level. For a real asset investor, a scenario where interest rates remain unchanged, but inflation stays slightly elevated is highly suitable!

Performance of the Fund in Q1/2024

In the previous quarterly review, we mentioned that the outlook for property investors is likely to become clearer, and it's time for us to become more active on the transaction front. Indeed, we began implementing this immediately in the first quarter of the year by selling our stake in a commercial property located in Namsos, Norway. This property was a minority-owned asset, which, in line with our strategy, we intend to divest when suitable opportunities arise. Additionally, Namsos is a relatively small town with a negative population forecast. Therefore, we saw little potential for increased demand for a retail-focused property there. The property provided the fund with an approximately 15.4% annualized return during the holding period (IRR). A new destination for the funds has preliminarily been identified, and we hope to provide more details in the upcoming quarterly report.

While the fund did not acquire new properties for its intended purpose during the quarter, an expansion of a life science property in Denmark was completed. In the realm of responsible investing, solar panels were installed on the roof of this property, and the Breeam environmental certification process initiated last year was successfully concluded. Upon receipt of the certificate in due course, the property is expected to achieve the Very Good rating in line with the fund's objectives.

THE FUND'S RETURNS Q1/2024

Rental yield settled at the level of the previous quarter, approximately 1.6 percentage points. The rental yield was still adversely affected by various modifications related to new lease agreements at Leppävaaran Galleria, which are expected to be completed during the second quarter.

The impact of currencies on the fund's return was notably negative this time. Both the Swedish and Norwegian kronor depreciated from the valuation of the previous quarter. The depreciation of currencies had a negative impact of about 0.8 percentage points on the quarter's return. Currency exchange rates are expected to fluctuate in the near future. However, for example, Nordea believes that the Norwegian krone will strengthen by about five percent by the end of the year; time will tell if the forecast holds true.

Property value changes were slightly negative, with approximately a -0.6 percentage point impact on the quarter's return. As mentioned above, from the perspective of portfolio management, the predominant pressure on property value declines is gradually diminishing.

SWAP interest rate swaps had a positive impact on the fund's return this time. These contributed approximately 0.3 percentage points to the quarter's return. This is a direct consequence of the mentioned stabilization or slight increase in interest rates at the beginning of the review.

The return components are outlined below:

RETURN DECOMPOSITION Q1/2024**

Net Cash Flow	1.6%
Interest Rate Hedges	0.2%
Currency and Hedging Effects	-0.8%
Realised Profits on Sold Properties	0.0%
Valuation Effects	-0.5%
Fund Fees	-0.6%
Total on Average	-0.1%

** 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.	2021	2022	2023
R-series	-0.28%	5.78%	15.79%	6.49%	-2.67%
A-series	-0.1%	5.86%	16.35%	7.12%	-2.00%
T-series	-0.01%	6.13%	16.59%	7.40%	-1.70%
I-series	0.07%	6.38%	16.84%	7.69%	-1.41%

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	462.2 MEUR
Net Asset Value (NAV) 1.10.2023	286.8 MEUR
Borrowed Capital	175.2 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	106.9262
A-series	113.6016
T-series	115.8747
I-series	118.1202
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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