

# Key Information Document



## Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

## Product

<b>Product name/ISIN</b>	Baltic Horizon Fund unit (ISIN: EE3500110244)
<b>Product Manufacturer/Management Company</b>	Northern Horizon Capital AS; registry code 11025345; for more information, please refer to <a href="http://www.baltichorizon.com">www.baltichorizon.com</a> or call +372 674 3200.
<b>Competent regulatory authority</b>	Estonian Financial Supervision and Resolution Authority; <a href="http://www.fi.ee">www.fi.ee</a>

This document was prepared on 2 January 2023.

**You are about to purchase a product that is not simple and may be difficult to understand.**

## What is this product?

**Type:** The Fund is a closed-ended contractual investment fund registered and acting in accordance with the Estonian Investment Funds Act (the "IFA"). The Fund is a real estate fund as defined in the IFA. The Fund's shares are listed on the Nasdaq Baltic Fund List. The Fund is managed by Northern Horizon Capital AS, established in Estonia with an alternative fund management license issued by the Estonian Financial Supervisory Authority.

**Objectives:** The objective of the Fund is to combine attractive income yields with medium to long-term value appreciation by identifying and investing primarily in real estate, portfolios of real estate, real estate companies and/or securities related to real estate and successfully exiting from these investments. The Fund invests in commercial real estate located in Estonia, Latvia, and Lithuania, with a particular focus on the capitals - Tallinn, Riga, and Vilnius - and a preference for city centres within or near the central business districts. The Fund invests in all types of real estate properties, including retail, office, and logistics properties. Notably, the portfolio transaction costs of acquisition of real estate are in general higher than regulated securities transactions and they are born by the Fund. The investments into real estate property are made either directly by acquiring title to the property or indirectly through holding shares in investment vehicles (e.g. special purpose vehicles, joint ventures) that hold title to the property. The Fund holds investments through a separate investment vehicle for each investment that is made indirectly and aims to hold 100% shares in respective special purpose vehicles (SPV).

At least 80% of the Fund's gross asset value must be invested in real estate and securities relating to real estate. Up to 20% of the Fund's gross asset value may be invested in deposits and financial instruments.

The assets of the Fund may be invested in derivative instruments only for the purpose of hedging the property loan interest rate risk.

The Management Company has, on behalf of the Fund, the right to guarantee an issue of securities, provide surety, take loans, issue debt securities, enter into repurchase transactions or reverse repurchase agreements, and conclude other securities borrowing transactions.

The objective of the Fund is to provide its investors with consistent and above average risk-adjusted returns by acquiring high quality cash flow generating commercial properties with the potential for adding value through active management, thereby creating a stable income stream of high yielding current income combined with capital gains. The Management Company targets to pay out to unit-holders at least 80% of the distributable cash flow semi-annually or on a more frequent basis. All investment decisions are discretionary choices of the Management Company.

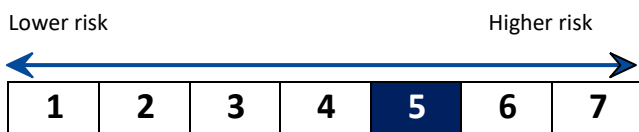
The Fund is incorporated as a closed-ended contractual investment fund and registered in Estonia. The assets of the Fund are held with depositary and segregated from the assets of the Management Company.

**Intended Retail Investor:** The Fund is suitable for either an institutional or a professionally-advised retail investor seeking to have a medium or long term indirect exposure to commercial real estate property. An investment in the Fund may also be suitable for retail investors who are financially sophisticated, non-advised retail investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment.

**Term:** The Fund, unless dissolved pursuant to any specific cause set forth in a mandatory law or in accordance with the rules of the Fund, is established for an unlimited term.

## What are the risks and what could I get in return?

### (A) Summary Risk Indicator



The risk indicator assumes you keep the units for 5 years. The actual risk can vary significantly and you may get back less. You may not be able to sell your units easily or you may have to sell at a price that significantly impacts on how much you get back.

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. We have classified the product as 5 out of 7, which is a medium-high risk class and poor market conditions will likely impact the capacity of Northern Horizon Capital AS to pay you. This Product does not include any protection from future market performance so you could lose some or all of your investment. The Fund will mostly invest in commercial real estate assets in the Baltics. The performance of the Fund would be adversely affected by a downturn in the property market in terms of capital value and by a decrease in market liquidity for the assets in which it invests.

### (B) Performance scenarios

#### Investment EUR 10,000

Scenarios		1 year	3 years	5 years <small>(Recommended holding period)</small>
<b>Stress scenario</b>	<b>What you might get back after costs</b>	<b>EUR 2,224</b>	<b>EUR 1,221</b>	<b>EUR 558</b>
	Average return each year	-77.76%	-50.39%	-43.86%
<b>Unfavourable scenario</b>	<b>What you might get back after costs</b>	<b>EUR 7,376</b>	<b>EUR 5,184</b>	<b>EUR 3,820</b>
	Average return each year	-26.24%	-19.67%	-17.51%
<b>Moderate scenario</b>	<b>What you might get back after costs</b>	<b>EUR 8,997</b>	<b>EUR 7,309</b>	<b>EUR 5,947</b>
	Average return each year	-10.03%	-9.92%	-9.87%
<b>Favourable scenario</b>	<b>What you might get back after costs</b>	<b>EUR 10,979</b>	<b>EUR 10,311</b>	<b>EUR 9,265</b>
	Average return each year	9.79%	1.03%	-1.52%

This table shows the money you could get back over the next 5 years, under different scenarios, assuming that you invest EUR 10,000. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other Products. The scenarios presented are an estimate of future performance based on evidence from the past, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the Product. The units are freely tradable on the Nasdaq Tallinn stock exchange, but there is no guarantee that units will be actively traded. The figures shown include all the costs of the Product itself, but may not include all the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

## What happens if the Management Company is unable to pay out?

The investor of this Product will not face financial loss due to the default of Northern Horizon Capital AS. The Fund's assets are separated from the Management Company's own assets. The Fund's assets are not guaranteed by an investor compensation or guarantee schemes.

## What are the costs?

### Costs over time

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs. The amounts shown here are the cumulative costs of the Product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest EUR 10,000. The figures are estimates and may change in the future.

The person selling you or advising you about this Product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Scenarios	If you cash in after 1 year	If you cash in after 3 years	If you cash in after 5 years <small>(Recommended holding period)</small>
<b>Investment EUR 10,000</b>			
<b>Total costs</b>	EUR 189	EUR 577	EUR 981
<b>Impact on return (RIY) per year</b>	1.89%	1.89%	1.89%

### Composition of costs

The table below shows:

- the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period;
- the meaning of the different cost categories.

**This table shows the impact on return per year**

<b>One-off costs</b>	<b>Entry costs</b>	0.00%	The impact of the costs you pay when entering your investment.
	<b>Exit costs</b>	0.00%	The impact of the costs of exiting your investment when it matures.
<b>Ongoing costs</b>	<b>Portfolio transaction costs</b>	0.03%	The impact of the costs of us buying and selling underlying investments for the product.
	<b>Other ongoing costs</b>	1.86%	The impact of the costs that we take each year for managing your investments.
<b>Incidental costs</b>	<b>Performance fees</b>	20.00%	The impact of the performance fee. If the annual adjusted funds from operations of the Fund divided by the average paid in capital during the year (calculated on a monthly basis) exceeds 8% per annum, the Management Company is entitled to a performance fee in the amount of 20% of the amount exceeding 8%. However, the Performance fee for the year shall not exceed 0.4% of the Fund's average NAV (Net Asset Value) per year (upper Performance fee limit).
	<b>Carried interests</b>	0.00%	The impact of the carried interests. The Fund does not have a carried interest.

## How long should I hold it and can I take money out early?

### Recommended holding period

The recommended holding for the product is 5 years since the value of real estate investment can be materially affected by short term cyclical fluctuations in the market. The Fund is a closed-ended Fund that does not redeem the units upon the request of investors. Units of the Fund may be bought and sold during trading hours on the Nasdaq Baltic Stock Exchange.

## How can I complain?

Any complaint regarding the Product or this document can be submitted under the following address: Tornimäe 2, 24th floor, 10145 Tallinn, Estonia. Investors shall note that a complaint can be also addressed by e-mail to [estonia@nh-cap.com](mailto:estonia@nh-cap.com) or on [www.baltichorizon.com](http://www.baltichorizon.com).

## Other relevant information

This Key Information Document does not contain all information relating to this Product. Further information about Baltic Horizon Fund, its rules, prospectus and its latest annual and quarterly report may be obtained free of charge, in English and Estonian languages, from Northern Horizon Capital AS, the appointed distributors or online at [www.baltichorizon.com](http://www.baltichorizon.com). The information contained in this Key Information Document does not constitute a recommendation to buy or sell the Product and is no substitute for individual consultation with the investor's bank or advisor. Any updated version of this Key Information Document will be published on: [www.baltichorizon.com](http://www.baltichorizon.com).