

# KEY INVESTOR INFORMATION

This document provides you with key investor information about this fund. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this fund. You are advised to read it so you can make an informed decision about whether to invest.

## Baltic Horizon Fund (the “Fund”) (ISIN: EE3500110244 – Public Units)

This alternative investment fund is managed by Northern Horizon Capital AS (the “Management Company”)

### OBJECTIVES AND INVESTMENT POLICY

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 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 will invest 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 regulator 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 Management Company holds investments through a separate investment vehicle for each investment that is made indirectly and aims to hold 100% shares in respective 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 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.

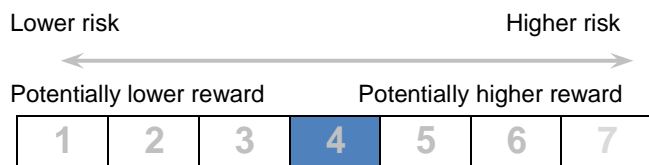
The Fund is incorporated as a closed-ended contractual investment fund and registered in Estonia. The assets of the Fund are held with depositary and segregated from the assets of the Management Company.

The Fund aims to leverage its assets by borrowing an amount of up to 50% of the value of its assets with the only objective to make investments. At no point in time may the Fund’s leverage exceed 65% of the value of its assets.

The units of the Fund are listed on Nasdaq Tallinn and the intention is to list the units at Nasdaq Stockholm. The Fund does not redeem units.

A typical investor of the Fund is either an institutional or a retail investor seeking to have a medium or long term indirect exposure to commercial real estate property.

### RISK AND REWARD PROFILE



The risk and reward indicator illustrates where the Fund is positioned in terms of its possible risks relative to its potential rewards. The higher the Fund’s position on this scale, the greater the possible reward, but also the greater risk of losing money. This risk indicator is calculated using historical data, which cannot be used as a prediction for the future. Therefore the risk classification may change over time. Even if a fund is in the lowest risk class you can lose money, as no investments are entirely risk-free. However, liability of each investor in the Fund is limited to the value of its units.

The Fund is in level 4 due to (i) the risks related to illiquidity and market risks related to commercial Baltic real estate investments and (ii) as a consequence of that a listed fund could experience price volatility as it may be subject to speculative trading on the stock exchange.

On the other side, the Fund aims to leverage its assets by borrowing an amount of up to 50% of the value of its assets and the Fund only invests in core commercial properties in Baltic capitals.

The following are additional risks not covered by the risk and reward category:

- An investment in the Fund involves a high degree of financial risk. Investors may lose all or part of their investment in the Fund. The Fund’s investing and trading involves the risk of incurring substantial losses.
- Investors must buy and sell units on a secondary market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees for doing so. In addition, investors may pay more than the current net asset value when buying units and may receive less than the current net asset value when selling them.
- There can be no guarantee that an active secondary market will develop or be sustained in relation to the units or that the units will trade at prices close to their underlying net asset value per share.

- The Fund relies upon the performance of the Management Company (and its key personnel) and the successful implementation of the strategy. The loss of the services of key personnel, termination of the investment management agreement with the Management Company, or poor performance of the

Management Company could have a material adverse effect on the Fund.

For full details of the risks the Fund may be exposed to, please refer to the “Risk Factors” section of the prospectus.

## CHARGES

The charges paid are used to pay the costs of running the Fund. These costs reduce the potential growth of the value of the Fund. More detailed information on charges can be found in section 15 “Fees and expenses paid out of the fund” of the Fund rules and in the prospectus.

One-off charges taken before or after you invest	
<b>Entry charge</b>	None
<b>Exit charge</b>	None
These charges below are the maximum that might be deducted from the money actually invested.	
Charges taken from the Fund over a year	
<b>Ongoing charges</b>	2,5% (including also the management fee)
Charges taken from the Fund under certain specific conditions	
<b>Performance Fee*</b>	20%

The ongoing charges figure shown here is an estimate of the charges as there is insufficient historical data (under the Fund rules the ongoing charges may not exceed 30% of the net asset value of the Fund per calendar year, whereas, in practice they are estimated to be much lower). They do not include profit share/performance allocation.

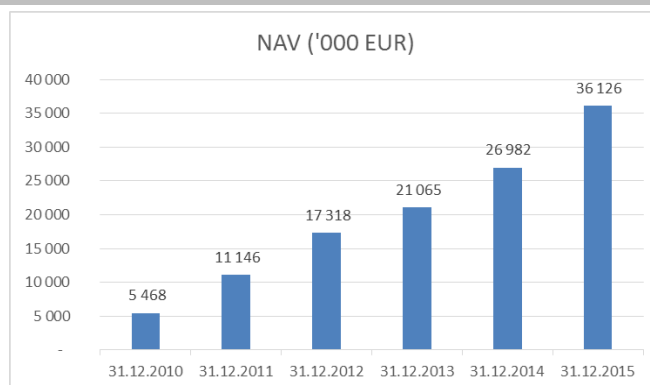
Full details of the exact charges and costs will be published in the annual report of the Fund. This figure will vary from year to year and includes portfolio transaction costs.

\*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 per year (upper Performance fee limit).

## PAST PERFORMANCE

There is insufficient data to provide a useful indication of past performance of the Fund to investors as the Fund was launched in 2016.

However, as the Fund merged with Baltic Opportunity Fund (“BOF”) and received the assets and liabilities of BOF, past performance of the latter is presented. BOF came into existence in September 2010. Please be aware that past performance is not a reliable indicator of future results.



## PRACTICAL INFORMATION

The depositary of the Fund is Swedbank AS, a public limited company registered in the Estonian Commercial Register under the registry code 1006070.

The prospectus is available in English (with a summary in Swedish). Further practical information about the Fund, the Fund rules, latest prices of units, copies of its prospectus and its latest annual report can be found in English. They are available free of charge for the investors and will be available free of charge at [www.baltichorizon.com](http://www.baltichorizon.com).

This key investor information document is available in English and Swedish and is available free of charge at [www.baltichorizon.com](http://www.baltichorizon.com).

The Management Company may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the prospectus for the Fund.

The Estonian taxation regime may have an impact on the personal tax position of the investors.

The Fund is registered in Estonia and is not a Swedish undertaking for collective investment in transferable securities (UCITS) and is not subject to the risk diversification requirements applicable to Swedish UCITS.

This Fund is authorised in Estonia and regulated by the Estonian Financial Supervision Authority. The Management Company is authorised in Estonia and regulated by the same authority.

This key investor information is accurate as at 8 November 2016.