

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

Product: “NCH Baltic Real Estate Opportunity Fund I AIF”, conferred code AF271 (the “Fund”).

Fund Manager: SIA “NCH Baltics AIFP”, a limited liability company registered in Latvia. Legal address: Kelnes iela 1, Riga, LV1014, Latvia. www.nchbaltics.eu. Call: +371 67 228 086 for more information.

Competent Authority: Bank of Latvia is responsible for supervising the Fund Manager in relation to this Key Information Document.

Date of this document: January 28, 2022. Amended and restated as of April 28, 2023.

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

What is the product?

Type: The Product is a “light green” (as per Article 8 of SFDR) closed-end alternative investment fund (investors may not redeem shares of the Fund), established as a Latvian limited partnership that is managed by the Fund Manager in accordance with the Limited Partnership Agreement. Each investor joins the partnership by signing a subscription agreement and agrees to invest its capital commitment.

Objectives

The objective of the Fund is to generate positive returns by investing in real estate assets in the Baltic States that have a clear path to cash flow, and that have a potential for value appreciation. The Fund will invest in main Baltic States cities with a preference for sites within city boundaries and near airports. The Fund will acquire, develop, redevelop, lease, manage, and sell a diversified portfolio of logistics, industrial, office, residential (including land plots for sub-division) and hotel (for conversion into residential) properties. The Fund will seek to maximize returns by acquiring properties where the values may be enhanced through renovation, repositioning, development and/or improved property management, utilizing a variety of strategies and holding periods.

The primary focus will be urban cash flowing logistics/light industrial sites (typically Class B and C¹). Industrial site values will be maximized through achieving higher rents and exit values, as well as lower vacancies. The Fund will promote environmental and social characteristics of the acquired properties.

The Fund will pursue “Value-add” and “Opportunistic” strategies², with the purchase price in most cases to not exceed 70% of the replacement cost to the current condition of the asset. Each significant asset of the Fund will be held in a separate special purpose vehicle (“SPV”). Each SPV may employ moderate leverage (up to 70 percent of the asset market value); borrowing may be at the level of the SPV level (not at the Fund level). An investor does not have any right to participate in the decision making on which investments the Fund Manager will make.

Fund returns will be dependent on real estate market conditions, including rent and lease levels, demand for logistics, industrial and office space by tenants, and for apartments and sub-division land plots by buyers, cost of utilities and services (including professional and property management fees), cost of maintenance and construction, and the price expectations by potential buyers of the assets. Returns at the Fund level will be determined as the net result of revenue received from the SPVs (as dividends, reduction in share capital or SPV liquidation proceeds) or the sale of the SPV holding the asset, minus the investments and costs (including the Fund costs below) required to generate the net result. Dividend income may be distributed or reinvested. The Fund will make distributions to each investor in accordance with the Limited Partnership Agreement of the Fund.

The real estate may require significant improvements and could take substantial time to be brought to a condition to be leased and sold. Assets may be held for the full holding period to attempt to achieve maximum returns. The investment in the Fund has low liquidity and the Fund Manager will not ensure a secondary market, nor will it repurchase the investments.

Intended retail investor

The investors of the Fund will be both: institutional (professional) and retail investors (private clients who are not professional investors). The minimum investment is EUR 20 000. Retail investors shall be admitted only in exceptional circumstances at the discretion of the Fund Manager. A retail investor is required to provide a written confirmation that he/she is able to make an independent decision to invest in the Product and is aware of all risks, including the risk of losing the investment or a part thereof arising from such investment or obligations he/she has undertaken.

Term

The Fund shall have an initial fixed term of 10 years (starting with the first closing date – when the initial investors are admitted to the Fund). The term of the Fund may be extended for 2 additional periods of one year each. Earlier termination of the Fund may happen: (i) by the decision of the Fund Manager with the consent of the majority of the investors, or (ii) by the decision of the investors with a qualified resolution. The maturity term of the Fund is also the recommended holding period of the Product, in which the most stable return and the lowest risk are expected.

¹ are old buildings. They need to be reconstructed to meet modern warehouse logistics standards. Class C objects were not originally used as warehouses. Such facilities are reconstructed hangars, manufacturing workshops, and other non-core premises.

²

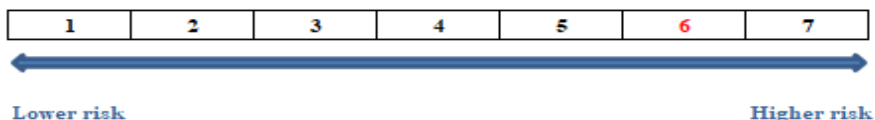
“Value-Add” strategy is associated with moderate to high risk, while “Opportunistic” is the riskiest of all real estate investment strategies. Value-add commercial real estate investments typically target properties that have in-place cash flow, but seek to increase that cash flow over time by making improvements to or repositioning the property. Opportunistic real estate investments follow the value add approach but take it a step further on the risk spectrum. Opportunistic properties tend to need significant rehabilitation in order to realize their potential. Often times these assets will be fully vacant at the time of acquisition. Buildings acquired under both strategies often times have occupancy issues, management problems, deferred maintenance or a combination of all three. These investments require a deep knowledge of real estate, strategic planning, and daily oversight by their owners.

Further information about the Fund

Information (including investment strategy, annual reports, etc.) on the Fund and its activities is available to investors free of charge in Latvian and English in order as stipulated in the Limited Partnership Agreement and is sent to investor’s indicated e-mail. For other practical information please contact the Fund Manager by writing to info@nchbaltics.lv.

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

Risk and Reward Profile



The overall risk indicator of the Fund is “6” out of 7. The higher the position on this scale, the greater the possible reward, but also the greater risk. The risk of the Product may be significantly higher than the one represented in the above summary risk indicator if the Product is not held to the maturity of the Fund.

The main risks are: market risk, credit risk, and liquidity risk. Market risk is the possibility that an investor will experience loss due to factors that affect the overall performance of investments in the market. Market risk may arise due to changes in interest rates, exchange rates, prices, geopolitical events, economic conditions, etc. Credit risk – whether assets of the Fund, or appropriate collateral, or assets backing the payment obligations of the Fund, are at all times until maturity equivalent to the payment obligations of the Fund to its investors. Liquidity risk stems from the lack of marketability of an investment that can't be bought or sold quickly enough to prevent or minimize a loss.

The Product has materially relevant liquidity risk since the transfer of interest in the Product may be done only with the consent of the Fund Manager and there is no committed liquidity offered by market makers or the Fund Manager, and the liquidity of the Product depends only on the availability of buyers and sellers on the secondary market.

The Fund is not a guaranteed fund, and it is not subject to any guarantee program. An investor must be aware that a loss of 100% of invested capital is possible. At the same time, an investor’s liability will not exceed the invested amount.

Each investor’s individual tax circumstances, like tax legislation of the investor's home state may have an impact on the actual payout and individual net returns.

Performance scenarios

The scenarios shown are illustrations based on results from the past and on certain assumptions. Markets could develop very differently in the future. What you will get from this product depends on future market performance. Market developments in the future are uncertain and cannot be accurately predicted.

	Year 1	Year 5	Year 10
Stress			
What you might get back after costs	5 574	2 746	-6 756
Average return each year	-50.5%	-32.1%	-23.2%
Unfavourable			
What you might get back after costs*	7 187	6 177	5 302
Average return each year	-29.7%	-10.8%	-4.4%
Moderate			
What you might get back after costs	8 592	11 465	19 535
Average return each year	-14.3%	2.8%	7.5%
Favourable			
What you might get back after costs	8 965	17 283	26 423
Average return each year	-10.2%	10.8%	11.9%

* This table shows projected returns under four different possible scenarios, for a hypothetical EUR 10 000 investment. The scenarios illustrate how an investment could perform. You can compare them with the scenarios of other Products. As the Fund does not have a historical track record, the scenarios are a forecast of future performance based on current market expectations and are not an exact indicator. The Stress scenario shows what you might get back in extreme negative market circumstances, and it does not take into account a scenario in which the Fund Manager is unable to pay you. 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 NCH BALTICS AIFP is unable to pay out?

You may face a financial loss due to the performance of the Fund. These losses are not covered by an investor compensation or guarantee scheme. The assets of the Fund are segregated from the assets of the Fund Manager. Therefore, the liabilities of the Fund Manager will not affect the assets of the Fund.

One-off fees	Entry charge	0,0%	The impact of the costs you pay when entering your investment
	Exit charge	0,0%	The impact of the costs you pay when exiting your investment

Recurring fees and costs	Management fee	1,8%	The impact of the costs that we take for managing your investment is 1.8% annually
	Fund Legal, Accounting, Valuation and Unconsummated Acquisition costs	<ul style="list-style-type: none"> • Estimated at 0.65% annually of invested amounts 	The impact of costs at the Fund level divided proportionally among the investors
Incidental fees	Performance fee of the Fund Manager	<ul style="list-style-type: none"> • First, 100% to the Investors until each Investor has received an amount equivalent to 7,5% IRR • Second, 100% to the Carried Interest Partner until the cumulative amount distributed to the Carried Interest Partner is equal to 20% of the amounts distributed to Investors • Third, 80% to the Investors and 20% to the Carried Interest Partner 	The fees paid to the Fund Manager in case the Fund achieves the IRR profit levels, after deduction of all other fees and costs

What are the costs?

The table show the fees that are taken from your investment to cover different types of costs.

Fund fees are used to pay the costs of running the Fund. Fees reduce the potential disbursements to investors. More detailed information on fees is presented in the section on expenses and fees contained in the Limited Partnership Agreement of the Fund.

Investment EUR 10,000	Year 1	Year 5	Year 10
Cumulative costs	212	1194	3907
Impact on return (RIY) per year	2.12%	2.45%	3.94%

* The Reduction in Yield (RIY) shows what impact the one-off fees, recurring fees and costs, and incidental fees could have on the investment return. The amounts in the table above are the cumulative costs, calculated for three different holding periods. The RIY calculation is based on the Moderate scenario and includes all ongoing fees and costs that could occur during the holding period under a hypothetical EUR 10 000 investment. The Moderate scenario assumes a logistics real estate portfolio (representative of assets that are available in the market), achieving current market rents followed by a sale of the assets toward the end of the holding period. The figures are estimated and may change in the future.

Other than the above-mentioned charges there are no other charges imposed on investor by the Fund or the Fund Manager. Investors are responsible for the costs of their own investment, legal or other advisors.

The Product will not be offered or distributed to investors by advisors, distributors or any other person advising on, or selling, the Product.

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

After executing the Fund's Limited Partnership Agreement, the investor becomes a member of the Fund until the dissolution of the Fund. Therefore, the maturity term of the Fund is also the recommended holding period of the Product. There is no cooling off or cancellation period provided in the agreement. Upon expiry of the Fund's term, the Fund Manager shall initiate a dissolution of the Fund. The Fund may be dissolved before the Fund's term only in cases discussed in the Fund's Limited Partnership Agreement. The Fund is a closed-end fund and its shares shall not be redeemed. Disinvestment before the expiry of the Fund's term is not permitted. An Investor may transfer his interest in the Product to the third parties only with prior consent of the Fund Manager. An Investor should be aware of the risk that it may not always be possible to sell an interest in the Product on the secondary market and that the sale price may be lower than the invested amount or the last determined value of that proportional share of the Product.

How can I complain?

An Investor is entitled to transmit complaints and other submissions pertaining to the services provided by the Fund Manager free of charge in writing. The application must be written in Latvian or English and contain a clear statement of the issue, grounds for the statement and the claim. The application must be originally signed, indicating the Investor's or Investor representative's name. The application must include an address for sending a reply. When sending the application to the e-mail address, it must be signed with a secure electronic signature. The application should be sent to the following address: SIA NCH Baltics AIFP, Ķelnes iela 1, Rīga, LV 1014, or the e-mail address info@nchbaltics.lv. Procedure for reviewing applications and complaints may be found on www.nchbaltics.eu.

The Investor who is considered to be a consumer within the meaning of the Consumer Rights Protection Law is entitled to submit to the Consumer Rights Protection Center complaints or other submissions regarding violations of this document and the Law if they are related to the provision of services by the Fund Manager.

An Investor also has the opportunity to file a complaint with the Bank of Latvia regarding the completeness of the information provided in this document. The Investor can file a claim for the activities of the Fund Manager in court in accordance with the procedures specified in the laws of the Republic of Latvia.

Other relevant information

The information and calculations provided in this document have been made in accordance with EU regulations, but do not include all information about the Fund. Information pertaining to the Fund's management, including Fund's approach to ESG, can be found at www.nchbaltics.eu. There is no past performance data about the Fund presented in this document.