

Unofficial translation

**FINANCIAL STATEMENTS & ANNUAL REPORT**  
**31 DECEMBER 2022**

**CapMan**  
**Nordic Property Income Fund (non-UCITS)**

**Business ID: FI28436367**

**FINANCIAL STATEMENTS AND ANNUAL REPORT 31 December 2022**

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## **CAPMAN NORDIC PROPERTY INCOME FUND (non-UCITS)**

### **ANNUAL REPORT FROM FINANCIAL PERIOD 1 JANUARY 2022 – 31 DECEMBER 2022**

CapMan Nordic Property Income Fund (non-UCITS) (hereinafter 'Fund') is a non-UCITS fund as defined in the Act on Common Funds (Finlex 48/1999), which mainly invests in real estate and real estate securities. The fund started its operations on 5 December 2017. The fund is an alternative investment fund as defined in the Act on Alternative Investment Funds' Managers (Finlex 162/2014). The fund is managed by CapMan AIFM Oy ('Alternative Investment Fund Manager').

The Fund's goal is to provide sufficient long-term risk-adjusted returns for its unitholders. The assets of the Fund are primarily invested, directly or indirectly, into real-estate investments located in Finland, Sweden, Denmark, and Norway. The Fund strives to generate income primarily from the rental income of the properties owned by it directly or indirectly, the appreciation of property values, and realised profit. The Fund may attempt to generate additional returns by investing in construction and real estate development projects directly or indirectly.

#### **Key figures and material events during the financial year**

The total value of the Fund units was EUR 117.7 million at the end of the financial period. The Fund's reported gross asset value (GAV) according to INREV principles at the end of the financial year was EUR 195.5 million, consisting of

- Value of real estate properties: EUR 162.7 million
- Share of a diversified hotel portfolio: EUR 5.8 million
- Value of cash and cash equivalents: EUR 24.7 million
- Other assets: EUR 2.3 million

The Fund's rules are taken into account in the Fund's valuation, and the INREV adjustments have been included in the calculations. As a result, the values of the units shown in the valuation deviate partly from those in the financial statement.

During the financial period, the sum of total subscriptions was EUR 24.1 million. Additionally, on the year's last subscription day on 30 December 2022, subscriptions worth a total of EUR 1.9 million were made. Redemptions were paid out during the year for a sum of EUR 5.7 million. Additionally, 10,093.26742 Nordea class shares and 54,268.3045 E class shares will be redeemed at the next redemption date, 31 March 2023. At balance sheet date, 10,359.90057 Nordea class shares and 625.08287 A class shares were received for redemption on 29 September 2023. At the end of the financial period, the fund had 84 shareholders. Unitholders of Nordea class shares have been treated as one shareholder as Nordea is managing the respective share register.

The Fund made two real estate acquisition during the financial year. At the beginning of 2022, the Fund acquired a modern warehouse asset close to Gothenburg, Sweden. The acquisition included two properties of which one was an income producing warehouse asset and the other one was an undeveloped land plot (with building rights) that was sold during the period according to a plan. During late 2022, the Fund acquired a light industrial property located in Århus, Denmark with a long lease agreement with a municipal tenant.

During the financial year, the Fund terminated the lease agreement with a hotel tenant in Particentralen, Sweden. The tenant struggled with lease payments since the outbreak of Covid-19 pandemic. A new long-term lease agreement with a co-living operator was signed subsequently to the vacant premises. The property's lease income ended at the end of H1 2022, and conversion into a beds and niche-living property began in Q4 2022. After the financial year, the tenant took over the premises (2/2023) and the staggered rent payments started in accordance with the lease agreement.

Moreover, during 2022, a Danish warehouse property, Tonsbakken, was vacated according to a separate agreement (premature termination of the lease). The income resulting from the termination agreement was mainly booked for 2021. During the financial year, the Fund has actively marketed the property for prospective tenants and initiated the plans for possible divestment.

As per 31 December 2022, the Fund's investments are eleven fully owned real estate assets and a share of a diversified portfolio. The investments are located in the Nordics. In euros 42 % of the real estates' market value (INREV) is located in Finland, 25 % in Sweden and 34 % in Denmark. The market value of real estate assets (INREV) is divided based on the real estate type as follows:

- 39 % warehouse and logistic properties
- 34 % office properties
- 27 % beds and niche living properties

The total rentable surface area of the 11 real estate assets is c. 71.900 m<sup>2</sup> and with c. 50 tenants at year-end. The Fund's average lease maturity was about 6.1 years.

The market value of the Fund's real estate portfolio increased by 9.2 % during 2022 taking into account the executed transactions. The comparable like-for-like value change of the real estate investments was -3.8 %.

In 2022 Fund's net operating income was c. EUR 6.9 million. Fund's aggregate net operating income yield was c. 4.3 %. The actual net operating income was c. EUR 1.5 million short of the targeted level due to Particentralen's tenant change and Tonsbakken's lease termination.

The reported Fund level net cash flow return for 2022 was 1.7 % and value growth return was -3.8 %. Hence, the total net return after all fees and expenses during 2022 was -2.1 % on aggregate.

In connection with the new investments Fund drew additional loans by EUR 7.3 million. As per balance sheet date, the Fund has two separate loan agreements with two different providers. The EUR 59.8 million loan, originally entered into in 2018, will mature in August 2023 and the EUR 8.9 million, originally entered into in 2020, will mature in 2050. Circa 82.5 % of the total amount is hedged against rate movements through, fixed interest, interest rate swap or cap agreements. Aggregate level of interest rate derivative contracts (excl. margin payable):

- EUR 47.8 million with an aggregate interest rate of 0.11 % until August 2023
- EUR 8.9 million with an aggregate interest rate -0.28 % until December 2025

During 2022, the inflation in Euro-area increased significantly (12/2022 9.2%) which was followed by general increase in interest rates (5y EUROswap + 3.375 pp p.a. 12/2022). This has led to an increase in yield requirements. Based on views from various transaction advisors in the Nordics, market is waiting for an increase of c. 75–100 bps to prime yield

requirements compared to the market peak in 2021–2022. Swedish market has been the quickest in reacting to changes in yield requirements. It may be expected that the transaction market in Sweden will stabilize and activate before, for example, the transaction market in Finland. The company expects the market to stabilize in the Nordic countries towards the end of 2023.

Transaction activity in H2 2022 slowed down along with the changes in the market conditions. Passive debt and cash flow driven investors are waiting for the market to change whereas institutions and funds with lower debt utilisation as well as funds that focus on value creation appear now as the most active players. As the number of market participants is smaller than before, the liquidity risk is growing. This trend also increases the pricing and valuation risk of the properties, as the number of reference transactions decreases.

Inflation creates pressure on the cash flows. Inflation also drives up the maintenance costs of the properties. Maintenance costs are paid either by the tenant or by the owner depending on the type of the lease agreement. Significant amount of the Fund's rental income is derived from net lease / capital rent contracts meaning the tenant pays the maintenance costs. However, the lessor can manage the inflation risk with active energy saving actions. Inflation also puts pressure on the tenant's ability to pay the lease. The risk is that the in place and inflation-linked (indexation) contract rents will increase faster than the market rent. As a result, the re-letting risk and rent payment risk may increase. The Fund aims to manage these risks through active tenant management similarly as it did during the pandemic in 2020. An example this active management is the re-positioning of the Swedish asset, Particentralen, during 2022.

### **Sustainable Finance Disclosure Regulation, SFDR**

The Fund took an important step towards sustainable investing and moved its sustainability classification to Article 8 (Sustainable Finance Disclosure Regulation, ("SFDR") in 2022. As a part of the change, the Fund has made several assessments and projects regarding its current status in relation to the EU Taxonomy Regulation, the Science Based Targets initiative, the Carbon Risk Real Estate Monitor ("CRREM") and in relation to the 1.5-degree goal of the Paris Climate Agreement.

Due to the classification change, the following text was added to Section 4 of the Fund Rules: "The Fund promotes environmental and social characteristics in accordance with Article 8 of the EU Sustainable Finance Disclosure Regulation. For further information on ESG criteria, please see the Fund's Regulatory Disclosures."

Furthermore, the Fund conducted energy surveys to find out actions to improve energy efficiency, water and energy consumption and intensity and waste recycling in its properties and to improve local energy performance certifications. The Fund participated in energy savings initiative during the heating season by lowering the temperatures in certain assets and premises. During 2022, the Fund participated, for the first time, in the Global Real Estate Sustainability Benchmark study ("GRESB"). The report for the year 2021 rated the Fund with two stars out of five. The Fund aims to improve its score on an annual basis. The actions derived from the research are estimated to lead into better results in the next coming years. During 2022, the fund launched five environmental certification projects. At the end of 2022, three of the properties were certified:

- Porarinkatu, LEED Building Design and Construction, Gold
- Osmontie, LEED Building Design and Construction, Gold

- Äyritie (Business Park Halo), BREEAM New Construction, Very Good

After the end of 2022, three new properties were rewarded with a green building certification:

- Linnoitustie (Cello), BREEAM In-Use, Very Good
- Marknadsvägen (Billes), BREEAM In-Use, Very Good
- Sunrock, BREEAM In-Use, Very Good

During 2022, the Fund acquired energy performance certificates for two warehouse properties in Denmark. Further, the Fund updated the energy performance certificate of Sintrupvej in Århus in connection with the recent acquisition process from C to B.

During the financial year, the Fund conducted its first-ever tenant satisfaction survey. The overall satisfaction score of the respondents was 4.3 out of 5.0. The Net Promoter Score (NPS) was -26.

More information on the environmental and social characteristics of the Fund can be found in the appendix to the financial statements.

## **Taxonomy Regulation**

During the financial year 2022, 100% of the Fund's revenue, OpEx and CapEx were eligible under the Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 ("Taxonomy regulation").

The methodology of the eligibility assessment is as follows: 100% of the Fund's turnover, CapEx and OpEx are directly linked to the following economic activities defined by the Taxonomy: Construction of new building (7.1), Renovation of existing buildings (7.2), Installation, maintenance and repair of energy efficiency equipment (7.3), Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (7.4), Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings (7.5), Installation, maintenance and repair of renewable energy technologies (7.6) and/or Acquisition and ownership of buildings (7.7).

0% of the Fund's revenue, OpEx and CapEx were aligned with the criteria set out in the Taxonomy Regulation. The taxonomy alignment assessment was conducted in 2022 by an external party (Ramboll Finland Oy, Ramboll Management Consulting AB and Sweco Danmark A/S). One asset in the Fund fulfilled the substantial contribution and do no significant harm (DNSH) criteria. In order for this asset to be aligned, CapMan is assessing the requirements of Minimum Safeguards and CapMan has a strong intention and an action plan to comply with the Minimum Safeguards.

The methodology of the alignment assessment was to assess all assets in the Fund against the Taxonomy criteria on 1) substantial contribution: climate change mitigation and climate change adaptation, 2) do no significant harm (DNSH), and 3) minimum safeguards criteria for construction of new buildings (7.1), renovation of existing building (7.2) and acquisition and ownership of buildings (7.7).

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial

product do not take into account the EU criteria for environmentally sustainable economic activities.

In line with the strategy of the Fund, it may invest in assets that are aligned under the EU Taxonomy and related six environmental objectives. The Fund may also transition existing non-aligned properties to EU Taxonomy alignment.

### **The Fund's risk management and risks**

During the financial year, the Fund's daily operative risk management was performed in cooperation with the risk management and compliance functions of the Alternative Investment Fund Manager and the Fund's portfolio management. Risk control and risk-taking monitoring were performed by the Fund's Alternative Investment Fund Manager.

The Fund's most notable risks are market risk, including real estate market as a sector and investment property level risks, credit and liquidity risk, and counterparty risk. The Fund's risk associated with the Fund's investments and liquidity risk are in a particular focus in the Fund's risk management.

Risks associated with the Fund's investments or investment property risk refers to a risk of a significant decline in the value of an investment. An investment is also exposed to risks associated to its utilization, lower rental income than what was expected or the fees, associated with property maintenance, or investments in relation to property maintenance, are higher than expected, which lowers the profitability of the fund operations. This risk is managed through professional expertise and care applied to the selection of real estates.

Liquidity risk refers to the risk that the Fund does not have the necessary liquid assets to cover liabilities due to, for example, the fact that the Fund's investments cannot be converted into cash in the planned time and at the desired price. Financial risk refers to, for example, material changes in the costs of the Fund's debt capital or changes in the availability of debt.

The risks described above as well as geographical risks and risks related to general economic development are managed by diversifying the Fund's real estate portfolio, emphasizing market expertise with regards to portfolio management, carefully monitoring the Fund's liquidity, and adhering strictly to the liquidity limits defined in the Fund's regulations. Additionally, the risks defined above are managed by monitoring the rental and occupancy rates, performing the necessary development measures targeted at real estate owned by the Fund, and using the hedging instruments on the market in a controlled manner.

Other risks associated with the Fund include operational risks related to the management of the Fund, risks arising from changes in regulation and taxation in the operating environment of the Fund and the properties owned by the Fund, and sustainability risks ("ESG risks"). Operational risks are managed with clear instructions and well-defined responsibilities. Risks arising from changes in regulations and taxation are managed by actively monitoring the preparation of new and / or changing legislation by the Alternative Fund Manager's Legal and Compliance functions.

Sustainability risks refer to environmental, social, and governance matters related to the Fund's investments, which may result in direct or indirect financial losses and reputational issues. When making investment decisions, sustainability issues are always considered based on an extensive Environmental, Social and Governance (ESG) assessment by the portfolio manager and an external advisor.

In real estate, environmental risks can relate to, for example, soil or groundwater contamination, climate-related risks (physical and transitional), radon, use and storage of chemicals, biodiversity, asbestos containing materials, or PCB's (Polychlorinated Biphenyls). Social risks can relate to, for example, safety and well-being, human rights in the supply chain, and tenant satisfaction. Governance risks can relate to, for example, insufficient management of ESG, management incentives, corruption, bribery, cybersecurity, or data privacy.

The Fund's other risks are risks related to the technical condition of the real estate owned by the Fund, security risks, and the tenant's business sector risk. These risks are managed through careful assessments and technical inspections, reviews of the real estate during the acquisition process, appropriate insurance measures, and effective and professional real estate management and maintenance.

### **Future views**

Since the spread of the Covid-19 pandemic, the Fund has been prepared for market shocks by focusing on the active development of properties, new properties that generate stable cash flow, reducing the debt ratio and increasing liquid assets.

At the balance sheet date, the Fund's cash assets represented approximately 21% of the Fund's reported net assets. Liquid assets act as a buffer against negative changes in values, redemptions, and general liquidity risk. It is to be expected that cash reserves will decrease towards the end of the year, according to the plan.

### **Information about key events after the end of the financial period**

The fund has negotiated a term-sheet regarding EUR 59.8 million loan due in August 2023.

### **Profit distribution**

In accordance with the Fund's rules, the board of the Alternative Investment Fund Manager will decide on the amount and payments of profit distribution to the unit holders. At least 75% of the Fund's returns from each financial period, excluding the unrealised changes in value, will be distributed to the unit holders in relation to their share of ownership. The Alternative Investment Fund Manager will decide on the profit distribution to unit holders at the latest during the calendar year following the Fund's financial year that the return payments are based on.



# CapMan Nordic Property Income Fund (non-UCITS)

## Fund's basic information

Fund type Non-UCITS  
 Operations started 05/12/2017  
 Fund Manager CapMan AIFM Oy (starting from 2 January 2019)

Fund unit series	A	B	C	D	E	Nordea
ISIN	FI4000281910	FI4000281928	FI4000281936	FI4000281944	FI4000281951	FI4000399845
Minimum subscription amount	50,000.00	500,000.00	1,500,000.00	5,000,000.00	10,000,000.00	5,000.00
Subscription fee	2 %	1 %	1 %	0 %	0 %	2 %
Redemption fee (determined based on the investment period)						
< 1 y	3 %	3 %	3 %	4 %	5 %	2 %
1–3 y	2 %	2 %	2 %	3 %	4 %	2 %
3–5 y	1.5 %	1.5 %	1 %	2 %	3 %	2 %
>5 y	1 %	1 %	0.5 %	0 %	0 %	2 %
Management fee and custody fee	2 %	2 %	2 %	2 %	1.5 %	2 %
Performance fee*	20 %	20 %	20 %	20 %	20 %	20 %

\*For the share exceeding 7% marginal revenue

Key figures of fund shares	A	B	C	D	E	Nordea
Number of shares	16,229,72182	9,342,76341	42,445,63467	10,00000	618,575,30931	338,059,80972
Value of shares by share class (EUR)	119,53677	119,53677	119,53677	119,53677	122,30061	100,46741
Proportion (%) of the fund value	1.65 %	0.95 %	4.31 %	0.00 %	64.25 %	28.84 %
Ongoing charges (%)	2.62 %	2.62 %	2.62 %	2.62 %	2.12 %	2.62 %

Return	A	B	C	D	E	Nordea
3 months**	-2.5 %	-2.5 %	-2.5 %	-2.5 %	-2.3 %	-2.5 %
6 months	-3.8 %	-3.8 %	-3.8 %	-3.8 %	-3.5 %	-3.8 %
9 months	-4.1 %	-4.1 %	-4.1 %	-4.1 %	-3.8 %	-4.1 %
12 months	-2.2 %	-2.2 %	-2.2 %	-2.2 %	-1.8 %	-2.2 %
Since the beginning of operations	31.4 %	31.4 %	31.4 %	31.4 %	34.3 %	9.4 %

\*\* Return calculated from the fund's previous valuation day

The fund's key figures	Fund
Size of the fund (NAV, EUR)	117,747,996
Size of the fund, incl. Liabilities (GAV, EUR)	195,514,235
Number of unit holders	84 pcs *
Number of real estates owned by the fund	11 pcs
LTV % (GAV)	35.1 %
Average length of rental agreements (WAULT)	6.1 years
Cash (cash in bank and in hand EUR)	24,712,796

\* Unitholders of Nordea class shares have been treated as one shareholder as Nordea is managing the respective share register.

## CapMan Nordic Property Income Fund (non-UCITS)

### Income statement (group)

	1.1.2022 - 31.12.2022	1.1.2021 - 31.12.2021
<b>1. RETURNS AND CHANGES IN VALUE</b>	<b>4,903,811.57</b>	<b>16,494,134.46</b>
a) Net income of securities	0.00	0.00
b) Net income of derivative contracts	879,601.31	0.00
c) Dividend income and profit shares	0.00	0.00
d) Net income of real estate	2,932,265.99	15,581,248.09
e) Net income of real estate securities	588,241.27	458,542.35
f) Interest income	171,192.51	3.92
g) Other income	332,510.48	454,340.10
<b>2. EXPENSES</b>	<b>-6,444,461.97</b>	<b>-4,916,936.29</b>
a) Commission expenses	0.00	0.00
aa) to the Alternative Investment Fund Manager	-2,111,082.26	-2,716,263.60
ab) to the Custodian	-48,922.47	-42,748.80
b) Interest expenses	-1,413,274.52	-1,071,779.02
c) Other expenses	-2,871,182.72	-1,086,144.87
Planned depreciations	0.00	0.00
Assessed taxes		
Change of deferred tax liability	-125,570.08	-1,887,749.38
Income taxes	-78,570.94	-615,762.63
<b>Profit for the financial period</b>	<b>-1,744,791.43</b>	<b>9,073,686.16</b>

## CapMan Nordic Property Income Fund (non-UCITS)

### Balance sheet (group)

	31/12/2022	31/12/2021
<b>Assets</b>		
1. Real estate assets to market value	161,648,227.60	147,966,215.32
2. Real estate securities to market value	5,780,732.77	5,192,491.62
3. Securities to market value	0.00	0.00
4. Sales receivables	79,456.21	146,715.13
5. Other receivables		
a) Derivative contracts to market value	876,915.95	0.00
b) Other	1,343,397.62	748,396.50
6. Accrued income	32,653.08	177,690.99
7. Cash in bank and in hand	24,712,795.61	31,799,210.80
<b>TOTAL ASSETS</b>	<b>194,474,178.84</b>	<b>186,030,720.34</b>
<b>Equity and liabilities</b>		
A. FUND VALUE		
1. Fund value	115,724,518.34	103,065,081.45
B. LIABILITIES		
1. Long-term payables	14,080,517.18	67,948,334.88
2. Trade payables	367,988.86	97,445.11
3. Other payables		
a) Derivative contracts to market value	0.00	64,312.60
b) Advance payments	695,408.03	592,394.38
c) Others	62,685,349.52	13,585,102.95
4. Accruals	920,396.91	678,048.97
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>194,474,178.84</b>	<b>186,030,720.34</b>

CapMan Nordic Property Income Fund (non-UCITS)

**Income statement (parent company)**

	1.1.2022 - 31.12.2022	1.1.2021 - 31.12.2021
<b>1. RETURNS AND CHANGES IN VALUE</b>	<b>1,436,923.25</b>	<b>12,459,450.49</b>
a) Net income of securities	0.00	0.00
b) Net income of derivative contracts	0.00	0.00
c) Dividend income and profit shares	0.00	1,600,000.00
d) Net income of real estate	0.00	0.00
e) Net income of real estate securities	-1,416,089.39	8,023,288.42
f) Interest income	2,735,359.60	2,490,133.66
g) Other income	117,653.04	346,028.41
<b>2. EXPENSES</b>	<b>-3,820,123.75</b>	<b>-3,522,068.56</b>
a) Commission expenses	0.00	0.00
aa) to the Alternative Investment Fund Manager	-2,111,082.26	-2,716,263.60
ab) to the Custodian	-48,922.47	-42,748.80
b) Interest expenses	-120,699.86	-97,262.96
c) Other expenses	-1,539,419.16	-665,793.20
Planned depreciations	0.00	0.00
Assessed taxes		
Change of deferred tax liability	0.00	0.00
Income taxes	0.00	0.00
<b>Profit for the financial period</b>	<b>-2,383,200.50</b>	<b>8,937,381.93</b>

## CapMan Nordic Property Income Fund (non-UCITS)

### Balance sheet (parent company)

	31/12/2022	31/12/2021
<b>Assets</b>		
1. Real estate assets to market value	0.00	0.00
2. Real estate securities to market value	51,474,808.55	49,462,103.34
3. Securities to market value	0.00	0.00
4. Sales receivables	0.00	0.00
5. Other receivables	57,828,473.81	48,042,505.21
6. Accrued income	0.00	0.00
7. Cash in bank and in hand	14,204,657.98	23,522,224.74
<b>TOTAL ASSETS</b>	<b>123,507,940.34</b>	<b>121,026,833.29</b>
<b>Equity and liabilities</b>		
A. FUND VALUE		
1. Fund value	115,724,518.34	103,065,081.04
B. LIABILITIES		
1. Long-term payables	0.00	5,310,000.00
2. Trade payables	0.00	0.00
3. Other payables		
a) Derivative contract amortisations	0.00	0.00
b) Advance payments	0.00	0.00
c) Others	7,757,550.49	12,539,306.69
4. Accruals	25,871.51	112,445.56
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>123,507,940.34</b>	<b>121,026,833.29</b>

## Notes concerning the financial statement's compilation

This financial statement has been compiled in accordance with the Ministry of Finance's decree number 231/2014 (Ministry of Finance's decree on the format of the income statement and balance sheet included in the financial statement of a management company, mutual investment fund and alternative investment fund, the annual report attached to the financial statement and the bi-annual review of a mutual fund) and it follows the regulations concerning valuation in fund rules.

The real estate as well as the real estate securities traded elsewhere than on regulated market or in a multilateral trading facility will be valued to their market value quarterly by a real estate evaluator approved by the Finnish Chamber of Commerce (Jones Lang LaSalle), adhering to good real estate evaluation practices.

The fund's other receivables and liabilities have been valued to the market value valid at the time the financial statement was compiled. The derivatives have been valued at market value.

Certain annual report's information defined in the decree 231/2014 has been reported as a part of the financial statement's notes.

## Extent and calculation principles of the consolidated financial statements

The group has followed consistent valuation and entry principles. Insofar as the valuation and entry principles of a subsidiary have deviated from group practices, the necessary adjustments have been made in consolidation in accordance with the principle of materiality.

More detailed information on the group's companies and associated companies are provided below under the section 'Group companies'. The financial statements of subsidiaries have been converted in connection with consolidation to reflect the income statement and balance sheet format used by the parent company. The financial statements of subsidiaries have been consolidated line by line. Internal ownership has been eliminated using the acquisition cost method. The group's intracompany transactions, receivables and liabilities have been eliminated.

The financial periods are not completely comparable due to acquisitions during the financial periods.

The consolidated financial statements are presented in euros, unless otherwise stated.

The income statements and balance sheets of foreign entities using an operating currency different from the presentation currency are converted to the presentation currency as follows: a) The assets and liabilities of each balance sheet are converted at the exchange rate of the respective balance sheet date, b) The items in each income statement are converted to the average exchange rates of the period, and c) all resulting exchange rate differences are recorded in other income or other expenses in the income statement.

The group's deferred taxes have been recorded from the difference between tax values and market values, in accordance with the IAS 12 standard. All the group's deferred tax liabilities have been recorded in the balance statement's long-term liabilities.

The company is part of the CapMan Nordic Property Income Fund (non-UCITS) group.

The company's legal domicile is Helsinki.

A copy of the group's financial statement can be ordered from:

CapMan Nordic Property Income Fund (non-UCITS)

P.O. Box 210, 40101 Jyväskylä

## CapMan Nordic Property Income Fund (non-UCITS)

	Group 31.12.2022	Group 31.12.2021	Parent company 31.12.2022	Parent company 31.12.2021
<b>Dividend income and profit shares</b>				
Dividend income and profit shares	0.00	0.00	0.00	1,600,000.00
	0.00	0.00	0.00	1,600,000.00
<b>Net income of real estate</b>				
Increases and decreases of the market value	-3,622,065.31	5,878,725.14	0.00	0.00
Realised returns and expenses from sale of properties	-257,270.50	0.00	0.00	0.00
Returns	9,072,011.07	11,249,539.97	0.00	0.00
Expenses	-2,260,409.27	-1,547,017.02	0.00	0.00
	2,932,265.99	15,581,248.09	0.00	0.00
<b>Net income of real estate securities</b>				
Increases and decreases of the market value	588,241.27	458,542.35	-2,224,609.88	7,266,369.57
Returns	0.00	0.00	885,366.77	842,704.31
Expenses	0.00	0.00	-76,846.28	-85,785.46
	588,241.27	458,542.35	-1,416,089.39	8,023,288.42
<b>Net income of derivative contracts</b>				
Unrealised changes in value of derivatives, net	879,601.31	0.00	0.00	0.00
	879,601.31	0.00	0.00	0.00
<b>Interest income</b>				
Interest income tax account	193.61	3.92	0.00	3.78
Other interest and financing revenue, group	0.00	0.00	2,735,359.60	2,490,129.88
Other interest revenue	170,998.90	0.00	0.00	0.00
	171,192.51	3.92	2,735,359.60	2,490,133.66
<b>Other income</b>				
Subscription fees	84,017.52	316,120.59	84,017.52	316,120.59
Other income	225,743.79	117,950.92	10,886.35	11,202.18
Unrealised currency exchange gains	1,905.50	5,989.11	1,905.50	4,426.16
Realised currency exchange gains	20,843.67	14,279.48	20,843.67	14,279.48
	332,510.48	454,340.10	117,653.04	346,028.41
<b>Interest costs</b>				
Interest costs, bank loans	-1,350,379.99	-978,046.77	-105,494.06	-89,076.02
Interest costs, tax account	-3,243.14	-68,613.00	-2,428.62	-973.22
Other interest costs	-59,651.39	-25,119.24	-12,777.18	-7,213.72
	-1,413,274.52	-1,071,779.02	-120,699.86	-97,262.96
<b>Other expenses</b>				
Loan transaction costs	-241,485.42	-171,078.24	-153,199.23	-112,498.27
Realised exchange losses	-23,459.37	-26,047.85	-23,459.37	-26,047.85
Unrealised exchange losses	-1,299,980.97	-18,154.47	-865,372.57	-12,487.84
Other financing costs	-148.35	-265.16	0.00	0.00
Owner's expenses	-1,306,108.61	-870,599.15	-497,387.99	-514,759.24
	-2,871,182.72	-1,086,144.87	-1,539,419.16	-665,793.20
<b>Taxes</b>				
Change of deferred tax liability	-125,570.08	-1,887,749.38	0.00	0.00
Income taxes	-78,570.94	-615,762.63	0.00	0.00
	-204,141.03	-2,503,512.01	0.00	0.00

## CapMan Nordic Property Income Fund (non-UCITS)

### Other receivables

Loans receivable long-term, group	0.00	0.00	52,947,923.45	44,598,028.64
Other long-term receivables	25,046.33	301,718.82	0.00	196,280.99
Current interest receivables, group	0.00	0.00	4,764,266.82	3,230,807.05
Other receivables	2,274,723.45	593,392.80	116,283.54	17,388.53
	2,299,769.78	895,111.62	57,828,473.81	48,042,505.21

### Accrued income

Accrued income	15,346.38	771.96	0.00	0.00
Advance payments	17,306.69	176,919.03	0.00	0.00
	32,653.08	177,690.99	0.00	0.00

### Long-term payables

Liabilities to credit institutions	8,875,142.88	62,678,309.05	0.00	5,310,000.00
Rental deposit	964,316.46	1,001,889.73	0.00	0.00
Advance payments	0.00	-380.31	0.00	0.00
Deferred tax liabilities	4,241,057.84	4,191,835.73	0.00	0.00
Other payables	0.00	76,680.68	0.00	0.00
	14,080,517.18	67,948,334.88	0.00	5,310,000.00

### Trade payables

Trade payables, group	0.00	0.00	0.00	0.00
Trade payables	367,988.86	97,445.11	0.00	0.00
	367,988.86	97,445.11	0.00	0.00

### Advance payments

Advance payments	695,408.03	592,394.38	0.00	0.00
	695,408.03	592,394.38	0.00	0.00

### Other payables

Liabilities to credit institutions	59,813,127.41	0.00	5,310,000.00	0.00
Interest-bearing liabilities to financial institutions	13,572.30	16,284.43	1,136.34	487.21
Subscription liabilities	1,881,908.00	11,593,140.00	1,881,908.00	11,593,140.00
Other payables	976,741.82	1,975,678.52	564,506.51	945,679.48
	62,685,349.52	13,585,102.95	7,757,550.85	12,539,306.69

### Accruals

Accruals	920,397.40	678,048.97	25,871.51	112,445.56
	920,397.40	678,048.97	25,871.51	112,445.56

	Group 31 Dec 2022	Group 31 Dec 2021	Parent company 31 Dec 2022	Parent company 31 Dec 2021
<b>Net income of real estate and real estate securities</b>				
Property rental operations	9,072,011.07	11,249,539.97	0.00	0.00
Rental income from real estate securities	0.00	0.00	885,366.77	842,704.31
Maintenance charges, real estate	0.00	0.00	-76,846.28	-85,785.46
Other expenses	-2,260,409.27	-1,547,017.02	0.00	0.00
Realised changes in value, net	-257,270.50	0.00	0.00	0.00
Unrealised changes in value, net	-3,033,824.04	6,337,267.49	-2,224,609.88	7,266,369.57
Total	3,520,507.26	16,039,790.44	-1,416,089.39	8,023,288.42

### Net income of derivative contracts

Interest-linked items				
Profit	169,516.79	0.00	0.00	0.00
Loss	0.00	-25,119.24	0.00	0.00
Unrealised changes in value, net	879,601.31	104,799.55	0.00	0.00
Total	1,049,118.10	79,680.30	0.00	0.00



## CapMan Nordic Property Income Fund (non-UCITS)

	<b>2022</b>	<b>2021</b>
<b>Trading expenses related to the mutual fund investments</b>	-509,993	-109,171
<b>Distributed and reinvested returns</b>	3,399,997	2,499,996
<b>Fees paid to the custodian</b>	48,922	42,749
<b>Management fee paid to the Alternative Investment Fund Manager</b>	2,003,640	1,634,329
<b>Performance-based fee paid to the Alternative Investment Fund Manager</b>	107,442	1,081,934

### Salaries and emoluments paid to the personnel of the Alternative Investment Fund Manager

CapMan AIFM Oy acted as Fund's alternative investment fund manager, which had during year 2022 paid remuneration to 32 persons total amount of 2 849 673 euros. From the total amount, the fixed remuneration was 2 025 320 euros and variable remuneration 824 353 euros. CapMan AIFM has identified 7 employees acting risk takers and working in control functions (identified employees). Of the total remuneration, 2 071 809 euros were paid as remuneration to identified employees. From this amount, the fixed remuneration was 1 251 706 euros and variable remuneration was 820 103 euros.

	<b>2022</b>	<b>2021</b>
Fund value at the beginning of the financial period	103,065,081.41	89,595,292.89
Subscriptions of fund units	24,138,848.62	20,143,425.39
Redemptions of fund units	-5,696,214.03	-13,111,022.70
Profit distribution	-3,399,997.16	-2,499,996.10
Profit/loss of the financial period	<u>-2,383,200.50</u>	<u>8,937,381.93</u>
Fund value at the end of the financial period	115,724,518.34	103,065,081.41
Fund value attributable to fund shares	115,724,518.34	103,065,081.41

### Calculation of the profit distribution under the fund rules

	<b>2022</b>	<b>2021</b>
Profit of group for the financial period	-1,744,791.43	9,073,686.16
Securities' and derivatives' unrealised changes in value, net	879,601.31	104,799.55
Unrealised changes in value of Real Estate, net	-3,033,824.04	6,337,267.49
Realised return	<u>409,431.30</u>	<u>2,631,619.12</u>
Minimum distribution to unit holders (75%)	307,073.48	1,973,714.34

Minimum distributable profit is calculated based on profit of group, since group profit is considered to better reflect the cash flow of the Fund.

# CapMan Nordic Property Income Fund (non-UCITS)

## FUND ASSETS

### Investments

Market value	31.12.2022	31.12.2021
<b>Real estate assets EUR</b>		
Industrial/Logistics	62,154,746	44,674,526
Office	55,100,000	55,000,000
Niche living	44,393,481	48,291,690
<b>Other securities</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>Fund units</b>		
CapMan Hotels II FCP-RAIF	5,780,733	5,192,492
<b>Total</b>	<b>167,428,960</b>	<b>153,158,707</b>

Classification of real estate is changed from previous year, and comparative data has been adjusted to reflect the new classification. There is material uncertainty to valuations of real estate assets due to the inflation.

### Fund holdings

Real Estate acquired during the period	Debt-free purchase price EUR	Fund ownership %	Location	Rentable area m <sup>2</sup>	Occupancy %
CMNPI Sunrock PropCo AB	14,600,000	100 %	Ruotsi	7,118	100 %
CMNPI Sunrock LandCo AB	700,000	100 %	Ruotsi	0	0 %
CMNPI Sintrupvej 17-19 ApS	5,300,000	100 %	Tanska	4,586	100 %
<b>Real Estate divested during the period</b>					
CMNPI Sunrock LandCo AB	500,000	100 %	Ruotsi	0	0 %
<b>Real Estate acquired earlier</b>					
Koy Espoon Porarinkatu (Niche living)		100 %	Finland	3,176	100 %
Tonsbakken 12 (Logistics/Office)		100 %	Denmark	12,610	0 %
Stamholmen (Warehouse/Office)		100 %	Denmark	13,824	100 %
Particentralen 8 (Niche living)		100 %	Sweden	5,211	94 %
CapMan Hotels RE Ky -portfolio		1.5 %	-	-	-
Kryddpepparn HoldCo AB (Industrial/Logistics)		100 %	Sweden	8,159	100 %
Koy Quartetton Cello (Office)		100 %	Finland	5,244	98 %
Koy Plaza Business Park Halo (Office)		100 %	Finland	5,844	91 %
Koy Helsingin Osmontie 38 (Office)		100 %	Finland	3,587	77 %
Søllerødgade 15-19 (Niche living)		100 %	Denmark	2,510	100 %

### Commitments and contingent liabilities EUR

Financial loans with security	68,688,270
Mortgages given	79,766,763
Bank accounts and rents receivable	24,792,252

There are financial covenants tied to the secured debt. The agreed covenants relate to solidity and ability to cover the groups interest payments. A breach of covenants could lead to increased financing costs or termination of loan agreements. The fulfillment of covenants is monitored regularly and none of them have been breached.

**Auditor's commission, EUR** 34,612

# CapMan Nordic Property Income Fund (non-UCITS)

## Leverage calculation

According to the Commission Delegated Regulation No 231/2013, leverage of an AIF shall be expressed as the ratio between the exposure of an AIF and its net asset value. The exposure shall be calculated in accordance with the gross method and the commitment method, as defined in the Regulation.

The exposure of an AIF calculated in accordance with the gross method shall be the sum of the absolute values of all positions valued in accordance with Article 19 of Directive 2011/61/EU and all delegated acts adopted pursuant to it. Cash and other highly liquid investments are excluded from the calculation.

The exposure of an AIF calculated in accordance with the commitment method shall be the sum of the absolute values of all positions valued in accordance with Article 19 of Directive 2011/61/EU and its corresponding delegated acts, but applying netting and hedging arrangements.

According to the Fund Rules, the maximum amount of borrowing is defined as a share of the total assets of the Fund (GAV).

	Calculated according to the Fund Rules	Gross method	Commitment method
Leverage of the fund 31 December 2022	35 %	145 %	166 %
Maximum amount of borrowing according to the Fund Rules	50 %		
Maximum amount of borrowing according to the Fund Rules for a specific reason	83 %		

# CapMan Nordic Property Income Fund (non-UCITS)

Parent company	Shares in subsidiaries	Other investments total	Total
Acquisition cost 1 Jan	44,269,611.84	5,192,491.50	49,462,103.34
Additions	1,424,463.93	588,241.27	2,012,705.20
<b>Book value as of 31 Dec</b>	<b>45,694,075.77</b>	<b>5,780,732.77</b>	<b>51,474,808.54</b>

Group subsidiaries	Group shareholding %	Parent company shareholding %	Stocks and shares owned by parent company	
			pcs	Book value EUR
Kiinteistö Oy Espoon Porarinkatu 1	100.0 %	100.0 %	2,500	11,962,498.90
CMNPI Holding 1 Oy	100.0 %	100.0 %	2,500	15,708,866.93
CMNPI Finland Ky	100.0 %	100.0 %	-	11,803,341.23
CMNPI Holding 2 Oy	100.0 %	100.0 %	2,500	4,988,025.51
CMNPI Sintrupvej 17-19 ApS	100.0 %	100.0 %	50,000	1,231,343.21

Subgroup subsidiaries	Group shareholding %	Subgroup parent company shareholding %	pcs	Book value EUR
Particentralen 8 AB	100.00 %	100.00 %	50,000	1,448,635.20
Kryddpepparn HoldCo AB	100.00 %	100.00 %	1,000	2,060,668.02
Tonsbakken Holding ApS	100.00 %	100.00 %	50,001	947,785.52
Tonsbakken 12-14 ApS	100.00 %	100.00 %	10,187,499	8,204,147.92
Stamholmen 70 PropCo ApS	100.00 %	100.00 %	50,001	1,861,579.09
Koy Quartetton Cello	100.00 %	100.00 %	12	12,920,347.79
Koy Plaza Business Park Halo	100.00 %	100.00 %	2,500	13,125,379.03
Koy Helsingin Osmontie 38	100.00 %	100.00 %	2,500	5,591,640.82
Søllerødgade 15-19 GP Aps	100.00 %	100.00 %	40,000	5,406.11
Søllerødgade 15-19 K/S	100.00 %	100.00 %	100	2,971,594.22
CMNPI Sunrock HoldCo AB	100.00 %	100.00 %	25,000	2,817,173.71
CMNPI Sweden 2 AB	100.00 %	100.00 %	25,000	12,934.65
CMNPI Sweden PropCo AB	100.00 %	100.00 %	25,000	5,425.56

## Other investments

CapMan Hotels II FCP-RAIF	<b>5,780,732.77</b>
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The group's deferred taxes	Tax rate	Deferred tax liability
Koy Espoon Porarinkatu 1	20.0 %	347,347.86
Particentralen 8 AB	21.6 %	299,235.69
Tonsbakken 12-14 ApS	22.0 %	413,399.45
Stamholmen 70 PropCo ApS	22.0 %	1,789,773.89
Kryddpepparn HoldCo AB	21.6 %	389,683.46
Kiinteistö Oy Quartetton Cello	20.0 %	274,057.32
Kiinteistö Oy Helsingin Osmontie 38	20.0 %	12,287.71
Kiinteistö Oy Business Park Plaza Halo	20.0 %	164,845.19
Søllerødgade 15-19 K/S	22.0 %	485,309.05
CMNPI Sunrock HoldCo AB	21.6 %	54,267.59
CMNPI Sintrupvej 17-19 ApS	22.0 %	10,850.60
<b>Total</b>		<b>4,241,057.81</b>

## Derivative contracts EUR

Interest rate swap contracts	Started on	Ending	Nominal value	Market value
Tonsbakken Holding ApS	27/08/2018	23/08/2023	4,995,061.39	85,725.10
Tonsbakken Holding ApS	03/09/2019	23/08/2023	3,779,227.59	72,839.65
Stamholmen 70 PropCo ApS	03/09/2019	23/08/2023	4,853,089.49	93,536.93
Particentralen 8 AB	27/08/2018	23/08/2023	3,953,196.34	65,634.83
Particentralen 8 AB	03/09/2019	23/08/2023	3,248,875.27	59,842.77
Kryddpepparn HoldCo AB	03/09/2019	23/08/2023	2,427,664.59	44,716.45
CMNPI Finland Ky	03/09/2019	23/08/2023	24,502,500.00	454,620.20
				876,915.95

## LIST OF ACCOUNTING BOOKS USED

### Unit4 Business World 7.3

Diary	electronically in the Unit4 system
General ledger	electronically in the Unit4 system
Income statement	electronically in the Unit4 system
Balance sheet	electronically in the Unit4 system

Financial statement and  
balance sheet specifications separately bound/electronically

### Receipt types:

Purchase invoices	electronically in the Unit4 system
Purchase payments	electronically in the Unit4 system
Sales invoices	electronically in the Unit4 system
Sales payments	electronically in the Unit4 system
Memo vouchers	electronically in the Unit4 system
Bank receipts	electronically in the Unit4 system/as paper receipts
Receipts of notes	electronically/as paper receipts

### Archival:

Accounting records are stored in compliance with the provisions of Chapter 2, Section 10 of the Accounting Act.

## Signatures to the financial statements and the annual report

Helsinki, 28 March 2023

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Tiina Halmesmäki  
CapMan Nordic Property Income Fund (non-UCITS) with its representative  
Alternative Investment Fund Manager CapMan AIFM Oy

### Auditor's note

A report has today been issued about the audit performed.

Helsinki, 30 March 2023

Ernst & Young  
Auditing company

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Kristina Sandin  
Authorised Public Accountant

**Note! This is an unofficial translation of the Financial Statements and will not be signed.**

**A copy of the original document in Finnish can be ordered from:**

CapMan Nordic Property Income Fund (non-UCITS)  
P.O. Box 210, 40101 Jyväskylä