

**KEY INFORMATION DOCUMENT**  
**INDEXO REAL ESTATE FUND, version 2.0**

**PURPOSE**

The present document provides key information about this investment product. This is not marketing material. Legislation intends to provide the following information to help the investor understand the nature of the investment product, its risks, costs, potential gains and losses, and to help it compare with other investment products.

You are about to buy an investment product that is not simple and may be difficult to understand!

**PRODUCT**

**Product:** Investment part or share (hereinafter the "**Product**") of the closed alternative investment fund INDEXO REAL ESTATE FUND (hereinafter the "**Fund**"), established as a joint stock company.

**Product name:** INDEXO REAL ESTATE FUND

**Fund registration number:** 40203443258

**Product creator/manager:** SIA Provendi asset management, reg. no. 40203438204, registered address: Daugavgrīvas iela 7B, Rīga, LV-1048 (hereinafter the "**Manager**")

**Manager's website:** [www.provendi.lv](http://www.provendi.lv)

**Phone number for inquiries:** +371 26359256

**Competent authority:** Bank of Latvia ([www.bank.lv](http://www.bank.lv))

**Date of preparation of the key information document:** 30.07.2024.

**What is this investment Product?**

The Fund was founded as a joint-stock company in accordance with the provisions of the Commercial Law of the Republic of Latvia, thus the Product is bearer shares that are freely transferable, and their transfer, acquisition or pledging rights are not limited by the Fund's articles of association. The Fund's investors are individually attracted by the Fund, informing them about the possibilities of investing in the Fund's shares.

The Fund's revenue consists of income (in the form of dividends) from its own special purpose vehicles (SPVs), whose only assets are real estate assets owned by them; while, the main source of income for the SPVs is the lease payments, which will be made by the asset tenants. The Manager anticipates that the first revenues will be provided already in the first year of the Fund's operation.

**Objective and Investment Strategy**

The Fund will make investments in accordance with the description provided below in the sections "Geography" and "Industries" with the aim of increasing the value of the Fund's investment shares, thus providing the opportunity to also pay regular dividends to the holders of the Fund's shares.

**Geography:** The Fund will invest in assets in the Baltic countries, paying particular attention to their capitals - Tallinn, Riga and Vilnius - but not excluding other regions of the mentioned countries.

**Industries:** At least 90% of the Fund's gross asset value is invested in real estate (indirectly, namely, through the SPVs that own those properties).

The Fund's gross asset value may be invested in residential, retail, office, industrial and manufacturing real estate properties in approximately equal amounts. The Fund meets the following risk diversification requirements:

- up to 30% of the Fund's gross asset value may be invested in any individual real estate or any real estate company. The exception is the first year in which a 50% proportion is allowed.

Up to 10% of the Fund's gross asset value is invested in the following assets:

- deposits in credit institutions.

Finally, the weighting of each asset class, type of issuer, region and asset sector of the Fund is determined in the course of daily management of the Fund.

**Planned Private Investors**

The Product is intended for investors who are:

- able to independently make a decision about investing in the Fund;
- aware of all the risks, including the risk of losing the investment or its part, arising from such an investment or the obligations they have undertaken throughout the Fund's operation;
- able to provide a minimum investment amount of not less than EUR 100,000.

**Term of Operation and Termination of the Fund**

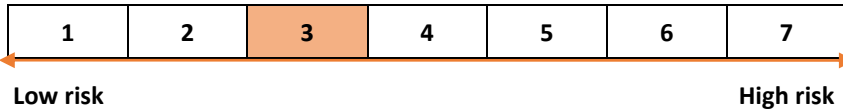
The term of operation of the Fund is 10 (ten) years from the date of its foundation. Considering that the Fund is a closed fund established as a joint-stock company, its Manager is prohibited from buyback of the shares, accordingly, the shares will be cancelled at the end of the term of operation of the Fund. The operation of the Fund will be terminated (the Fund will be liquidated) when its shares are cancelled in full after the end of the term of operation of the Fund.

**Possibility of Selling the Fund Shares**

It is not possible to withdraw the investment made before the expiry of the term of operation of the Fund. It should be noted that if the investment (the acquired Fund shares) is sold prematurely, there is a possibility that it will be sold at a lower market price than the value of the Fund shares at the time of their initial purchase. In any case, by selling the investment (acquired shares of the Fund) to a third party, the new shareholder of the Fund will be evaluated in accordance with the AML (Anti money laundering) and international sanctions compliance policy set by the Manager.

**WHAT ARE THE RISKS AND WHAT CAN I GAIN?**

Risk indicator:



This investment is rated 3 out of 7, which is the third lowest risk category. Since it is planned that more than 70% of the investments will be made in existing cash-flow-generating objects, the values of which are not expected to fluctuate greatly, as well as a conservative credit policy will be applied, this investment is classified as a medium-low risk investment.

The value of your investment may decrease if the worst-case scenario occurs and part of the Fund's investments are written off at a loss, but it is unlikely that bad market conditions will affect the possibility of receiving a return on your investment. This is a long-term investment of up to ten years. In the event that you need to realize the investment sooner, you might have difficulties to recover the investment amount in full. It might not be easy for you to sell your investment, or you would have to sell it at a price that would reduce the amount of money you could get back if you held the investment until the end of the term of operation of the Fund.

**Major Risks\*:**

- **Market Risk.** The Fund will invest in real estate-related assets, so there is a possibility that certain investments may be written off in whole or in part due to fluctuations in the real estate market. The situation in the real estate market may also make it more difficult to sell the Fund's assets within the desired period without significant losses.
- **Interest Rate Risk.** Changes in interest rates in the market could mainly affect the cost of servicing long-term loans with variable interest rates of commercial companies owned by the Fund.
- **Operational Risk.** The risk that the value of the Fund's assets will decrease due to an error or fraud by the Manager's employees, incomplete internal processes or weak internal control, including, managing conflict of interest situations.
- **Risk of Events.** The risk of suffering losses due to unforeseen events, such as political or negative publicity events, legislative or tax changes, hostilities, etc.

*\* Please note that the list of risks cannot be considered complete – only the most significant risks related to investment were described.*

**Risk management methods**

When making investments, the Manager during the in-depth due diligence process identifies risks in the legal, tax, financial, technical, ESG, AML/CFT and sanction areas, assesses them and decides on the necessary and appropriate risk mitigation, transfer or management measures. Regular monitoring of residual risk is ensured after making an investment.

**Performance Scenarios**

Considering that future market development in the field of real estate cannot be accurately predicted, the scenarios presented below depict only some of the possible outcomes for an investor investing EUR 100 000 in the Fund. The actual yield may also be lower.

SCENARIOS	Recoverable amount* EUR after 1 year	Recoverable amount* EUR after 5 years	Recoverable amount* EUR after 10 years
Stress	95 000	85 722	94 644
Unfavourable	100 000	100 000	100 000
Moderate	100 534	121 036	154 476
Favourable	101 068	166 994	321 232

*\* The recoverable amount is the net amount that the investor receives proportional to the shares held by him, but prior to all taxes attributable to the investor himself, as well as his personal costs in connection with this investment. The calculation*

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*of the amount to be recovered has been made based on certain assumptions regarding the time plan for investments in assets related to real estate and certain investment conditions, as well as the repayment time plan and % of problematic investments. These assumptions may not materialize.*

Please note that the tax laws of the investor's home country may affect the actual costs and the scenarios depicted above do not take into account your personal expenses or taxes that you may have to pay.

**WHAT HAPPENS IF THE FUND IS NOT ABLE TO MAKE PAYMENTS?**

In the event that the Fund is unable to repay your investment, there is no guarantee or investor protection fund or any other guarantee and/or insurance that would reimburse you for your investment. You should note that this is a moderately low risk investment, but you may lose all or part of your investment.

**WHAT ARE THE COSTS?**

The costs shown below over time have been calculated based on the **favourable** scenario and considering three terms - one year, five years and ten years. You should take into account that the recommended holding period is the entire life cycle of the Fund, which is until the end of the tenth year of the Fund's operation.

It should be taken into account that you may incur additional expenses if you sell your investment in the Product (i.e., sell your shares to a third party) sooner than the Fund's life cycle ends, namely, it may happen that the highest possible market price cannot be determined on the day of the Product sale, and you may suffer additional losses if you sell your investment before the end of the Fund's life cycle. This estimate does not include such costs and cannot be accurately predicted. It should be noted that the costs of the Fund have been calculated for one scenario; however, they may change, especially if the planned size of the Fund changes (for example, if its share capital is increased and additional new shares are issued).

<b>Investment of EUR 100 000</b>	<b>1 year</b>	<b>5 years</b>	<b>10 years</b>
Total costs in EUR	866	10 905	33 321
Impact of costs per year	0,85%	1,93%	1,90%

**What are the fees?**

The amount of the fees for management of the Fund's assets is:

- A)** 0.85% of the net asset value (NAV) which is less than EUR 300 million per annum (instalment A);
- B)** In cases when NAV is higher than EUR 300 million: 0.7% per year of NAV part that exceeds EUR 300 million, while less than EUR 500 million (in addition to instalment A), hereinafter referred to as instalment B;
- C)** In cases when NAV is higher than EUR 500 million: 0.6% per year of NAV part that exceeds EUR 500 million (in addition to instalments A and B).

The additional fee for especially successful management of the Fund's assets (the Performance Fee) is: per each year, if the growth rate of the value of one Fund Unit exceeds 7% per annum, the Manager is entitled to an annual fee for the growth of the Fund's value at the rate of 15% of the amount that exceeds 7%.

**What costs will be covered by the Fund?**

From the investments made and other revenues, the Fund covers:

- commissions payable to the Bank of Latvia;
- real estate improvement / renovation costs;
- service costs to service providers for conducting "Due Diligence", IP brokers, lawyers for buying and selling a new asset and managing its process, documentation;
- management fees;
- custodian bank commissions;
- bank payment fees;
- taxes; however, the real estate property tax is paid by each specific special purpose vehicle (SPV) that owns the specific asset.

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**HOW LONG SHOULD I HOLD IT AND CAN I GET THE MONEY FASTER?**

The Fund has a term of operation of 10 years. It is not possible to withdraw the investment made before the expiry of the term of operation of the Fund. It is recommended to hold the investment for the entire expected life cycle of the Fund, as thus it is more likely that its return will be as planned. If the investor wishes to sell the investment before the end of the fund's term of operation, the Manager may try to help sell it, however, the possibility of withdrawing the investment made is not guaranteed (i.e. it will be done on the "best-effort" basis)

**HOW TO FILE A COMPLAINT?**

The complaint can be filed by sending a letter to the electronic mail [info@indexore.lv](mailto:info@indexore.lv) or by post, or by submitting it in person to the Manager's registered address: Daugavgrīvas iela 7B, Rīga, LV-1048, Att.: SIA Provendi asset management. Handling of complaints is free of charge.

The Manager will provide an answer within 30 days (if the deadline for considering the complaint is not extended to 90 days) and in the manner in which the complaint itself was received. For more detailed information on filing complaints and the review process please refer to the Complaint Management Policy, which is available on the Manager's website: [www.provendi.lv](http://www.provendi.lv).

**Integrating Sustainability Risks**

In compliance with the requirements of the Regulation of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector, the Manager's approach to sustainability and the integration of sustainability risks are described on the Manager's website: [www.provendi.lv](http://www.provendi.lv).

Version 2.0 Effective from July 31, 2024.