

PAKKUMISDOKUMENT

ÜLEVÕTMISPAKKUMINE

AKTSIASELTS BALTIKA

Eesti Vabariigi seaduste kohaselt asutatud aktsiaseltsi

kõigi aktsiate omandamiseks

KJK FUND SICAV-SIF (LIKVIDEERIMISEL)

Luksemburgi Suurhertsogiriigi seaduste kohaselt asutatud
investeeringufondi

poolt

hinnaga 0,10 eurot aktsia kohta

16. august 2019

OLULINE TEAVE

Käesolev dokument („**Prospekt**“) on koostatud seoses KJK Fund SICAV-SIF (likvideerimisel) („**Ülevõtja**“) poolt tehtava ülevõtmispakkumisega („**Pakkumine**“) Aktsiaselts BALTIKA („**Baltika**“) aktsiate omandamiseks.

Pakkumine tehakse kooskolas Eesti Vabariigi õigusaktidega ning seda ei esitata ühelegi välisriigi järelevalveasutusele ja see ei kuulu ühegi välisriigi järelevalveasutuse poolt ülevaatamisele ega kooskõlastamisele. Pakkumist ei tehta isikutele, kelle osalemine Pakkumises eeldab lisaks Eesti Vabariigi õigusaktidest tulenevate nõuete täitmisele täiendava pakkumisdokumendi koostamist, registreerimist või mistahes muude meetmete võtmist. Eestikeelse Prospekti sisu ja mis tahes muu dokumendi või teate erinevuste korral kohaldatakse eestikeelse Prospekti tingimusi.

Prospekti ei või avaldada ega levitada ning Prospekti sisu ei või käsitada pakkumisena aktsiate omandamiseks üheski jurisdiktsioonis, kus selline pakkumine ei oleks õiguspärane või kus selle Prospekti avaldamine või levitamine eeldaks registreerimist, järelevalveasutuse poolset heakskiitu või järelevalveasutuse teavitamist. Iga selle Prospekti saaja on kohustatud iseseisvalt kontrollima, kas konkreetses jurisdiktsioonis kehtib piiranguid Prospekti avaldamisele või levitamisele, ning võimalikke piiranguid täielikult järgima.

Ei Prospekt ega mis tahes muu Pakkumisega seoses edastatav informatsioon ei kujuta endast Pakkuja või muu isiku soovitud käesoleva dokumendi (sh mis tahes muu Pakkumisega seoses esitatud informatsiooni) saajale Baltika aktsiate („**Baltika Aktsiad**“) müügiks. Iga isik, kes kaalub aktsiate müüki, peaks iseseisvalt analüüsima Baltika ja tema tütarühingute majandustegevust, finantsseisundit ja olukorda ning andma Pakkumisele oma hinnangu.

Käesolev dokument sisaldab tulevikku suunatud väiteid. Tulevikku suunatud väited on kõik väited ja asjaolud, mis ei ole ajaloolised faktid. Tulevikku suunatud väited, mis sisalduvad dokumendi mitmetes osades, käsitlevad muu hulgas kavatsusi, arvamusi või seniseid prognoose näiteks tegevuste, sündmuste või arengute kohta, mis võivad tulevikus aset leida või mille toimumist võib eeldada, sealhulgas tegevusvaldkonna suundumusi, äriisi võimalusi ning olemasolevaid äriisi kokkuleppeid ja pooleliolevaid läbirääkimisi, aga ka tulevast majandustegevust, majandustegevuse tulemusi, finantsseisundit või finantstulemusi, perspektiive, kasvu ja strateegiaid. Teatud juhtudel tähistab kõnesolevaid tulevikku suunatud väiteid tulevikku suunatud sõnastus, sealhulgas mõisted „usub“, „hindab“, „ootab“, „prognoosib“, „eeldab“, „kavatseb“, „püüab“, „plaanib“, „ennustab“, „võib“, „tuleb“, „soovib“, „peaks“ või nende negatiivsed ja muud variatsioonid ja muu sarnane sõnastus, või kirjeldatakse strateegiaid, plaane, eesmäärke, sihtarve, tulevase sündmusi või kavatsusi, kuid kõik tulevikku suunatud väited ei ole selliselt äratuntavad. Tulevikku suunatud väited on olemuslikult seotud riskantsete ja ebakindlate asjaoludega, kuna need käsitlevad sündmusi ja sõltuvad asjaoludest, mis võivad ent ei pruugi tulevikus esineda. Tulevikku suunatud väited ei garanteeri tulevase tulemusi ja näitajaid ning majandustegevuse tegelikud tulemused, finantsseisund ja majandussektori areng võivad selles dokumendis sisalduvatest tulevikku suunatud väidetest olulisel määral erineda näiteks ärivaldkonna ja turu üldise olukorra muutumise, konkurentsi tugevnemise, tarbijate eelistuste muutumise ja seadusandlike või regulatiivsete muudatuste tõttu, aga ka mitmesugustel muudel põhjustel. Isegi kui majandustegevuse tulemused ja finantsseisund ning majandussektori areng vastavad selles dokumendis sisalduvatele tulevikku suunatud väidetele, ei pruugi need tulemused või arengud näidata järgnevate perioodide tulemusi ja arenguid. Selles dokumendis sisalduvad tulevikku suunatud väited on esitatud dokumendi avaldamise kuupäeva seisuga. Kui kohaldatavatest õigusaktidest ei tulene teisiti, ei pea ega kohustu Ülevõtja avaldama selles dokumendis sisalduvate tulevikku suunatud väidete muudatusi või täiendusi, mis kajastaksid väidete aluseks olevate eelduste muutumist või oodatust erinevaid sündmusi, tingimusi ja asjaolusid.

Kui Prospektis pole märgitud teisiti, on kogu Prospektis sisalduv informatsioon esitatud seisuga 16. august 2019 („**Esitamise Päev**“), st Prospekti ja Pakkumise teate Eesti Finantsinspektsioonile („**FI**“) kooskõlastamiseks esitamise kuupäeva seisuga.

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PAKKUMISE KOKKUVÕTE

KJK Fund SICAV-SIF (likvideerimisel) („Ülevõtja“) teeb kooskõlas ülevõtmispakkumisreeglitega („Reeglid“), väärtpaberituru seadusega („VPTS“) ning muude Eesti Vabariigi õigusaktidega pakkumise kõikide Ülevõtjale mittekuuluvate Aktsiaselts BALTIKA („Sihtemitent“ või „Baltika“) aktsiate („Baltika Aktsiad“) omandamiseks ostuhinnaga 0,10 eurot (kümme senti) aktsia kohta järgmistel tingimustel („Pakkumine“):

Ülevõtja	<p>Ülevõtja on KJK Fund SICAV-SIF (likvideerimisel), Luksemburgi Suurhertsogiriigi seaduste alusel asutatud investeerimisfond Luksemburgi kaubandus- ja äriregistri kood B 86 729, mille registrijärgne aadress on 412F, route d'Esch L-1030, Luksemburgi Suurhertsogiriik.</p> <p>Ülevõtja on investeerimisfond, mida valitseb KJK Management SA, Luksemburgi Suurhertsogiriigi seaduste alusel asutatud aktsiaselts (<i>Société anonyme</i>), Luksemburgi kaubandus- ja äriregistri kood B-156 627, mille registrijärgne aadress on 9, rue Jean-Pierre Sauvage, L-2514, Luksemburgi Suurhertsogiriik.</p> <p>Esitamise Päeval omandas Ülevõtja hiljuti lõppenud Baltika Aktsiate avalikul pakkumisel osalemise ja Baltika aktsiakapitali suurendamise Äriregistris ja Eesti Väärtpaberite Registris („EVR“) registreerimise tulemusena 46 919 146 Baltika Aktsiat. Koos enne nimetatud kuupäeva Ülevõtjale juba kuulunud 1 586 845 Baltika Aktsiaga, mis moodustasid 38,8982% kõigist Baltika Aktsiatest, kasvas Ülevõtjale kuulunud osalus Baltikas Esitamise Päeval kokku 48 505 991 Baltika Aktsiani, mis annavad Ülevõtjale ligikaudu 89,69% kõigist Baltika Aktsiatest ja Baltika aktsionäride üldkoosolekul Baltika Aktsiatega esindatud häälest.</p> <p>Ülevõtjale kuuluvaid Baltika Aktsiaid hoitakse ING Luxembourg SA, Luksemburgi Suurhertsogiriigi seaduste alusel asutatud aktsiaseltsis (<i>Société anonyme</i>), Luksemburgi kaubandus- ja äriregistri kood B 6041, mille registrijärgne aadress on 26, Place de la Gare, L-1616, Luksemburgi Suurhertsogiriik, esindajakontol Swedbankis nimega „ING Luxembourg S.A. AIF Account“. Baltika Aktsiad, mille Ülevõtja soovib Pakkumise raames omandada, kantakse samuti kontole „ING Luxembourg S.A. AIF Account“.</p>
Ülevõtjaga kooskõlastatud tegutsevad isikud	Pakkumisega seoses Ülevõtjaga kooskõlastatult tegutsevaid isikuid ei ole.
Sihtemitent	Sihtemitent on Aktsiaselts BALTIKA, Eesti Vabariigi seaduste alusel asutatud aktsiaselts, Eesti äriregistri kood 10144415, mille registrijärgne aadress on Veerenni tn 24, Kesklinna linnaosa, Tallinn 10135, Harju Maakond, Eesti Vabariik („Sihtemitent“ või „Baltika“).
Pakkumise esemeks olevad aktsiad	<p>Esitamise Päeva seisuga on Baltika emiteerinud kokku 54 079 485 nimelist lihtaktsiat, millest igaühe nimiväärtus on 0,10 eurot (kümme senti) („Baltika Aktsiad“). Kõik Baltika Aktsiad on vabalt võõrandatavad. Kõik Baltika Aktsiad on noteeritud Nasdaq Tallinna börsil („Nasdaq Tallinn“) Balti põhinimekirjas ning registreeritud EVR-s ISIN-koodiga EE3100145616. Iga Baltika Aktsia annab aktsionäriale Baltika aktsionäride üldkoosolekul („Aktsionäride Üldkoosolek“) ühe hääle.</p> <p>Pakkumine on tehtud kõigile Baltika Aktsiatele, mis ei kuulu Ülevõtjale.</p>
Pakkumise saajad	Kõik Baltika aktsionärid, välja arvatud Ülevõtja.
Ostuhind	0,10 eurot (kümme senti) aktsia eest („Ostuhind“).
Pakkumise aktseptimise periood	<p>Pakkumise aktseptimise periood algab 3. septembril 2019 ja kestab kuni 2. oktoober 2019 kell 14:00 (Ida-Euroopa suveaja ehk Eesti aja järgi) („Aktseptimisperiood“).</p> <p>Aktsionärid, kes soovivad Pakkumise vastu võtta, peavad esitama oma väärtpaberikonto haldurile väärtpaberikonto halduri poolt täpsustatud kellaajaks 2. oktoobril 2019 tehingukorralduse selliselt, et see võimaldab väärtpaberikonto halduril registreerida tehingukorraldused Nasdaq CSD SE, EVR-i registripidaja juures, hiljemalt 2. oktoobril 2019 kell 14.00 (Ida-Euroopa suveaja ehk Eesti aja järgi).</p>
Pakkumise aktseptimise kord	Iga aktsionär, kes soovib Pakkumise aktseptida ja talle kuuluvaid Baltika Aktsiaid müüa peab pöörduma enda EVR-i väärtpaberikonto halduri poole, kes haldab väärtpaberikontot, millel vastava aktsionäri Baltika Aktsiaid hoitakse, ja esitama väärtpaberikonto haldurile tehingukorralduse talle kuuluvate Baltika Aktsiate müümiseks käesolevas Prospektis sätestatud tingimustel („Aktseptinud Aktsionär“).

Ostuhinna tasumine ja Aktsiate ülekandmine	Ostuhind tasutakse ja Baltika Aktsiad kantakse üle 4. oktoobril 2019 („Väärtuspäev“). Väärtuspäeval tasub Ülevõtja igale Pakkumise Aktseptinud Aktsionärile Ostuhinna konkreetse aktsionäri müüdava arvu Baltika Aktsiate eest vastavate Baltika Aktsiate ülekandmise vastu.												
Pakkumise ajakava	Allpool esitatud esialgses ajakavas on ära toodud Pakkumisega seotud olulisemad kuupäevad. <table border="1"> <tr> <td>2. september 2019</td> <td>Pakkumise dokumentide kooskõlastamine Finantsinspektsiooni poolt</td> </tr> <tr> <td>3. september 2019</td> <td>Pakkumise dokumentide avalikustamine, Aktseptimisperioodi algus</td> </tr> <tr> <td>Hiljemalt 17. september 2019</td> <td>Pakkumist käsitleva Baltika nõukogu arvamuse avalikustamine</td> </tr> <tr> <td>2. oktoober 2019 kell 14:00</td> <td>Aktseptimisperioodi lõpp</td> </tr> <tr> <td>4. oktoober 2019</td> <td>Pakkumise tulemuste avalikustamine</td> </tr> <tr> <td>11. oktoober 2019</td> <td>Väärtuspäev (Pakkumise arveldamine)</td> </tr> </table>	2. september 2019	Pakkumise dokumentide kooskõlastamine Finantsinspektsiooni poolt	3. september 2019	Pakkumise dokumentide avalikustamine, Aktseptimisperioodi algus	Hiljemalt 17. september 2019	Pakkumist käsitleva Baltika nõukogu arvamuse avalikustamine	2. oktoober 2019 kell 14:00	Aktseptimisperioodi lõpp	4. oktoober 2019	Pakkumise tulemuste avalikustamine	11. oktoober 2019	Väärtuspäev (Pakkumise arveldamine)
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3. september 2019	Pakkumise dokumentide avalikustamine, Aktseptimisperioodi algus												
Hiljemalt 17. september 2019	Pakkumist käsitleva Baltika nõukogu arvamuse avalikustamine												
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11. oktoober 2019	Väärtuspäev (Pakkumise arveldamine)												
Ülejäänud Baltika Aktsiate ülevõtmise ja Baltika Aktsiate börsil noteerimise lõpetamise kavatus	Kui Ülevõtja on omandanud vähemalt 90% Baltika Aktsiatest, võib Ülevõtja esitada VPTSi § 182 ¹ alusel taotluse ülejäänud Baltika Aktsiate ülevõtmiseks. Kui nimetatud künnis ei ole Pakkumise tulemusena ületatud, kuid on hiljem ületatud põhjusel, et Ülevõtja on pärast Pakkumise lõppemist täiendavalt omandanud aktsiaid ostmise või emiteerimise tulemusel või muul viisil, võib Ülevõtja kaaluda ülejäänud Baltika Aktsiate ülevõtmist kooskõlas kehtivate Eesti õigusaktidega, sealhulgas vastavalt äriseadustiku 29 ¹ . peatükile. Arvestades Ülevõtjale Esitamise Päeval juba kuuluvat osalust ning eeldades, et see osalus suureneb Pakkumise ja võimaliku edaspidise Baltika Aktsiate ülevõtmise tulemusena veelgi, võib Ülevõtja otsustada algatada Baltika Aktsiate Nasdaq Tallinna börsil noteerimise lõpetamine (erakorralise Baltika Aktsionäride Üldkoosoleku otsuse alusel), kuna Baltika börsil noteerimise jätkamisega kaasnevad kulud ja halduskoormus ei pruugi enam olla äärmiselt põhjendatud. Sel juhul ei ole pärast noteerimise lõpetamist Baltika Aktsiaid omavate aktsionäride Baltika Aktsiad enam likviidsed.												
Prospekti avaldamine ja levitamise kohad	Prospekt on avaldatud 3. septembril 2019 elektroonilisel kujul: <ul style="list-style-type: none"> Nasdaq Tallinna veebisaidil (www.nasdaqbaltic.com); ja Finantsinspektsiooni veebisaidil (www.fi.ee). Paberkanalil on Prospekt ja Pakkumise teade saadaval Baltika peakontoris aadressil Veerenni tn 24, 10135, Tallinn, Eesti.												
Finantsinspektsiooni kooskõlastus	Prospekt ja Pakkumise teade esitati Finantsinspektsioonile kooskõlastamiseks 16. augustil 2019 („Esitamise Päev“). Finantsinspektsioon kooskõlastas Prospekti ja Pakkumise tingimused 2. septembril 2019.												

1 PAKKUMISE AKTSEPTIMISE KORD JA MUUD TINGIMUSED

1.1 Pakkumise aktseptimise kord

Iga Pakkumist aktseptida sooviv Baltika aktsionär („**aktsionär**“) peab pöörduma väärtpaberikonto halduri poole, kelle hallataval Eesti väärtpaberite registri („**EVR**“) väärtpaberikontol sellele aktsionärile kuuluvaid Baltika Aktsiaid hoitakse. Kui Pakkumist aktseptiv isik hoiab Baltika Aktsiaid esindajakontol, peab ta pöörduma vastava esindajakonto halduri poole.

Pakkumise aktseptimiseks peab aktsionär esitama kontohaldurile Baltika Aktsiate müügiks tehingukorralduse („**Müügikorraldus**“) allpool esitatud kujul. Periood, mille jooksul Baltika aktsionärid võivad Müügikorraldusi esitada, algab 3. septembril 2019 kell 10.00 (Ida-Euroopa suveaja ehk Eesti aja järgi) ja lõpeb 2. oktoobril 2019 kell 14.00 (Ida-Euroopa suveaja ehk Eesti aja järgi)

(„**Aktseptimisperiood**“). Aktsionär võib Müügikorralduse esitamiseks kasutada aktsionäri kontohalduri pakutavat mis tahes meetodit (nt isiklikult kontohalduri klienditeeninduspunktis, interneti vahendusel või muul viisil). Müügikorraldus peab sisaldama vähemalt järgmist teavet:

Väärtpaberikonto omanik:	aktsionäri nimi
Väärtpaberikonto:	aktsionäri väärtpaberikonto number
Väärtpaberikonto haldur:	aktsionäri väärtpaberikonto halduri nimi
Väärtpaber:	Baltika lihtaktsia
ISIN-kood:	EE3100145616
Väärtpaberite arv:	Baltika Aktsiate arv, mida aktsionär soovib müüa (määrab aktsionär)
Hind aktsia kohta:	0,10 eurot
Tehingu summa:	Baltika Aktsiate arv, mida aktsionär soovib müüa, korrutatuna hinnaga aktsia kohta
Vastaspool:	ING Luxembourg S.A. AIF Account
Vastaspoole väärtpaberikonto haldur:	Swedbank AS
Vastaspoole väärtpaberikonto number:	99100459960
Väärtuspäev:	11. oktoober 2019
Tehingu tüüp:	müük

Baltika Aktsiad, mille Ülevõtja soovib Pakkumise alusel omandada, kantakse ING Luxembourg SA esindajakontole Swedbankis nimega „ING Luxembourg S.A. AIF Account“, kusjuures samal kontol hoiab Ülevõtja ka talle enne Pakkumise avalikustamist kuulunud Baltika Aktsiaid. Seega tuleb Müügikorralduses vastaspooleks ehk Baltika Aktsiate saajaks märkida ING Luxembourg S.A. AIF Account.

Iga aktsionär, kes soovib Pakkumise aktseptida, peab esitama aktsionärile kuuluvate Baltika Aktsiate hoidmiseks kasutatava EVR-i väärtpaberikonto haldurile tema poolt täpsustatud kellajaaks 2. oktoobril 2019 Müügikorralduse selliselt, et väärtpaberikonto halduril oleks võimalik registreerida tehingukorraldus EVR-is Aktseptimisperioodi lõpuks, st hiljemalt 2. oktoobril 2019 kell 14.00 (Ida-Euroopa suveaja ehk Eesti aja järgi).

Aktsionäri aktsept müüa Müügikorralduses märgitud Baltika Aktsiad Ülevõtjale loetakse antuks ja jõustunuks hetkest, kui EVR registripidaja on registreerinud asjaomase aktsionäri („**Aktseptitud Aktsionär**“) väärtpaberikonto haldurilt saadud tehingukorralduse. Sellest hetkest loetakse Ülevõtja ja Aktseptitud Aktsionäri vahel sõlmituks tehingukorralduses märgitud Baltika Aktsiate müügileping Pakkumises toodud tingimustel („**Müügileping**“).

Juhul, kui Pakkumise aktseptinud isik tegutseb esindaja, agendi või muu vahendajana, loetakse Pakkumise tingimuste kohase tehingukorralduse andmine ühtlasi tema avalduseks ja kinnituseks, et tal on täielik õigus teha aktseptiga hõlmatud aktsiatega seonduvaid investeerimisotsuseid, mh Pakkumine aktseptida, Müügikorraldus esitada ja Müügileping sõlmida.

Iga Müügikorralduse esitav Baltika aktsionär peab tagama, et kogu Müügikorralduses sisalduv teave on õige, täielik ja loetav. Ülevõtja jätab endale õiguse lükata tagasi Müügikorraldused, mis on mittetäielikud, ebaõiged, ebaselged või loetamatud või mis ei ole koostatud ja esitatud Aktseptimisperioodi jooksul

kõikide käesolevas punktis 1 (Pakkumise aktseptimise kord ja muud tingimused) sätestatud nõuete kohaselt.

Iga Aktseptinud Aktsionär, kes registreerib Müügikorralduse:

- kinnitab, et ta on Prospekti läbi lugenud;
- nõustub Prospekti peatükis 1 toodud Pakkumise tingimustega ning on nõus, et neid tingimusi kohaldatakse Baltika Aktsiate müümisel Aktseptinud Aktsionäri Ülevõtjale;
- kohustub enda Müügikorralduses märgitud arvu Baltika Aktsiaid Pakkumise tingimuste kohaselt Ülevõtjale Ostuhinna vastu üle kandma;
- kinnitab, et Baltika Aktsiad, mida Aktseptinud Aktsionär soovib Ülevõtjale müüa, ei ole mis tahes viisil panditud ega koormatud ja nende käsutamine ei ole piiratud ning nende suhtes ei ole kolmandatel isikutel mis tahes õigusi, mida nad võiksid Ülevõtja suhtes teostada, ega nõudeid, mida nad saaksid Ülevõtjale esitada;
- lubab ja palub enda väärtpaberikonto halduril edastada investori Müügikorralduse EVR registripidajale;
- kinnitab, et tema suhtes ei kohaldu ühegi jurisdiktsiooni õigus, mis keelaks Müügikorralduse esitamise ja Müügilepingu sõlmimise, ning avaldab, et tal on Prospektile vastava Müügikorralduse esitamiseks ja Müügilepingu sõlmimiseks vajalikud volitused;
- kinnitab, et Müügikorraldus ei ole tingimuslik ja kehtib reservatsioonideta ning on tagasivõetamatu alates hetkest, mil Müügikorraldus muutub vastavalt Prospekti tingimustele Aktseptinud Aktsionäri suhtes siduvaks;
- loetakse nõustunuks iga õiguspärase Aktseptimisperioodi pikendamisega ning iga Uue Väärtuspäevaga Baltika Aktsiate ülekandmiseks ja Ostuhinna tasumiseks, mille Ülevõtja võib määrata ning avaldada seoses Baltika Aktsiatele esitatud võistleva pakkumisega, ning iga Ostuhinna suurendamisega, mille Ülevõtja võib määrata ja avaldada. Eespool sätestatu ei välista ega piira mis tahes viisil aktsionäri õigust taganeda Müügilepingust kooskõlas Pakkumise tingimuste (sh Prospekti punktiga 1.2) ja kohalduvate õigusaktidega.

1.2 Aktsionäri õigus aktsept tagasi võtta (Mügilepingust taganeda)

Kui Pakkumise tähtaja jooksul avalikustab mõni teine ülevõtja Baltika Aktsiate ülevõtmispakkumise („**Võistlev Pakkumine**“), on igal aktsionäril VPTS-i § 181 kohaselt õigus pakkumiste vahel valida ning selleks on igal Aktseptinud Aktsionäri õigus võtta tagasi käesoleva Pakkumise raames esitatud Müügikorraldus ja taganeda käesoleva Pakkumise raames sõlmitud Müügilepingust kuni Aktseptimisperioodi lõpuni.

Võistleva Pakkumise korral pikeneb käesoleva Pakkumise tähtaeg ning Aktseptimisperiood automaatselt Võistleva Pakkumise tähtaja möödumiseni ning vajadusel avalikustab Ülevõtja uue Väärtuspäeva Baltika Aktsiate ülekandmiseks ja Ostuhinna tasumiseks.

Eesti ülevõtmispakkumisreeglite („**Reeglid**“) § 7 lõige 3 sätestab, et kui Ülevõtja suurendab Ostuhinda pärast Pakkumise avalikustamist, kehtib suurendamine tagasiulatavalt ka nende Aktseptinud Aktsionäride suhtes, kes aktseptsid Pakkumise enne Ostuhinna suurendamist. Vastavalt Reeglite § 7 lõikele 5 on tagasiulatavalt kehtivate õigustoimingute esinemise korral Müügikorralduse esitanud Aktseptinud Aktsionäri õigus taganeda eelnimetatud teost, ehk nimetatud aktsionäridel on õigus enne Ostuhinna suurendamist sõlmitud Müügilepingust taganeda ja kaaluda suurendatud Ostuhinnaga Pakkumise aktseptimist Prospektis sätestatud korras.

Iga Aktseptinud Aktsionär, kes soovib eespool toodud alustel Müügilepingust taganeda, peab tühistama oma väärtpaberikonto haldurile antud Müügikorralduse enne Aktseptimisperioodi lõppu, st enne kella 14.00 (Ida-Euroopa suveaja ehk Eesti aja järgi) 2. oktoobril 2019. Aktseptinud Aktsionäri taganemine Müügilepingust loetakse jõustunuks hetkest, kui EVR registripidaja on asjaomase aktsionäri

väärtpaberikonto haldurilt eespool nimetatud ajaks saadud tühistamiskorralduse alusel selle Aktseptinud Aktsionäri Müügikorralduse tühistanud.

1.3 Aktsiate ülekandmise ja Ostuhinna tasumise kord

Iga Aktseptinud Aktsionäri poolt Ülevõtjale Pakkumise käigus müüdavad Baltika Aktsiad kantakse igalt Aktseptinud Aktsionäri Ülevõtjale Väärtuspäeval ning samaaegselt tasutakse nende aktsiate eest Ostuhind Aktseptinud Aktsionäri arvelduskontole.

Eespool kirjeldatud Baltika Aktsiate ülekandmise ja Ostuhinna tasumise kord vastab Reeglite § 17 lõikele 2 nõuetele, mille kohaselt ei tohi Ülevõtja omandatavaid aktsiaid Ülevõtja väärtpaberikontole kanda enne, kui nende aktsiate eest on Ostuhind tasutud.

1.4 Pakkumise muud tingimused

Ülevõtja on nõustunud Pakkumise raames Baltika Aktsiaid omandama ja nende Baltika Aktsiate eest Ostuhinna tasuma tingimusel, et Ülevõtjale võõrandatavad Baltika Aktsiad ei ole mis tahes viisil panditud ega koormatud ja nende käsutamine ei ole piiratud ning nende suhtes ei ole kolmandatel isikutel mis tahes õigusi, mida nad võiksid Ülevõtja suhtes teostada, ega nõudeid, mida nad saaksid Ülevõtjale esitada.

Kõik õigused, mis tulenevad Aktseptinud Aktsionäri poolt Ülevõtjale Pakkumise raames võõrandatavatest Baltika Aktsiatest ja on nendega seotud, lähevad Aktseptinud Aktsionäri Ülevõtjale üle hetkest, mil Ülevõtja on kooskõlas Pakkumise tingimustega tasunud Aktseptinud Aktsionäri asjaomaste Baltika Aktsiate Ostuhinna. Kõik Baltika Aktsiad võõrandatakse Pakkumise raames Ülevõtjale koos kõigi võõrandamise hetkel nendega kaasnevate ja tulevikus tekkivate õigustega.

Kui Ülevõtja omandab pärast Pakkumise avalikustamist ja enne Pakkumise tulemuste avalikustamist Baltika Aktsiaid Ostuhinnast kõrgema hinnaga või kui Ülevõtja otsustab Ostuhinda vastavalt Reeglitele muul viisil suurendada, kehtib vastav kõrgem hind tagasiulatuvalt ka Pakkumisele. Sel juhul muudetakse Pakkumise tingimusi ja muudatus avaldatakse vastavalt Reeglitele.

Käesolevale Pakkumisele ning kõigile selle raames antud aktseptidele ja tehtud tehingutele kohaldatakse Eesti Vabariigi õigust. Pakkumise ja/või selle raames antud aktseptide ja tehtud tehingutega seonduvad vaidlused lahendatakse Eesti Vabariigi pädevas kohtus.

2 TEAVE ÜLEVÕTJA KOHTA

2.1 Üldine teave

Ülevõtja, KJK Fund SICAV-SIF (likvideerimisel), on Luksemburgi Suurhertsogiriigi seaduste alusel asutatud kinnine investeerimisfond. Ülevõtja eesmärk on luua hajutatud omakapitaliinvesteeringute portfell, peamiselt Eestis, Lätis ja Leedus.

2.2 Finantsteave

Ülevõtja 31. detsembril 2016, 2017 ja 2018 lõppenud majandusaastate aruanded on toodud Lisas 1.

3 TEAVE SIHTEMITENDI KOHTA

3.1 Üldine teave

Sihtemitent on Aktsiaselts BALTIKA, Eesti Vabariigi seaduste kohaselt asutatud aktsiaselts, Eesti äriregistri kood 10144415, mille registrijärgne aadress on Veerenni tn 24, Kesklinna linnaosa, Tallinn 10135, Harju Maakond, Eesti Vabariik („**Baltika**“ ning koos otseste ja kaudsete tüdarettevõtjatega „**Baltika Grupp**“).

Vastavalt Baltika poolt avaldatud teabele on Baltika Grupp 1928. aastal asutatud Balti moebrändide maja, mille peakorter asub Tallinnas. Baltika Grupp tegutseb viie moebrändi all: Monton, Mosaic, Baltman, Bastion ja Ivo Nikkolo. Baltika Grupp kasutab vertikaalselt integreeritud ärimudelit, st kontrollib oma äriprotsessides nii disaini, tootmise kui ka jaemüügi etappe.

Baltika on Baltika Grupi kõrgeima astme valdusühing ning noteeritud Nasdaq Tallinna börsil. Baltika Gruppi kuuluvad veel OÜ Baltika Retail, OÜ Baltman, SIA Baltika Latvija, UAB Baltika Lietuva, OY Baltinia AB ja Baltika Sweden AB mis on kõik otseselt või kaudselt Baltika ainuomandis.

3.1.1 Baltika Grupi töötajate arv

Vastavalt Baltika 31. detsembril 2016, 2017 ja 2018 lõppenud majandusaastate aruannetele („Aastaruanded“) olid Baltika Grupi töötajate arvud Aastaruannetega hõlmatud majandusaastate lõpu seisuga järgmised:

	31.12.2018	31.12.2017	31.12.2016
Töötajate arv	1 049	1 026	975

3.1.2 Ajalooline taust

Vastavalt prospektile, mille Baltika koostas ja avalikustas seoses Baltika aktsiate avaliku pakkumisega aktsiakapitali suurendamise raames („**Baltika 2019. Aasta Avalik Pakkumine**“), avalikustatud 15. juulil 2019 („**Avaliku Pakkumise Prospekt**“), on Baltika ajaloo olulisemad verstapostid järgmised:

1928	Gentleman asutatakse Tallinnas vihmamantlite tootjana
1959	Ettevõtte restruktureeritakse ja hakkab kandma nime Baltika; firma toodab meeste ülikondi
1988	Firma alustab naisterõivaste tootmist
1991	Baltika Grupp erastatakse
1993	Ettevõtte avab esimese kaupluse Leedus
1994	Ettevõtte avab esimese kaupluse Venemaal
1996	Ettevõtte avab esimese kaupluse Lätis
1997	Ettevõtte noteeritakse Nasdaq Tallinna börsil
2000	Ettevõtte avab esimese kaupluse Ukrainas ja Poolas
2002	Algab strateegiline pööre vertikaalselt integreeritud ärimudeliga rõivakaubandusettevõtteks
2006	Baltika omandab Eesti tuntud moekaubamärgi Ivo Nikkolo
2008	Baltika tähistab oma 80. juubelit
2012	Baltika avab veebipoe AndMoreFashion Baltika omandab kaubamärgi Bastion Baltika müüb Baltika kvartali ja lõpetab kinnisvara haldamisega seotud tegevuse

2014	Baltika korraldab võlakirjade avaliku pakkumise, pakkudes 600 võlakirja kogu nimiväärtusega 3 000 000 eurot
2017	Baltika avab esimese jaekaupluse Soomes Iso Omena kaubanduskeskuses
2019	<p>Baltika nõukogu kinnitab Baltika tegevuskava 2019. ja 2020. aastaks. Tegevuskava peamised osad on grupi brändiportfelli ja müügikanalite optimeerimine, digitaliseerimine ja hankebaasi muutmine. Üleminekuga optimeeritud brändiportfellile ning äriprotsesside olulise lihtsustamise ja Eesti tootmisüksustes tootmise lõpetamisega plaanitakse Baltika Grupi püsikulusid järgmise 12 kuu jooksul vähendada kahe miljoni euro võrra.</p> <p>Baltika Grupp lõpetab ennetähtaegselt frantsiisilepingud Valgevene ja Ukraina partneritega ning väljub neilt turgudel, kuna müügimahud neil turgudel on Ukraina ja Valgevene keerulise poliitilise ja majandusliku olukorra tõttu oluliselt vähenenud.</p>

3.2 Juhtimine

Baltika juhtorganid on:

- Baltika aktsionäride üldkoosolek („**Aktsionäride Üldkoosolek**“);
- Baltika nõukogu („**Nõukogu**“); ja
- Baltika juhatus („**Juhatus**“).

3.2.1 Aktsionäride Üldkoosolek

Aktsionäride Üldkoosolek on Baltika kõrgeim juhtimisorgan. Üldkoosolekud on korralised ja erakorralised. Korraline Aktsionäride Üldkoosolek toimub üks kord aastas, kuue kuu jooksul pärast majandusaasta lõppu, juhatus määratud ajal ja kohas. Juhatus kutsub kokku erakorralise Aktsionäride Üldkoosoleku, kui:

- Baltika netovara on vähenenud alla seadusega lubatud miinimummäära; või
- seda nõuavad aktsionärid, kelle aktsiatega on esindatud vähemalt 1/10 aktsiakapitalist, või
- seda nõuab nõukogu või audiitor.

Juhatus avaldab vähemalt kolm (3) nädalat enne korralist Aktsionäride Üldkoosolekut ja vähemalt (1) nädal enne erakorralist Aktsionäride Üldkoosolekut teate Aktsionäride Üldkoosoleku toimumise kohta Nasdaq Tallinna ja Baltika veebisaitidel ning vähemalt ühes üleriigilise levikuga päevalehes.

Aktsionäride Üldkoosolek on otsustusvõimeline, kui koosolekul on esindatud vähemalt pool aktsiatega esindatud häälest, kui seadusega ei ole ette nähtud suurema osaluse nõuet. Üldkoosoleku otsus on vastu võetud, kui selle poolt on antud üle poole Aktsionäride Üldkoosolekul esindatud häälest, kui seaduse või Baltika põhikirjaga ei ole ette nähtud suurema hääleteenamuse nõuet.

3.2.2 Nõukogu

Nõukogu ülesandeks on Baltika tegevuse strateegiline planeerimine ja järelevalve teostamine Juhatus tegevuse üle. Järelevalve tulemused teeb Nõukogu teatavaks Aktsionäride Üldkoosolekule. Baltika põhikirja kohaselt määrab Nõukogu Aktsionäride Üldkoosoleku päevakorra, esitab Aktsionäride Üldkoosolekule kirjaliku arvamuse Juhatus koostatud majandusaasta aruande kohta, vaatab läbi kord nelja kuu jooksul Juhatus poolt esitatud ülevaate Baltika majandustegevusest ja majanduslikust olukorrast, esitab Aktsionäride Üldkoosolekule ettepaneku iga Aktsionäride Üldkoosoleku päevakorrapunkti kohta, valib ja kutsub tagasi Juhatus liikmed, määrab kindlaks Juhatus liikmete makstava tasu suuruse ja maksmise korra, nimetab ja kutsub tagasi prokuristi, kinnitab Baltika

aastaeelarve ja otsustab Juhatus liikmega tehingu tegemise (sealhulgas sellise tehingu tingimuste määramise) või Juhatus liikmega õigusvaidluse pidamise ning selles tehingus või vaidluses Baltikale esindaja määramise.

Baltika põhikirja kohaselt on Baltika Nõukogul kolm kuni seitse liiget, kelle Aktsionäride Üldkoosolek valib kolmeks aastaks.

Praegu koosneb Baltika Nõukogu neljast liikmest, kelleks on:

Jaakko Sakari Mikael Salmelin (esimees) – Nõukogu liige alates 21.06.2010 ja Nõukogu esimees alates 23.05.2012. Jaakko Sakari Mikael Salmelin on KJK Capital Oy partner ning omandanud Helsingi Majandusülikoolis teadusmagistri kraadi rahanduse erialal. Vastavalt Avaliku Pakkumise Prospektile ei omanud Jaakko Sakari Mikael Salmelin 15.07.2019 seisuga ühtki Baltika Aktsiat ning Baltika kinnitusel ei omanud Jaakko Sakari Mikael Salmelin ka Esitamise Päeva seisuga Baltikale teadaolevalt ühtegi Baltika Aktsiat.

Lauri Kustaa Äimä – Nõukogu liige alates 18.06.2009. Lauri Kustaa Äimä on Kaima Capital Oy tegevdirektor ning omandanud Helsingi Ülikoolis magistrikraadi majandusteaduse erialal. Vastavalt Avaliku Pakkumise Prospektile omas Lauri Kustaa Äimä (läbi Kaima Capital Eesti OÜ) 15.07.2019 seisuga 2 459 Baltika Aktsiat. Esitamise Päeva seisuga omas Baltika kinnitusel Lauri Kustaa Äimä (läbi Kaima Capital Eesti OÜ) Baltikale teadaolevalt 231 578 Baltika Aktsiat.

Reet Saks – Nõukogu liige alates 25.03.1997. Reet Saks on Ellex Raidla Advokaadibüroo OÜ advokaat ning omandanud Tartu Ülikoolis kraadi õigusteaduse erialal. Vastavalt Avaliku Pakkumise Prospektile ei omanud Reet Saks 15.07.2019 seisuga ühtki Baltika Aktsiat ning Baltika kinnitusel ei omanud Reet Saks ka Esitamise Päeva seisuga Baltikale teadaolevalt ühtegi Baltika Aktsiat.

Tiina Mõis – Nõukogu liige alates 03.05.2006. Tiina Mõis on AS Genteel juhatuses esinaine ning omandanud Tallinna Tehnikaülikoolis majandusinseneri kraadi. Vastavalt Avaliku Pakkumise Prospektile omas Tiina Mõis 15.07.2019 seisuga 97 784 Baltika Aktsiat (AS Genteel nimel). Esitamise Päeva seisuga omas Baltika kinnitusel Tiina Mõis (läbi AS'i Genteel) Baltikale teadaolevalt 1 297 641 Baltika Aktsiat.

3.2.3 Juhatus

Juhatus vastutab Baltika igapäevase juhtimise eest. Juhatus liikmete põhiülesanneteks on esindada ja juhtida Baltikat, täita Nõukogu seaduslikke juhiseid (otsuseid) ja saada Nõukogult heakskiit igapäevase majandustegevuse raamest väljuvateks toiminguteks, esitada Nõukogule vähemalt kord nelja kuu jooksul ülevaade Baltika majandustegevusest ja majanduslikust olukorrast ning teatada koheselt Baltika majandusliku seisundi olulisest halvenemisest ja muudest sarnastest Baltikaga seotud asjaoludest (korralise aruandluse kohustus). Peale selle vastutab Juhatus Baltika raamatupidamise korraldamise ja majandusaasta aruannete koostamise ning aktsionäride üldkoosolekute kokkukutsumise ja ettevalmistamise eest. Lisaks on Juhatus kohustatud tagama kõrgemate juhtorganite (Nõukogu ja Aktsionäride Üldkoosoleku) otsuste elluviimise.

Juhatus liikmed peavad oma kohustusi täitma korraliku ettevõtja hoolsusega ja tegutsema oma kohustuste täitmisel piisavalt oskuslikult ning oma parimate teadmiste ja võimete kohaselt. Juhatus liikmed peavad tegutsema nii, et tuua Baltikale maksimaalselt kasu ja vältida kahju. Baltika igapäevase majandustegevuse raamest väljuvateks tehinguteks tuleb saada nõusolek Nõukogult või, kehtivates seadustes või börsireeglites sätestatud juhtudel, Aktsionäride Üldkoosolekult.

Ülevõtjale teadaolevalt on Baltika Aktsionäride Üldkoosoleku otsustega Juhatusesse antud järgnevad volitused Baltika aktsiakapitali suurendamiseks:

- 27. aprilli 2015 Aktsionäride Üldkoosoleku otsuste kohaselt on Juhatus nimetatud Aktsionäride Üldkoosolekul heakskiidetud optsooniprogrammi läbiviimiseks volitatud suurendama Baltika aktsiakapitali kuni 200 000 euro ulatuses ning aktsiakapitali uus suurus võib olla kuni 8 358 970 eurot. Juhul kui varasemate aktsiakapitali tingimusliku suurendamise otsuste alusel emiteeritakse uusi aktsiaid täies ulatuses, võib aktsiakapitali uus suurus olla kuni 10 028 970 eurot.

- 8. mai 2017 Aktsionäride Üldkoosoleku otsuste kohaselt on Juhatus nimetatud Aktsionäride Üldkoosolekul heakskiidetud vahetusvõlakirjade emissiooniga seoses volitatud aktsiate märkimisel suurendama Baltika aktsiakapitali kuni 2 812 500 euro võrra, lastes välja kuni 14 062 500 uut aktsiat. Aktsiakapitali uueks suuruseks võib olla kuni 10 971 470 eurot.
- 16. mai 2018 Aktsionäride Üldkoosoleku otsuste kohaselt on Juhatus nimetatud Aktsionäride Üldkoosolekul heakskiidetud optsooniprogrammi läbiviimiseks volitatud suurendama Baltika aktsiakapitali kuni 100 000 euro ulatuses ning aktsiakapitali uus suurus võib olla kuni 7 157 610 eurot.

Ülevõtjale teadaolevalt ei ole Juhatusel antud volitusi Baltika Aktsiate tagasiostmiseks.

Baltika põhikirja kohaselt on Baltika Juhatusel kaks kuni viis liiget, kelle Nõukogu valib kolmeks aastaks. Nõukogu võib Juhatusel liikme sõltumata põhjusest igal ajal tagasi kutsuda. Juhatusel liige võib sõltumata põhjusest igal ajal tagasi astuda, esitades Nõukogule sellekohase teate.

Praegu koosneb Baltika Juhatus kahest liikmest, kelleks on:

Mae Leyrer – Juhatusel liige alates 22. märtsist 2019. Mae Leyrer on Baltika tegevjuht ning vastutab Baltika müügi-, turundus- ja jaekaubandusprotsesside eest. Mae Leyrer on omandanud Viini Ülikoolis ja Minnesota Ülikooli Carlson School of Managementis magistrikraadi ärijuhtimise erialal (Global Executive MBA). Vastavalt Avaliku Pakkumise Prospektile ei omanud Mae Leyrer 15.07.2019 seisuga ühtki Baltika Aktsiat ning Baltika kinnitused ei omanud Mae Leyrer ka Esitamise Päeva seisuga Baltikale teadaolevalt ühtegi Baltika Aktsiat.

Maigi Pärnik-Pernik – Juhatusel liige alates 30. märtsist 2011. Maigi Pärnik-Pernik vastutab Baltikas tootearenduse ja tugiteenuste eest. Maigi Pärnik-Pernik on lõpetanud Tallinna Tehnikaülikooli majandusteaduse erialal. Vastavalt Avaliku Pakkumise Prospektile ei omanud Maigi Pärnik-Pernik 15.07.2019 seisuga ühtki Baltika Aktsiat ning Baltika kinnitused ei omanud Maigi Pärnik-Pernik ka Esitamise Päeva seisuga Baltikale teadaolevalt ühtegi Baltika Aktsiat.

Ülevõtjale teadaolevalt on Baltika ja Juhatusel liikmete vahel sõlmitud teenistuslepingustes fikseeritud Juhatusel liikmete lahkumishüvitused, mis ulatuvad 3-18 kuupalgani sõltuvalt Juhatusel liikmeks oldud perioodist. Ülevõtjale teadaolevalt puuduvad õigusaktiga kehtestatud sätted ja reeglistik Juhatusel liikmete teenistussuhete lõppemiseks käesoleva Pakkumise tagajärjel.

3.2.4 Hea ühingujuhtimise tava

Baltika peab järgima Hea Ühingujuhtimise Tava põhimõtteid (kättesaadav aadressil: <https://www.fi.ee/sites/default/files/2019-02/20050922HYT.pdf>) ning avaldama nende põhimõtete rikkumised Hea Ühingujuhtimise Tava aruandes. Hea Ühingujuhtimise Tava aruanded on osaks juhatusel tegevusaruannetest Baltika majandusaasta aruannetes.

3.3 Lepingud, mis sisaldavad valitseva mõju muutumise korral või Ülevõtmispakkumise tõttu rakenduvaid tingimusi

Ülevõtjal on Pakkumise tegemise seisuga juba valitsev mõju Baltika üle, seega ei omanda Ülevõtja Pakkumise tulemusena valitsevat mõju Baltika üle. Ülevõtja ei ole saanud Baltikalt infot Baltika sõlmitud mitte ühegi olulise lepingu kohta, mis muutub või lõppeks seetõttu, et Ülevõtja suurendab ülevõtmispakkumise tulemusena enda osalust Baltika aktsiakapitalis.

3.4 Finantsteave

Vastavalt Avaliku Pakkumise Prospektile oli Baltika Grupi varade kogumaht 31.03.2019 seisuga 31 353 tuhat eurot. Käibevara oli kokku 12 037 tuhat eurot ja põhivara 19 316 tuhat eurot. Kohustuste maht oli 32 728 tuhat eurot ja omakapital -1 375 tuhat eurot. Kõik selles punktis esitatud summad põhinevad Baltika auditeerimata konsolideeritud finantsandmetel.

Viimase 3 aasta peamiste finantsandmete võrdlustabel Avaliku Pakkumise Prospekti järgi:

tuhandetes eurodes	31.12.2018, auditeeritud, konsolideeritud	31.12.2017, auditeeritud, konsolideeritud	31.12.2016, auditeeritud, konsolideeritud
Baltika Grupi varade kogumaht	14 995	17 842	18 919
<i>Käibevara</i>	12 001	13 258	13 471
<i>Põhivara</i>	2 994	4 584	5 448
Kohustused	14 928	12 656	13 954
Omakapital	67	5 186	4 965
Müügitulu jätkuvatest tegevusvaldkondadest	44 691	47 459	46 993
Puhaskasum (kahjum)	-5 119	58	177

Ülevõtja ja Baltika vahel on sõlmitud kaks hetkel kehtivat laenulepingut: (i) laenuleping, mille alusel andis Ülevõtja Baltikale käesoleva Prospekti punktis 4.8 viidatud pikaajalise laenu tähtpäevaga 20.05.2022, põhisummaga 4 044 960 eurot ja intressimääraga 6% aastas; ja (ii) laenuleping, mille alusel andis Ülevõtja Baltikale lühiajalise käibekapitali laenu tähtpäevaga 16.08.2019. a, põhisummaga 3 000 000 eurot ja intressimääraga 6% aastas. Nimetatud laenudel puudub Ülevõtja hinnangul mõju Pakkumisele. Baltika hinnangul on nimetatud laenude mõju Baltikale positiivne, kuna need aitavad finantseerida Baltika käibekapitali vajadust ning suurendada Baltika likviidsust.

Rohkem Baltika finantsteavet on avaldatud Nasdaq Tallinna veebisaidil (<https://www.nasdaqbaltic.com/market/?instrument=EE3100145616&list=2¤cy=EUR&pg=details&tab=reports&lang=et>) ja Baltika veebisaidil (<http://www.baltikagroup.com/et/investorid/borsiteated-2/>).

4 PAKKUMISE TAUSTINFO

4.1 Pakkumise põhjused ja eesmärgid

Esitamise Päeval omandas Ülevõtja hiljuti lõppenud Baltika Aktsiate avalikul pakkumisel osalemise ja Baltika aktsiakapitali suurendamise Äriregistris ja EVR-is registreerimise tulemusena 46 919 146 Baltika Aktsiat. Koos enne nimetatud kuupäeva Ülevõtjale juba kuulunud 1 586 845 Baltika Aktsiaga kasvas Ülevõtjale kuulunud osalus Baltikas Esitamise Päeva seisuga kokku 48 505 991 Baltika Aktsiani, mis andsid Ülevõtjale ligikaudu 89,69% kõigist Baltika Aktsiatest ja Baltika aktsionäride üldkoosolekul Baltika Aktsiatega esindatud häältel. Seega on Ülevõtja Esitamise Päeva seisuga omandanud Baltika üle valitseva mõju VPTS-i § 167 lõike 1 tähenduses.

Ülevõtja nõustus osalema Baltika aktsiakapitali suurendamises ja Baltika Aktsiate avalikul pakkumisel ning märkima Baltika Aktsiaid ulatuses, mis ületas sel ajal tema proportsionaalse osaluse Baltikas, et tagada, et Baltika suudaks allokeerida ja emiteerida kõik avaliku pakkumise ja aktsiakapitali suurendamise raames pakutavad uued aktsiad. Baltika Avaliku Pakkumise Prospektis esitatud informatsiooni kohaselt oli Baltika aktsiakapitali suurendamine eelnimetatud ulatuses vajalik, et leevendada likviidsusprobleeme ning viia Baltika omakapital äriseadustikuga kooskõlla. Aktsiakapitali kavandatud suurendamise ebaõnnestumise korral oleks Baltika maksejõulisuse säilitamine ja

äritegevuse jätkamine koheselt sattunud suure kahtluse alla ja Baltika ei oleks suutnud täita oma kohustusi tavapärase äritegevuse käigus.

Baltika Avaliku Pakkumise Prospekti kohaselt sõltus avaliku pakkumise tulemus ja Ülevõtjale allokeeritud Baltika Aktsiate täpne arv teiste Baltika investorite märkimisavalduste arvust ja suuruselt. Ülevõtjale allokeeriti ülaltoodud hulk Baltika Aktsiaid ning Ülevõtja omandas seega Baltika üle valitseva mõju seetõttu, et teiste investorite ja aktsionäride huvi märkida Baltika 2019. Aasta Avaliku Pakkumise raames Baltika Aktsiaid osutus väga madalaks. Kui teised Baltika aktsionärid oleksid märkinud Baltika Aktsiaid võrdeliselt nende senise osalusprotsendiga Baltikas, ei oleks Ülevõtja osaluse protsent Baltikas muutunud ning ta ei oleks omandanud Baltika üle valitsevat mõju. Samuti ei oleks Ülevõtja pruukinud omandada Baltika üle valitsevat mõju juhul, kui teiste aktsionäride poolt oleks toimunud oluline ülemärkimine Baltika 2019. Aasta Avaliku Pakkumise raames pakutud Baltika Aktsiate suhtes.

VPTS-i § 166 lõike 1 kohaselt on otse või kooskõlastatult tegutsevate isikutega koos sihtemitendi üle valitseva mõju saanud isik kohustatud 20 päeva jooksul valitseva mõju saamisest arvates tegema ülevõtmispakkumise sihtemitendi kõigi aktsiate suhtes.

Käesoleva Pakkumise eesmärk on täita VPTS-ist tulenev kohustus ning anda vähemusaktsionäridele võimalus võõrandada enda Baltika Aktsiaid olukorras, kus Ülevõtja on omandanud valitseva mõju Baltika üle.

4.2 Ülevõtja ja Ülevõtjaga kooskõlastatult tegutsevad isikud

Ülevõtja on KJK Fund SICAV-SIF (likvideerimisel), Luksemburgi Suurhertsogiriigi seaduste alusel asutatud investeerimisfond, Luksemburgi kaubandus- ja äriregistri kood B 86 729, mille registrijärgne aadress on 412F, route d'Esch L-1030, Luksemburgi Suurhertsogiriik.

Ülevõtja on investeerimisfond, mida valitseb KJK Management SA, Luksemburgi Suurhertsogiriigi seaduste alusel asutatud aktsiaselts (*Société anonyme*), Luksemburgi kaubandus- ja äriregistri kood B-156 627, mille registrijärgne aadress on 9, rue Jean-Pierre Sauvage, L-2514, Luksemburgi Suurhertsogiriik.

Pakkumisega seoses Ülevõtjaga kooskõlastatult tegutsevaid isikuid ei ole. Üksikasjalikum teave Ülevõtja kohta on eespool punktis 2 ülalpool. Rohkem teavet Ülevõtja ja tema tegevuse kohta on ka veebisaitidel <https://www.kjkmanagement.com> ja <https://www.kjkcapiatal.com/>.

Ülevõtja ei ole sõlminud lepinguid kolmandate isikutega Baltika aktsiate omandamiseks, mis kuuluksid täitmisele teatud asjaolude saabumisel või saabumata jäämisel.

4.3 Ülevõtja ja Ülevõtjaga kooskõlastatult tegutsevate isikute osalus aktsiakapitalis enne Pakkumist

Esitamise Päeva seisuga omas Ülevõtja 48 505 991 Baltika Aktsiat, mis annavad Ülevõtjale ligikaudu 89,69% kõigist Baltika Aktsiatest ja Baltika aktsionäride üldkoosolekul Baltika Aktsiatega esindatud häältest.

Ülevõtjale kuuluvaid Baltika Aktsiaid hoitakse ING Luxembourg SA, Luksemburgi Suurhertsogiriigi seaduste alusel asutatud aktsiaseltsis (*Société anonyme*), Luksemburgi kaubandus- ja äriregistri kood B 6041, mille registrijärgne aadress on 26, Place de la Gare, L-1616, Luksemburgi Suurhertsogiriik, esindajakontol Swedbankis nimega „ING Luxembourg S.A. AIF Account“. Baltika Aktsiaid, mille Ülevõtja soovib Pakkumise raames omandada, kantakse samuti kontole „ING Luxembourg S.A. AIF Account“.

4.4 Ülevõtja kavatsused seoses Baltikaga

4.4.1 Ülevõtja kavatsused seoses Baltika äritegevuse ja struktuuriga

Ülevõtja kavatses jätkata Baltika nõukogu poolt kinnitatud ettevõtte 2019-2020 olemasoleva restruktureerimiskava elluviimist, välja arvatud allpool kirjeldatud meetmed. Restruktureerimiskava peamine eesmärk on ettevõtte kulude vähendamine ja kulustruktuuri muutmine eesmärgiga tagada

ettevõttele jätkusuutlik ärimudel tegutsemiseks. Restruktureerimiskavas toodud peamised tegevused on grupi brändiportfelli ja müügikanalite optimeerimine, digitaliseerimine ja hankebaasi muutmine. Vastavalt Avaliku Pakkumise Prospektile planeerib Baltika kasutada avalikust emissioonist laekuvatest vahenditest 2 miljonit eurot tootmise lõpetamise kulude katmiseks Eestis, K-võlakirjade lunastamiseks, ettevõtte digitaliseerimiseks ja brändiportfelli optimeerimiseks.

Ülevõtja ei kavatse teha Baltika Grupi majandustegevuses ja struktuuris muid vahetuid muudatusi peale restruktureerimiskavas kirjeldatute. Ülevõtja kavatseb kasvatada Baltika Grupi väärtust, toetades Baltika Gruppi orgaanilise kasvu edendamisel, et tagada Baltika Grupi edukas restruktureerimine.

4.4.2 Ülejäänud Baltika Aktsiate ülevõtmise ja Baltika Aktsiate börsil noteerimise lõpetamise kavatsus

Kui Ülevõtja on Pakkumise lõpuks omandanud vähemalt 90% Baltika Aktsiatest, võib Ülevõtja esitada VPTS-i § 182¹ alusel taotluse ülejäänud Baltika Aktsiate ülevõtmiseks hinnaga, mis ei ole madalam kui Ostuhind, ja kutsuda selleks kokku erakorralise Aktsionäride Üldkoosoleku. Erakorraline Aktsionäride Üldkoosolek võib vastava otsuse teha 3 kuu jooksul pärast Aktseptimisperioodi lõppu. Erakorralise Aktsionäride Üldkoosoleku otsus ülejäänud Baltika Aktsiate ülevõtmiseks on vastu võetud, kui selle poolt on antud vähemalt 9/10 aktsiatega esindatud häältest. Kui kõnesolev otsus võetakse vastu hiljem kui 3 kuud pärast Aktseptimisperioodi lõppu, peab otsuse poolt olema antud 95/100 aktsiatega esindatud häältest.

Kui nimetatud künnis ei ole Pakkumise tulemusena ületatud, kuid on hiljem ületatud põhjuselt, et Ülevõtja on pärast Pakkumise lõppemist täiendavalt omandanud aktsiaid aktsiate ostmise või emiteerimise tulemusel või muul viisil, võib Ülevõtja kaaluda ülejäänud Baltika Aktsiate ülevõtmist edaspidi kooskõlas kehtivate Eesti õigusaktidega, sealhulgas vastavalt äriseadustiku 29¹. peatükile.

Arvestades Ülevõtjale Prospekti Esitamise Päeval juba kuuluvat osalust ning eeldades, et see osalus suureneb Pakkumise ja võimaliku edaspidise Baltika Aktsiate ülevõtmise tulemusena veelgi, võib Ülevõtja otsustada algatada Baltika Aktsiate Nasdaq Tallinna börsil noteerimise lõpetamine (erakorralise Baltika Aktsionäride Üldkoosoleku otsuse alusel), kuna Baltika börsil noteerimise jätkamisega kaasnevad kulud ja halduskoormus ei pruugi enam olla äriiselt põhjendatud. Sel juhul ei ole pärast noteerimise lõpetamist Baltika Aktsiaid omavate aktsionäride Baltika Aktsiad enam likviidsed.

Kui Baltikal on sel ajal veel teisi aktsionäre peale Ülevõtja, avaldatakse börsil noteerimise lõpetamise üle otsustava erakorralise Aktsionäride Üldkoosoleku kokkukutsumise teade koos otsuste projektiga Nasdaq Tallinna ja Baltika veebisaitidel ja vähemalt ühes üleriigilise levikuga päevalehes. Reeglite, VPTS-i, muude Eesti seaduste ega Nasdaq Tallinna reeglitega pole noteerimise lõpetamise üle otsustamiseks kehtestatud suuremat kvoorumi nõuet. Seega on erakorraline Aktsionäride Üldkoosolek pädev võtma vastu noteerimise lõpetamise otsust, kui otsuse poolt antakse üle poole erakorralisel Aktsionäride Üldkoosolekul aktsiatega esindatud häältest.

4.4.3 Baltika registrijärgse asukohaga seotud kavatsused

Ülevõtja ei kavatse muuta Baltika registreeritud aadressi ega viia peakontorit Tallinnast mujale, samuti ei kavatse Ülevõtja viia mujale ega sulgeda Baltika võtmetähtsusega tegevuskohti.

4.4.4 Kavatsused seoses muudatustega Juhatuses ja Nõukogus

Ülevõtja ei kavanda praegusel hetkel muudatusi Juhatuses ega Nõukogus peale selle, et Ülevõtja kaalub Baltika Aktsionäride Üldkoosolekule Nõukogu liikmete arvu suurendamise ettepaneku tegemist ning esitab selle heakskiitmise korral uue liikme kohale kandidaadi. Samas ei välista Ülevõtja Juhatuses või Nõukogus muudatuste tegemist tulevikus.

4.4.5 Töötajatega seotud kavatsused

Kui restruktureerimiskava elluviimise jätkamine välja arvata, siis ei kavanda Ülevõtja praegu Pakkumisest tulenevaid olulisi muudatusi Baltika töötajate töösuhetes.

Ülevõtjale ei ole teada ühtegi Baltika ja selle töötajate vahel sõlmitud lepingut, mis sätestaks hüvitised töölt lahkumise või ilma tõsise põhjuseta vallandamise ning puuduvad õigusaktiga kehtestatud sätted ja reeglistik töösuhete lõppemiseks käesoleva Pakkumise tagajärjel.

4.5 Pakkumise esemeks olevate aktsiate kirjeldus

Esitamise Päeva ehk 16. augusti 2019 seisuga oli Baltika registreeritud aktsiakapital 5 407 949 eurot ja selle moodustasid 54 079 485 nimelist lihtaktsiat, millest igaühe nimiväärtus on 0,10 eurot (kümme senti).

Kõik Baltika Aktsiad on vabalt võõrandatavad. Kõik Baltika Aktsiad on noteeritud Nasdaq Tallinna börsil Balti põhinimekirjas (lühinimi BLT1T) ning registreeritud EVR-is ISIN-koodiga EE3100145616.

Iga Baltika Aktsia annab aktsionärile õiguse osaleda Aktsionäride Üldkoosolekul, kasumi ja Baltika lõpetamisel allesjäänud vara jaotamisel, samuti muud kohaldatavates õigusaktides ja Baltika põhikirjas sätestatud õigused. Iga Baltika Aktsia annab aktsionärile Aktsionäride Üldkoosolekul ühe hääle.

Pakkumine tehakse käesolevas Prospektis sätestatud tingimustel kõigile Ülevõtjale mittekuuluvatele Baltika Aktsiatele, st 5 573 494 Baltika Aktsiale, mis moodustavad ligikaudu 10,31% kõigist Baltika Aktsiatest.

4.6 Baltika Aktsiatega seotud piirangud ja erioigused

Baltika põhikirjaga ei ole ette nähtud piiranguid Baltika aktsiate võõrandamisele.

Ülevõtja ei ole teadlik Baltika ja tema aktsionäride vahelistest ega Baltika aktsionäride omavahelistest lepingutest, mis piiraksid Baltika aktsiate võõrandamist.

Baltika on emiteerinud ainult ühte liiki aktsiaid ja kõik emiteeritud aktsiad on ühesuguste õigustega. Baltika ei ole emiteerinud eelisaktsiaid.

Baltika põhikirjaga ei ole aktsionäridele ette nähtud erioigusi seoses Nõukogu liikmete valimise või tagasikutsumisega ega aktsionäride hääleõiguse piiranguid.

Baltika põhikirja võib muuta aktsionäride otsusega, mis on vastu võetud, kui selle poolt on antud vähemalt 2/3 Baltika Aktsionäride Üldkoosolekul esindatud häältest.

4.7 Aktsiaoptsioonid

27. aprillil 2015. a otsustas Aktsionäride Üldkoosolek kinnitada Baltika optsiooniprogrammi ning suurendada Baltika aktsiakapitali tingimuslikult, emiteerides kuni 1 000 000 Baltika Aktsiat nimiväärtusega 0,20 eurot (kaksikümmend senti) ja märkimishinnaga 0,20 eurot (kaksikümmend senti) iga aktsia kohta. Aktsiaoptsiooni õigustatud isikuteks on Baltika juhatuse liikmed, kes olid juhatuse liikmed 2015 - 2016 aasta jooksul. Aktsiaoptsiooniprogrammi raames väljastati juhatuse liikmetele optsioonid, mis andsid õiguse omandada 900 000 Baltika Aktsiat. Esitamise Kuupäeva seisuga on kõik vastavad optsioonid realiseerimata ja need ei ole Baltika Aktsiateks konverteeritud. Õigustatud isikul on õigus väljastatud aktsiaoptsioone kasutada pärast kolmeaastase perioodi möödumist talle optsiooni väljastamisest (st Baltikaga optsioonilepingu sõlmimisest), kusjuures aktsiaoptsioone saab kasutada vastavast hetkest kahe aasta jooksul.

Lisaks otsustas Aktsionäride Üldkoosolek 16. mail 2018. a kinnitada Baltika uus optsiooniprogramm ning suurendada Baltika aktsiakapitali tingimuslikult, emiteerides kuni 1 000 000 Baltika Aktsiat nimiväärtusega 0,10 eurot (kümme senti) ja märkimishinnaga 0,10 eurot (kümme senti). Uue aktsiaoptsiooniprogrammi raames võidakse anda aktsiaoptsioone teiste seas Baltika Juhatuse

liikmetele ning need avanevad kolm aastat pärast optsoonilepingu sõlmimist, juhul kui on täidetud optsoonilepingus sätestatud aktsiahinna tõusu tingimus.

4.8 Vahetusvõlakirjad

Baltika on 2017. aasta augustis emiteerinud 889 vahetusvõlakirja („**Vahetusvõlakirjad**“) nimiväärtusega 5000 eurot Vahetusvõlakirja kohta ehk kogusummas 4 500 000 eurot. Vahetusvõlakirjade intressimäär on 6% aastas ning Vahetusvõlakirjade tähtaeg on kaks aastat. Vahetusvõlakirjade omanikel on õigus vahetada Vahetusvõlakirjad Baltika Aktsiate vastu Vahetusvõlakirjade tähtaja lõppemisel. Iga Vahetusvõlakiri annab selle omanikule õiguse märkida 15 625 Baltika Aktsiat märkimishinnaga 0,32 eurot. Vahetusvõlakirjad emiteeriti Eestis Baltika aktsionäridele ja üldsusele suunatud avaliku pakkumise raames.

20. mai 2019 sõlmisid Ülevõtja ja Baltika lepingu, millega Ülevõtjale kuuluvad 720 Vahetusvõlakirja (mis moodustavad ligikaudu 81% kõikidest Baltika Vahetusvõlakirjadest) konverteeriti Ülevõtja pikaajaliseks laenuks Baltikale tähtpäevaga 20.05.2022 ja intressimääraga 6% aastas.

Ülejäänud Vahetusvõlakirjad (st kokku 169) ei kuulu Ülevõtjale ning vastavalt Vahetusvõlakirjade tingimustele on nende lunastamistähtjaks 16. august 2019, juhul kui vastavate Vahetusvõlakirjade lunastamistähtaega ei pikendata vastavalt nende tingimustele või kokkuleppel Vahetusvõlakirjade omanikega.

5 OSTUHIND

5.1 Ostuhind

Ülevõtja poolt Pakkumise raames Baltika aktsionäridele pakutav Ostuhind on 0,10 eurot (kümme senti) Baltika Aktsia kohta („**Ostuhind**“).

5.2 Ostuhinna määramisel arvestatud andmed

Ülevõtja pakutav Ostuhind on määratud kooskõlas VPTS-i §-ga 174, võttes aluseks VPTS-i § 174 lõike 2 (kohustusliku ülevõtmispakkumise esemeks oleva aktsia kohustuslikus ülevõtmispakkumises kajastatud ostuhind peab olema õiglane) ning § 174 lõike 3 (kohustusliku ülevõtmispakkumise raames ülevõtmispakkumise esemeks oleva aktsia eest tasutavaks õiglaseks hinnaks peetakse kõrgeimat hinda, mida ülevõtja või temaga kooskõlastatult tegutsevad isikud on pakkumisele eelnenud kuue kuu jooksul selle aktsia eest maksnud).

Kõrgeim hind, millega Ülevõtja on Pakkumisele eelnenud kuue kuu jooksul Baltika Aktsiaid omandanud, on 0,10 eurot aktsia kohta ehk hind, millega Ülevõtja märkis ja millega talle allokeeriti uued Baltika Aktsiad Baltika 2019. Aasta Avaliku Pakkumise raames, mille tulemusena Ülevõtja omandas valitseva mõju Baltika üle ning millest tal tekkis kohustus teha Pakkumine.

Ülevõtja või temaga kooskõlastatult tegutsevad isikud ei ole Pakkumisele eelnenud kuue kuu jooksul omandanud rohkem Baltika Aktsiaid peale uute Baltika Aktsiate, mis märgiti Baltika 2019. Aasta Avaliku Pakkumise raames hinnaga 0,10 eurot aktsia kohta. Seega on Ostuhind võrdne kõrgeima hinnaga, mida Ülevõtja või temaga kooskõlastatult tegutsevad isikud on pakkumisele eelnenud kuue kuu jooksul Baltika Aktsiate eest maksnud, ning vastab VPTS-i § 174 lõigete 2 ja 3 tingimustele.

Ostuhind on õiglane ja seda ei peaks mis tahes muudel alustel korrigeerima ka järgmistel põhjustel:

- Ostuhind on võrdne Baltika 2019. Aasta Avaliku Pakkumise raames olemasolevatele aktsionäridele ja teistele Eesti jae- ja institutsionaalsetele investoritele avalikult pakutud uute Baltika Aktsiate märkimishinnaga. Kõnesoleva märkimishinna määras Juhatus uute Baltika Aktsiate õiglaseks hinnaks seoses Baltika 2019. Aasta Avaliku Pakkumise ja aktsiakapitali suurendamisega ning 12. aprilli 2019 Aktsionäride Üldkoosolekul kiitsid valdav enamik aktsionäre selle heaks (vastavalt Baltika poolt nimetatud Aktsionäride Üldkoosoleku tulemuste kohta avalikustatud börsiteatele anti 99,27% Aktsionäride Üldkoosolekul aktsiatega esindatud

häälest otsuse poolt, et aktsiakapitali suurendamisel oleks Baltika Aktsia hinnaks 0,10 eurot aktsia kohta). Niisiis on Ostuhind võrdne nimetatud märkimishinnaga ja vastab VPTS-is sätestatud õiglase hinna nõudele.

- Nõudlus uute Baltika Aktsiate järgi hinnaga 0,10 eurot aktsia kohta oli Baltika 2019. Aasta Avaliku Pakkumise raames väga väike ning vastavalt Baltika 12. augusti 2019 börsiteates avalikustatud infole, märgiti lisaks Ülevõtja poolt märgitud aktsiatele veel vaid 3 379 570 uut Baltika Aktsiat (pakutud 50 000 000 uuest Baltika Aktsiast), mis näitab, et enamiku investorite hinnangul ületab isegi hind 0,10 eurot aktsia kohta Baltika Aktsia praegust õiglast väärtust.
- Lisaks sellele on Ostuhind oluliselt kõrgem kui Baltika Aktsiate raamatupidamislik väärtus. Vastavalt Baltika poolt 18. juuli 2019. a börsiteate vahendusel avaldatud Baltika auditeerimata majandustulemustele (teine kvartal ja kuus kuud 2019) oli 30. juuni 2019 seisuga bilansiline väärtus negatiivne, s.o -0,49 eurot Baltika Aktsia kohta. Sama börsiteate kohaselt on Baltika Aktsiate bilansiline väärtus arvatuna *pro forma* omakapitali alusel pärast Baltika avaliku pakkumise ja aktsiaemissiooni täies mahus realiseerumist 0,056 eurot Baltika Aktsia kohta.

5.3 Teave Pakkumise rahastamise kohta

Kõigi aktsiate eest, mille Ülevõtja Pakkumise raames omandab, tasutakse rahas. Ülevõtja rahastab Pakkumist omavahenditest. 557 349,4 eurot, mis on vajalik Ostuhinna tasumiseks kõigi Baltika Aktsiate eest, mis ei ole Ülevõtja omandis, on deponeeritud Ülevõtja pangakontol krediidasutuses ING Luxembourg SA, Luksemburgi Suurhertsogiriigi seaduste alusel asutatud aktsiaseltsis (*Société anonyme*), Luksemburgi kaubandus- ja äriregistri kood B 6041, mille registrijärgne aadress on 26, Place de la Gare, L-1616, Luksemburgi Suurhertsogiriik.

Arvestades eelpool nimetatud omavahendite olemasolu, kinnitab Ülevõtja, et tal on Pakkumise lõppemisel piisavalt vahendeid kõigi aktsiate Ostuhinna tasumiseks.

6 TEABE AVALDAMINE JA ÜLEVÕTJA KINNITUS

6.1 Teabe avaldamine

Prospekt on avaldatud elektroonilisel kujul Nasdaq Tallinna börsi veebisaidil (<http://www.nasdaqbaltic.com>) ja Finantsinspektsiooni veebisaidil (www.fi.ee).

Paberkandjal on Prospekt ja Pakkumise teade saadaval Baltika peakontoris aadressil Veerenni tn 24, 10135, Tallinn, Eesti.

6.2 Ülevõtja kinnitus

Käesolevaga kinnitab Ülevõtja, et tema parima teadmise kohaselt on Prospektis esitatud teave Esitamise Päeva seisuga (või Prospektis konkreetselt viidatud kuupäevade seisuga) õige ja täpne ning Prospektist ei ole välja jäetud midagi olulist, mis võiks mõjutada esitatud teabe õigsust või täpsust.

LISA 1

**ÜLEVÕTJA 31. DETSEMBRIL 2016, 2017 JA 2018 LÕPPENUD MAJANDUSAASTATE
ARUANDED**

KJK Fund S.A., SICAV-SIF
Société d'Investissement à Capital Variable
Fonds d'Investissement Spécialisé
Luxembourg
Financial statements and independent auditor's report
For the year ended December 31, 2016

No subscription can be received on the basis of the financial statements alone. Subscriptions are only valid if made on the basis of the current prospectus, accompanied by the latest annual report and the most recent semi-annual report, if published thereafter

The prospectus, the statutes, the annual report are made available to the shareholders at the custodian bank and at the Fund's registered office as well as at the financial servicing institutions identified in this report. They will also be sent free of charge to anyone who so requests.

The information given in this report is for reference purposes only. It is not a guide to future results.

Luxembourg B 86.729

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MANAGEMENT AND ADMINISTRATION

Registered Office of the Fund

KJK Fund S.A., SICAV-SIF
412F, Route d'Esch
L-2086 Luxembourg
Grand-Duchy of Luxembourg

Management Board

Chairman

Mr Kustaa Äimä
CEO, partner
KJK Capital Oy

Members

Mr. Kari Salonen
Partner
KJK Capital Oy

Mr. Jaakko Salmelin
Partner
KJK Capital Oy

Supervisory Board

Chairman

Mr Leif Hasager
Chief Investment Officer
Formuepleje

Members

Mr. Karri Mäkitalo
Director
KJK Capital Oy

Mr. Antti Palkén
Director
OP Insurance & Pension Investments

Investment Manager and Alternative Investment Fund Manager

KJK Management S.A.
12F, rue Guillaume Kroll,
L-2086 Luxembourg
Grand-Duchy of Luxembourg

Investment Advisors

KJK Capital Oy
14C, Kalevankatu
00100 Helsinki
FINLAND

UAB Pro Finance
Odminių Street, 8
LT 01122 Vilnius
LITHUANIA

Administrative, Domiciliary and Registrar

SGG S.A.
412F, Route d'Esch
L-2086 Luxembourg
Grand-Duchy of Luxembourg

MANAGEMENT AND ADMINISTRATION (continued)

Depository and Transfer Agent

ING Luxembourg S.A.
52, route d'Ech
L-2965 Luxembourg
Grand-Duchy of Luxembourg

Independent Auditor

Ernst & Young S.A.
35E avenue John F Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

Legal Advisor

Arendt & Medernach
41A avenue John F Kennedy
L-2082 Luxembourg
Grand Duchy of Luxembourg

KJK Fund - SICAV-SIF
Société anonyme – Fonds d'investissement spécialisé
Registered office: 412F, Route d'Esch, L-2086 Luxembourg
R.C.S. Luxembourg: B.86.729
(the "Fund")

MANAGEMENT REPORT

KJK Fund SICAV – SIF

Year of 2016 was a good year for the Baltic equities. During the first five months of the year all three Baltic markets showed a positive trend. Over the summer, all Baltic markets went sideways as usual, but since October, the markets again performed strongly towards the year end closing 2016 on a very positive note. The Latvian OMX Riga index grew 23.5%, Estonian OMX Tallinn index advanced 19.6% and Lithuanian OMX Vilnius index 14.9%. The pan Baltic OMX Baltic General index was up 18.1% during the year. In comparison, KJK Fund Baltic States full year performance was somewhat lower with a 11.7% increase of the NAV for both B1 and B2 share classes.

Liquidity in the Baltic markets remained rather subdued last year. The combined average daily turnover decreased from EUR 1.1 million in 2015 to ca. EUR 1.0 million last year. Number of trades was also quite low, app. 450 trades a day. The markets saw one new listing as Estonian banking and fund management company LHV Group organized successful IPO on Tallinn Stock Exchange in May.

On the macroeconomic front, despite the slowdown in Russia, the Baltics continued rather decent economic performance thanks to exports and growth in retail sales. The quarterly GDP growth figures varied from 0.8% to 2.7% in Estonia, from 0.5% to 2.6% in Latvia and from 1.8% to 3.1% in Lithuania. In full year comparison, the Lithuanian economy expanded most with GDP growth of 2.2% in 2016. Latvia had 2.0% annual growth and Estonian economy grew 1.6% yoy.

In 2016, Estonian exports grew 2.7% yoy to EUR 11.9 billion while Latvian and Lithuanian exports declined somewhat compared to 2015. Last year Latvian exports declined 0.4% yoy to EUR 10.3 billion and Lithuania's exports fell 1.6% to EUR 22.6 billion. Retail sales grew in all three Baltic countries: average monthly yoy growth rates were 4.0% in Estonia, 1.9% in Latvia and 6.8% in Lithuania. Unemployment which peaked at an average 17.8% in 2010 continued to decline further during the year. The average unemployment rate was 6.8% in Estonia, 7.9% in Lithuania and 9.6% in Latvia last year. Fiscal discipline in the Baltic countries continued to be good and the general government budget balance for 2016 was 0.3% of the GDP positive both in Estonia and Lithuania while budget was in balanced in Latvia. The debt to GDP ratios continued to be among the lowest in European Union: 9.5% in Estonia, 40.1% in Latvia and 40.2% in Lithuania. During last year there were no major credit rating changes. The current sovereign ratings are (Moody's, S&P and Fitch) A1/AA-/A+ for Estonia, A3/A-/A- for Latvia and A3/a-/A- for Lithuania.

Within the portfolio, most of the companies showed decent sales and profit growth during the year. The Fund successfully made four different full exits; the Fund sold all its shares in Linas Agro Group, Baltic Property Trust Optima (pref shares), Utenos Trikotazas and Kitron ASA. In addition, the Fund made several other sale transactions in Olympic Entertainment Group and Amber Trust SCA shares. In addition to above sales, three different portfolio companies; Tallink Group, Harju Elekter and Nordecon, executed significant share capital reductions. Finally, the Fund received dividend income from 12 different portfolio companies over the year.

During the year, the Fund made three separate cash distributions to the shareholders as pro-rata redemptions. Total value of cash distributions was ca. EUR 15 million, which represented ca. 15.1% of year end 2015 NAV. The life of the fund is currently planned to end at the end December 2017 and the manager is actively looking to exit from the remaining holdings of the fund. We shall be updating the shareholders with progress on the exits during the year. Most recently, the Fund paid out an EUR 5.0 million pro rata distribution to shareholders at the end of May.

KJK Fund - SICAV-SIF
Société anonyme – Fonds d’investissement spécialisé
Registered office: 412F, Route d’Esch, L-2086 Luxembourg
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(the “Fund”)

With continuing economic growth foreseen for 2017 and strengthening corporate fundamentals, the manager expects the year 2017 to be a successful year for the Fund.

On behalf of the KJK Fund SICAV-SIF

Kustaa Äimä
Chairman of the Management Board

Luxembourg, 14 June, 2017

KJK Fund - SICAV-SIF
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(the “Fund”)

ADDITIONAL INFORMATION FOR THE SHAREHOLDERS OF THE FUND (UNAUDITED)

KJK Management S.A., “the Manager”, was approved as an AIFM on June 9, 2015. The Manager wishes to inform the Investors of certain additional information as required under the AIFMD.

1. Remuneration

The AIFMD requires certain qualitative and quantitative disclosures on remuneration to assist the understanding of the risk profile of KJK Fund SICAV-SIF (the “Fund”).

The primary aim of KJK Management S.A. (the “Manager”) is to achieve excellent investment returns for its clients and believes that this focus on asset performance has been a key contributor to its success in the past and will continue to be so in the future. The Manager believes that fund management organisations with strong alignment structures are going to be best placed to attract, retain and motivate key talent and hence have the greatest likelihood of generating long-term outperformance.

The Manager’s remuneration philosophy reflects this primary aim and is based on rewarding individual contribution whilst ensuring that its investment team remain a cohesive group that retains its team-based culture. The Manager’s goal has been to create a culture which is based upon performance rather than entitlement and long-term business viability rather than short-term personal gain.

The Manager’s remuneration arrangements need to promote effective risk management and be consistent with its risk profile, risk structure and risk strategy.

The table below shows the total remuneration paid to senior management of the Manager in relation to their management of the Fund’s activities. Fixed remuneration consists entirely of fees paid.

	2016 €
Fixed remuneration	97.400,00
Variable remuneration	0,00
Total remuneration	97.400,00
Number of beneficiaries	2

The total fees paid to KJK Capital Oy in its capacity as delegated portfolio manager amounted to EUR 429.500,00 in 2016 and KJK Capital Oy is subject to regulatory requirements on remunerations that are equally as effective as those applicable to the Manager under the ESMA guidelines ESMA/2013/232 since KJK Capital Oy is authorised by the Finnish Financial Supervision Authority to provide investment advisory, management and related support services for investment funds and fund management companies in accordance with the MiFID.

The Manager’s remuneration policy is available on request to investors in the Fund and the Manager’s contact details are shown on the administration page at the back of the annual report.

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ADDITIONAL INFORMATION FOR THE SHAREHOLDERS OF THE FUND (UNAUDITED)
(Continued)

2. Conflicts of Interest

The Manager has implemented a policy for managing conflicts of interest that is regularly reviewed. The policy identifies potential areas of conflict and seeks to prevent their occurrence and any harmful consequences.

3. Material Changes

The Manager would confirm that there have been no material changes to the items included in Art 21 of the Law of July 12, 2013

4. Risk Profile and the Risk Management Systems

The Manager confirms that the Fund’s Risk Profile has not been changed. The risks associated with investment in the Fund are as stated in the Offering Memorandum.

The Manager has updated the Risk Management System in line with AIFMD and CSSF requirements. Details of the Risk Management System may be made available to investors on request at the Registered Office of the Manager.

In conjunction with this, the Manager confirms that no new arrangements have been made for managing the liquidity profile of the Fund. Additionally, there are no assets subject to any special arrangements arising from their illiquid nature.

5. Leverage

The Fund does not employ leverage.

6. Control of non-Listed Companies

The Fund has no controlling interest in any investments.

Independent auditor's report

To the Shareholders of
KJK Fund SICAV-SIF
412F, route d'Esch
L-2086 Luxembourg

We have audited the accompanying financial statements of KJK Fund SICAV-SIF (the "Fund"), which comprise the statement of net assets as at 31 December 2016 and the statement of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Board of the Fund's responsibility for the financial statements

The Management Board of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements and for such internal control as the Management Board determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgement of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Building a better
working world**

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of KJK Fund SICAV-SIF as of 31 December 2016, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Emphasis of matter

Without qualifying our opinion, we refer to Note 1, Note 2 and Note 11 to these financial statements which explain that the financial statements of KJK Fund SICAV-SIF as of 31 December 2016 have been prepared on a liquidation basis given that the Fund life is expected to end on December 2017. The carrying values of the assets as of 31 December 2016 are thus presented at estimated realisable values and all liabilities are presented at their estimated settlement amounts.

Other matter

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

Ernst & Young
Société Anonyme
Cabinet de révision agréé

A blue ink signature of Alain Kirsch, consisting of a stylized 'A' and 'K' with a horizontal line through them, positioned above the name 'Alain Kirsch' in a small, dark font.

Alain Kirsch

Luxembourg, 14 June 2017

KJK Fund, SICAV-SIF – Baltic States

**STATISTICAL INFORMATION
as at December 31, 2016**

Total net assets	- as at December 31, 2016	EUR	95,663,262
	- as at December 31, 2015	EUR	99,154,656
	- as at December 31, 2014	EUR	92,525,052

Net asset value per share

Capitalisation B1	- as at December 31, 2016	EUR	2,252.63
	- as at December 31, 2015	EUR	2,016.79
	- as at December 31, 2014	EUR	1,695.04

Capitalisation B2	- as at December 31, 2016	EUR	2,252.63
	- as at December 31, 2015	EUR	2,016.79
	- as at December 31, 2014	EUR	1,695.04

Participating share 1	- as at December 31, 2016	EUR	1.00
	- as at December 31, 2015	EUR	1.00
	- as at December 31, 2014	EUR	1.00

Participating share 2	- as at December 31, 2016	EUR	1.00
	- as at December 31, 2015	EUR	1.00
	- as at December 31, 2014	EUR	1.00

Number of shares

Capitalisation B1	- as at December 31, 2016	41,218
	- as at December 31, 2015	47,718
	- as at December 31, 2014	52,979

Capitalisation B2	- as at December 31, 2016	1,245
	- as at December 31, 2015	1,442
	- as at December 31, 2014	1,601

Participating share 1	- as at December 31, 2016	5,000
	- as at December 31, 2015	5,000
	- as at December 31, 2014	5,000

Participating share 2	- as at December 31, 2016	5,000
	- as at December 31, 2015	5,000
	- as at December 31, 2014	5,000

KJK Fund, SICAV-SIF – Baltic States
STATEMENT OF NET ASSETS
as at December 31, 2016
(expressed in EUR)

	Notes	
Total assets		97,532,234
Investments		95,995,877
Securities portfolio		
Listed shares or shares and other variable-yield securities		91,186,121
Undertakings for collective investment		1,149,967
Unquoted shares		1,109,789
Bonds		2,550,000
Liquid assets		951,955
Cash and cash equivalent		951,955
Other assets	3	584,402
Receivables		584,402
Total liabilities		(1,868,972)
Payables	4	(166,619)
Provision for liquidation	11	(1,702,353)
Net assets at the end of the financial year		95,663,262

The accompanying notes are an integral part of these financial statements.

KJK Fund, SICAV-SIF – Baltic States
STATEMENT OF OPERATIONS
as at December 31, 2016
(expressed in EUR)

	Notes	
Total income		3,726,238
Investment income		3,725,381
Dividends (net of withholding taxes)		3,556,868
Interest on bonds and loan receivable		168,513
Other income		857
Bank interest		11
Other sundry income		846
Total charges		(2,619,364)
Commission paid		(475,659)
Management fees	5	(425,000)
Custodian fees	6	(50,659)
Administrative expenses		(52,097)
Central administration costs		(52,097)
Taxes		(12,820)
Subscription tax	7	(10,297)
Other taxes		(2,523)
Other expenses	8	(376,435)
Provision for liquidation	11	(1,702,353)
Net investment income		1,106,874
Net realised gain on securities portfolio	9	459,080
Net realised gain on foreign exchange		7,775
Changes in net unrealised gains on securities portfolio	9	9,934,873
Net increase/(decrease) in Net Assets as result of operations of the year		11,508,602
Subscriptions		-
Redemptions		(14,999,996)
Net Assets at the beginning of the year		99,154,656
Net Assets at the end of the year		95,663,262

The accompanying notes are an integral part of these financial statements.

KJK Fund, SICAV-SIF – Baltic States

STATEMENT OF INVESTMENTS

as at December 31, 2016

Listed shares and other variable-yield securities	Quantity	Currency	Acquisition cost	Net realizable value	% Net assets
			EUR	EUR	
<u>Estonia</u>					
AS Baltika	12,590,914	EUR	6,888,611	3,563,229	3,72%
AS Harju Elekter	1,899,768	EUR	4,491,857	7,223,950	7,55%
As Merko Ehitus	974,126	EUR	6,342,681	6,005,423	6,28%
Ekspress Grupp	4,002,052	EUR	6,530,093	7,305,930	7,64%
Nordecon	2,007,949	EUR	4,675,083	2,670,572	2,79%
Olympic Entertainment Group	1,204,342	EUR	2,222,314	2,143,729	2,24%
PRFoods	4,063,456	EUR	2,483,584	2,655,127	2,78%
Tallink Group Ltd	24,829,806	EUR	7,098,736	22,669,613	23,70%
Tallinna Kaubamaja AS	2,819,980	EUR	17,222,402	23,208,435	24,26%
			57,955,361	77,446,008	80,96%
<u>Lithuania</u>					
Klaipėdos Nafta PVA	8,873,101	EUR	2,461,449	5,552,518	5,80%
Siauliai Bankas	8,494,961	EUR	3,291,636	3,814,237	3,99%
			5,753,085	9,366,755	9,79%
<u>Latvia</u>					
Latvian Shipping CO	5,000,000	EUR	3,404,274	4,373,358	4,57%
			3,404,274	4,373,358	4,57%
Total listed shares and other variable- yield securities			67,112,720	91,186,121	95,32%
Undertakings for Collective Investments					
<u>Luxembourg</u>					
Amber Trust SCA- ordinary share	485	EUR	577,218	1,149,967	1,20%
			577,218	1,149,967	1,20%
Total Undertakings for Collective Investments			577,218	1,149,967	1,20%
Unquoted shares					
<u>Estonia</u>					
Teede Rev- 2	1,800,595	EUR	1,017,004	1,109,789	1,16%
			1,017,004	1,109,789	1,16%
<u>Latvia</u>					
Reverta (with voting right)	13,545	EUR	50,009	-	0,00%
Reverta (without voting right)	282,980	EUR	950,191	-	0,00%
			1,000,200	-	0,00%
Total Unquoted shares			2,017,204	1,109,789	1,16%
Bonds					
	Maturity	Interest rate	Acquisition cost	Carrying value	% net assets
			EUR	EUR	
AS Baltika	28/07/2017	6,50%	2,550,000	2,550,000	2,67%
			2,550,000	2,550,000	2,67%
Total Bonds			2,550,000	2,550,000	2,67%
Total securities portfolio			72,257,142	95,995,877	100,35%

The accompanying notes are an integral part of these financial statements.

KJK Fund, SICAV-SIF – Baltic States
NOTES TO FINANCIAL STATEMENTS
as at December 31, 2016 (expressed in EUR)

NOTE 1 – GENERAL

KJK FUND SICAV - SIF (the "Fund" or the "SICAV") is a "*Société d'Investissement à Capital Variable*" ("SICAV") incorporated on March 27, 2002 for an unlimited period as a *société anonyme* (public limited company) in accordance with the Luxembourg law of August 10, 1915 as amended, and is organized since February 22, 2008 in accordance with the Luxembourg law dated February 13, 2007 relating to specialized investment funds ("2007 Law"). The Fund was governed by Part II of the Law of December 20, 2002 until that date. The Fund is considered as an alternative investment Fund ("AIF") within the meaning of the law of July 12, 2013 on alternative investment Fund managers, as amended from time to time (the "AIFM Law").

The Memorandum and Articles of Association of the Fund were published in the *Mémorial, Recueil Spécial des Sociétés et Associations du Grand-Duché de Luxembourg* and filed with the Registry of the Luxembourg District Court where they may be consulted and copies may be obtained upon payment of Registry fees.

The Fund is registered with the Luxembourg Register of Companies under number B 86 729.

The Fund has only one Sub-Fund "KJK Fund, SICAV-SIF – Baltic States" (the "Sub-Fund").

The Sub-Fund is established for a limited period expiring by the end of December 2017, including the two year extension approved by the Supervisory Board on July 6, 2015.

At the expiry of the first year extension in December 2016, the Supervisory Board resolved to decide to continue the Sub-Fund until December, 2017. Accordingly, the Fund will be automatically put into liquidation at that date. Therefore the financial statements of KJK Fund SICAV-SIF as of 31 December 2016 have been prepared on a liquidation basis.

KJK Management S.A. (the "Investment Manager") is responsible for and has authority over all aspects of the Fund's business and investments. The Investment Manager has been incorporated in Luxembourg on October 27, 2010 and is registered with the *Registre de Commerce de Luxembourg* under Number B 156 627. The Investment Manager is also authorized under article 5 of the law of July 12, 2013 on Alternative Investment Fund Managers, with the Commission de Surveillance du Secteur Financier ("CSSF") as an Alternative Investment Fund Manager since June 9, 2015.

The Fund offered the following share classes to the investors:

Shares Name	Description
Capitalisation B1 (EUR)	Capitalisation shares dedicated linked to participating shares 1
Capitalisation B2 (EUR)	Capitalisation shares dedicated linked to participating shares 2
Participating Shares 1 (EUR)	Reserved to the Investment Manager; and or its designees
Participating Shares 2 (EUR)	Reserved to the Investment Manager; and or its designees

The Net Asset Value ("NAV") of the Sub-Fund is calculated on the last business day of each month.

KJK Fund, SICAV-SIF – Baltic States
NOTES TO FINANCIAL STATEMENTS (continued)
as at December 31, 2016 (expressed in EUR)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The financial statements have been prepared in accordance with the Luxembourg legal and regulatory requirements (“Luxembourg GAAP”), notably with Title II of the law of December 19, 2002 relating to the register of commerce and companies, bookkeeping, annual company accounts and modification of certain other legal dispositions (the “Accounting Law”), as well as in compliance with valuation principles as per article 28(4) and the reporting principles of articles 52 and 53 and the relating reporting schedule in the Annex of the SIF Law.

As mentioned in Note 1, Since the Fund’s life will end on December 2017 and it is expected that no further extension of life would be decided by the shareholders, the financial statements as at 31 December 2016 have been prepared on a liquidation basis. As such, assets are recorded at net realizable value and liabilities at estimated settlement amounts. Therefore, the Fund has accrued for all expected costs that were not already recorded, provided it has a reasonable basis for estimating those amounts.

Currency conversion

The financial statements have been drawn up in Euro (“EUR”) which is the accounting currency of the Sub-Fund. Assets and liabilities expressed in currencies other than EUR are converted into EUR at the exchange rate prevailing as at December 31, 2016.

Securities valuation

The securities which are admitted to official stock exchange listing or dealt in on another regulated market or quoted on market characterised by quoted prices that are readily available from an exchange, broker, dealer, industry group, pricing services or regulatory agency, and if those prices represent actual and regularly occurring market transactions on arm’s length basis are valued on the basis of the last available bid price prevailing on the valuation date. If securities are listed on several stock exchanges or markets, the last known bid price on the principal market will be applied.

Investments in open-ended investment funds, either listed or not, are valued on the basis of their last available Net Asset Value per share.

Other securities not listed or not traded on a stock exchange or on any other regulated market and securities listed or traded on such a market but whose last known price is not representative, are valued with prudence and in good faith on the basis of their probable realisation value, using the following guidelines:

- Unquoted securities will be valued based on the realisation value, which will be estimated with prudence and good faith. For private equity investments the guidelines and principles for valuation of portfolio companies set out by Invest Europe (formerly the European Venture Capital Association (“EVCA”)) will be taken into account, with particular consideration of the following factors: investment in companies acquired in the 12 month period prior to the valuation date will be valued at cost, in absence of any events that may result in the acquisition price no longer being representative of the investment’s net realizable value;
- Where a significant transaction, which establishes an arm’s length price has been effected, this transaction will form the basis of valuation;
- Otherwise, unquoted companies will normally be valued by reference to their profits and relevant financial multiples (P/E, P/CF, EV/EBIT, EV/EBITDA) applicable to comparable quoted companies less a suitable discount to reflect the lack of liquidity of the shares. Profits for the purpose of the valuations will be those disclosed in the latest audited accounts taking into consideration subsequent management accounts. In the event that there do not exist appropriate comparable companies, the following methods of valuation will be used:
 - By reference to the relevant and applicable sub-sector average multiple;
 - The Management Board of the SICAV may apply the actual entry multiple paid for the investment to the investments last trading figures;
 - Consideration, if applicable, will also be given to other factors including the asset backing, current year budgeted profits and any other short-term prospects of the sale of shares of the portfolio Fund

KJK Fund, SICAV-SIF – Baltic States
NOTES TO FINANCIAL STATEMENTS (continued)
as at December 31, 2016 (expressed in EUR)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

Securities valuation (continued)

Due to the inherent uncertainty of valuation, the estimated net realizable values of private equity investments may differ significantly from the market values that would have been used had a ready market existed for the investments and these differences could be material.

As at December 31, 2016, the investments held are valued as follows:

Name of investment	Listing status	Basis of valuation
AS BALTIKA	Listed	Market price
AS HARJU ELEKTER	Listed	Market multiples
AS MERKO EHITUS	Listed	Market multiples
EKSPRESS GRUPP	Listed	Market multiples
KLAIPEDOS NAFTA PVA	Listed	Market multiples
LATVIAN SHIPPING CO (LATVIJAS KUGNIECIBA)	Listed	Market multiples
NORDECON	Listed	Market price
OLYMPIC ENTERTAINMENT GROUP	Listed	Market price
PRFOODS	Listed	Market multiples
SIAULIU BANKAS	Listed	Market price
TALLINK GROUP LTD	Listed	Market price
TALLINNA KAUBAMAJA AS	Listed	Market price
AMBER TRUST SCA - Ordinary share	Unlisted	NAV/share
TEEDE REV-2	Unlisted	Market multiples
REVERTA (with voting right)	Unlisted	Net Assets
REVERTA (without voting right)	Unlisted	Net Assets

Income

Dividends are accounted for on the ex-date.

Interest is accrued on a daily basis.

NOTE 3 – OTHER ASSETS

As at December 31, 2016, other assets are composed of:

	EUR
Interest to be received	408,390
Harju Elekter receivable	132,984
Kitron receivable	34,754
Other receivables	8,274
Total Other Assets	<u>584,402</u>

KJK Fund, SICAV-SIF – Baltic States
NOTES TO FINANCIAL STATEMENTS (continued)
as at December 31, 2016 (expressed in EUR)

NOTE 3 – OTHER ASSETS (continued)

The Fund has interest receivable of EUR 408,390 from AS Baltika bonds.

The Harju Elekter receivable, amounting to EUR 132,984 is due to a capital reduction from Harju Elekter.

The Kitron receivable, amounting to EUR 34,754 is relating to a dividend due from Kitron.

NOTE 4 – PAYABLES

As at December 31, 2016, payables are composed of:

	EUR
Audit Fees	75,449
SGG Fees	44,597
Management Fees	29,167
Administration Fees	7,500
Custody Fees	4,679
Other payables	2,604
AIFM Fee payable	2,500
VAT payable	123
Total payables	166,619

NOTE 5 – MANAGEMENT FEES

In 2015 the Sub-Fund paid a fixed fee of EUR 700,000 per annum to KJK Management SA, the Investment Manager.

On July 31, 2015, the ordinary general meeting of the shareholders resolved to amend section 9 “Management Fee” of Appendix A “KJK Fund SICAV-SIF Baltic States” of the Placement Memorandum as follows:

“In consideration for the management services performed for the benefit of the Sub-Fund, the Investment Manager or its designee is entitled to receive from the Sub-Fund a fixed management fee of three hundred and fifty thousand euros (EUR 350,000.-) per annum, payable monthly in advance in equal portion/amount (excluding transaction and other non-investment management related operating costs and taxes).

Such annual management fee will be paid monthly in advance by the Sub-Fund to the Investment Manager or its designee, as from January 1, 2016. This fixed management fee will be payable whether or not the management of the Sub-Fund is profitable.

An exit complementary management fee of zero point five percent (0.5%) will be added to the fixed management fee on all distributions made / monies returned to shareholders holding Investors Shares B. In 2016, the exit complementary management fee represented EUR 75,000.

In case where the net assets value has decreased substantially and as a result the management fee becomes higher than two percent (2%) of net assets, the Management Board would have to submit the issue to the knowledge of the Supervisory Board prior to convening a general meeting of shareholders to decide on the continuation of the activities of the Sub-Fund and/or revisit the management fee structure.”

KJK Fund, SICAV-SIF – Baltic States
NOTES TO FINANCIAL STATEMENTS (continued)
as at December 31, 2016 (expressed in EUR)

NOTE 6 – CUSTODIAN FEES

The depositary bank is remunerated in accordance with the agreement between ING Luxembourg, acting as the custodian, and the SICAV.

NOTE 7 – SUBSCRIPTION TAX

The Fund is liable in Luxembourg to a subscription tax ("*taxe d'abonnement*") of 0.01% per annum. The subscription tax is paid quarterly and calculated on the Net Asset Value at the end of the relevant calendar quarter.

No subscription tax is paid on the Net Assets held by the Fund in other UCIs already subject to that tax in Luxembourg.

NOTE 8 – OTHER EXPENSES

As at December 31, 2016, other expenses are mainly composed of

	EUR
Audit Fees	130,024
AIFM expenses	85,994
Extraordinary charges	58,333
Reimbursement of KJK Management S.A. expenses	32,834
Transaction bank charges	31,043
Legal Fees	19,833
Director Fees	9,600
Other Fees	8,774
Total other expenses	<u>376,435</u>

The AIFM expenses correspond to recharged costs incurred by KJK Management S.A. in its capacity of AIFM of the Fund. These costs consist mainly of internal audit, independent director, legal and compliance expenses, professional insurance and sundry expenses.

The "Reimbursement of KJK Management S.A. expenses" consist of expenses incurred by KJK Management S.A. in its capacity of Investment Manager of the Fund. These expenses relate to portfolio prospection costs and audit related travel expenses.

The caption "Extraordinary charges" refer to the reversal of an undue receivable recorded in 2014.

KJK Fund, SICAV-SIF – Baltic States
NOTES TO FINANCIAL STATEMENTS (continued)
as at December 31, 2016 (expressed in EUR)

NOTE 9 – REALISED AND UNREALISED GAINS AND LOSSES

	EUR
<u>Net realised gains on securities portfolio</u>	
Gains	1,929,238
Losses	(1,470,158)
Net realised gains/losses on securities portfolio	<u>459,080</u>
<u>Change in net unrealised gain or (losses) on securities portfolio</u>	
Change in unrealised gains	14,411,711
Change in unrealised losses	(4,476,838)
Net change in unrealised gains/losses on securities portfolio	<u>9,934,873</u>

NOTE 10 – PERFORMANCE FEES

Unrealised profits attached to, and proceeds deriving from income from and/or disposals of, Portfolio Investments will be apportioned amongst Investors Shares and Participating Shares, as follows, in order for the Participating Shares to support an incentive/performance compensation benefiting to the holders thereof:

Participating Shares (1). With respect to each Valuation Day after the beginning of the Additional Offering Period, Participating Shares 1 shall be allocated twelve and one half percent (12,5%) of the return of Investors Shares A1 and Investors Shares B1 in excess of the greater of the (i) return of Baltic equity market index and (ii) cumulative 12% p.a., with high watermark and performance assessment starting as at the first day of the Additional Offering Period.

Participating Shares (2). Likewise, with respect to each Valuation Day after the beginning of the Additional Offering Period, Participating Shares 2 shall be allocated twelve and one half percent (12,5%) of the return of Investors Shares A2 and Investors Shares B2 in excess of the greater of the (i) return of 50/50 hybrid of Baltic equity market index and cumulative 12% p.a. and (ii) cumulative 12% p.a.; with high watermark and performance assessment starting as at the first day of the Additional Offering Period.

Participating Shares shall be issued as capitalisation shares, i.e. they will never pay out any dividend. Participating Shares shall never be redeemed by the Sub-Fund, either at the request of Special Investors or otherwise, before December 31, 2011 (the “Participating Shares Lock-Up). After the Participating Shares Lock-Up, Participating Shares shall be redeemed at the request of Special Investors and/or upon decision of the Board with an absolute limit applicable to each Special Investor of fifty percent (50%) of the shareholding position of each Special Investor until the date of the payment of the liquidation proceeds of the Sub-Fund.

The total Net Asset Value of Participating Shares 1 and Participating Shares 2 shall be subject to an overall cap of EUR 3,500,000, Participating Shares 1 and Participating Shares 2 that may have been previously redeemed included.

KJK Fund, SICAV-SIF – Baltic States
NOTES TO FINANCIAL STATEMENTS (continued)
as at December 31, 2016 (expressed in EUR)

Note 11 – PROVISION FOR LIQUIDATION

The Manager estimates that the liquidation period will last until December 31, 2018. Accordingly, the Fund accrued all anticipated expenses for the period of liquidation.

The expenses include audit fees, legal fees, management fees / liquidator fees, administration fees, custody fees, publication fees for anticipated period of liquidation and estimated transaction costs linked to the liquidation.

The total liquidation accruals, as of December 31, 2016, amounts to EUR 1,702,353.

NOTE 12 – CHANGES IN THE COMPOSITION OF THE SECURITIES PORTFOLIO

These changes are made available to the shareholders at the custodian bank and at the Fund's registered office as well as at the financial servicing institutions identified in this report. They will also be sent free of charge to anyone who so requests.

NOTE 13 – SUBSEQUENT EVENTS

There are no material transactions subsequent to the year end.



KJK Fund S.A., SICAV-SIF (in liquidation)

Société d'Investissement à Capital Variable
Fonds d'Investissement Spécialisé

Luxembourg

Financial statements and independent auditor's report
For the year ended December 31, 2017



No subscription can be received on the basis of the financial statements alone. Subscriptions are only valid if made on the basis of the current prospectus, accompanied by the latest annual report and the most recent semi-annual report, if published thereafter

The prospectus, the statutes, the annual report are made available to the shareholders at the custodian bank and at the Fund's registered office as well as at the financial servicing institutions identified in this report. They will also be sent free of charge to anyone who so requests.

The information given in this report is for reference purposes only. It is not a guide to future results.

Luxembourg B 86.729





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MANAGEMENT AND ADMINISTRATION

REGISTERED OFFICE OF THE FUND

KJK Fund S.A., SICAV-SIF.
412F, Route d'Esch
L-2086 Luxembourg
Grand-Duchy of Luxembourg

MANAGEMENT BOARD (until December 31, 2017)

CHAIRMAN

Mr Kustaa Äimä
CEO, partner
KJK Capital Oy

MEMBERS

Mr. Kari Salonen
Partner
KJK Capital Oy

Mr. Jaakko Salmelin
Partner
KJK Capital Oy

SUPERVISORY BOARD (until December 31, 2017)

CHAIRMAN

Mr Leif Hasager
Chief Investment Officer
Formuepleje

MEMBERS

Mr. Karri Mäkitalo
Director
KJK Capital Oy

Mr. Antti Palkén
Director
OP Insurance &
Pension Investments

LIQUIDATOR (from January 1, 2018)

KJK Management S.A.
12F rue Guillaume Kroll,
L-2086 Luxembourg
Grand-Duchy of Luxembourg

INVESTMENT MANAGER AND ALTERNATIVE INVESTMENT FUND MANAGER

KJK Management S.A.
12F rue Guillaume Kroll,
L-2086 Luxembourg
Grand-Duchy of Luxembourg

INVESTMENT ADVISORS

KJK Capital Oy
14C, Kalevankatu
00100 Helsinki
Finland

UAB Pro Finance
Odminiu Street, 8
LT 01122 Vilnius
Lithuania

ADMINISTRATIVE, DOMICILIARY AND REGISTRAR

SGG S.A.
412F, route d'Esch
L-2086 Luxembourg
Grand-Duchy of Luxembourg

DEPOSITARY AND TRANSFER AGENT

ING Luxembourg S.A.
52, route d'Esch
L-2965 Luxembourg
Grand-Duchy of Luxembourg

INDEPENDENT AUDITOR

Ernst & Young S.A.
35E, avenue John F Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISOR

Arendt & Medernach
41A, avenue John F Kennedy
L-2082 Luxembourg
Grand Duchy of Luxembourg





MANAGEMENT AND LIQUIDATOR'S REPORT

Dear shareholders,

Equity market performance

Year of 2017 was good for Baltic equities. The first four months of the year the Baltic markets were relatively flat, but the summer months showed strong positive performance. Markets stabilized again for the last months of the year, but due to the strong summer rally all Baltic markets ended 2017 on a very positive note. The Latvian OMX Riga had the best performance with a 35.6% increase. This was to a large extent thanks to Latvian Shipping Company buy-out offer made by Vitol Netherlands where the offered price was 59.6% higher than market price before the offer. Lithuanian OMX Vilnius index was up 17.0% and Estonian OMX Tallinn index advanced 15.5% during the year. The pan Baltic OMX Baltic General index was up 18.3% for the year. In comparison, KJK Fund Baltic States full year performance showed an 22.2% increase of the NAV for both B1 and B2 share classes.

Liquidity in the Baltic markets remained rather subdued last year. The combined average daily turnover increased from EUR 1.1 million in 2016 to circa EUR 1.2 million last year. Number of trades was also quite low, with approximately 530 individual trades per day. The markets saw one new listing as the Estonian closed alternative investment fund EfTEN Real Estate Fund III AS shares were listed on Tallinn Stock Exchange in November.

Macro-economic performance

On the macroeconomic front, the Baltics continued with solid economic performance thanks to strong exports and growth in industrial output as well as robust retail sales. Estonia's GDP showed the strongest annual gain of 4.9% boosted by 5% gain in Q4 alone, while Latvia's economy grew 4.5% during the year with a 4.2% gain in Q4. Lithuania's annual GDP growth was 3.5% with a Q4 growth of 3.6%.

In 2017 Estonian exports grew 7.5% to EUR 12.8 billion while Latvian exports grew 10.4% to EUR 11.4 billion. Lithuanian exports jumped a whopping 17% compared to 2016 after a slight decline in 2016. Retail sales grew in all three Baltic countries: highest annual growth rate was recorded in Latvia with 7.3%, up from 2.6% in 2016. Lithuania's retail sales grew 5%, down from 6.3% in 2016, followed by Estonia's more modest 2.3% increase, up from 1.8% in 2016. Unemployment which peaked at an average 17.8% in 2010 continued to decline further during the year. The average unemployment rate was 5.3% in Estonia, down from 6.8% in 2016. Lithuania's unemployment dropped from 7.9% to 7.1% in 2017, while Latvia's declined to 8.7% from 9.6%. After robust economic growth and lower unemployment figures, inflation has picked-up expectedly in all three counties for the first time in three years: Estonia's inflation was 3.4%, up from 0.1% in 2016 and deflationary 0.5% in 2015. In Latvia inflation reached 2.9% after 0.1% recorded in 2016. Lithuania recorded 3.9% increase in consumer prices after 0.9% in 2016.

During last year there were no major credit rating changes. The current sovereign ratings are (Moody's, S&P and Fitch) A1/AA-/A+ for Estonia, A3/A-/A- for Latvia and A3/A/A- for Lithuania, with S&P upgrading Lithuania just recently in March 2018 from A- to A.

Portfolio performance

Within the portfolio, most of the companies showed decent sales and profit growth during the year. The Fund successfully made two different full exits; the Fund sold all its shares in Olympic Entertainment Group and Latvian Shipping Company. In addition, the Fund sold part of its Nordecon position. In addition to the above sales, Nordecon executed share capital reduction. Finally, the Fund received dividend income from ten different portfolio companies over the year.





LIQUIDATOR'S REPORT (continued)

Distributions and beginning of liquidation period

During the year, the Fund made two separate cash distributions to shareholders as pro-rata redemptions. Total value of cash distributions was ca. EUR 8 million, which represented ca. 8.4% of NAV as of December 31, 2016. On December 14, 2017 the Fund held a General Meeting of Shareholders which formally acknowledged the automatic dissolution of the Fund pursuant to the expiration of the Fund's term at December 31, 2017. KJK Management S.A. has been formally appointed as liquidator and shall be updating the shareholders with progress on the Fund's exits during the liquidation period.

Outlook

With continuing economic growth foreseen for 2018 and strengthening corporate fundamentals, the Liquidator expects the year 2018 to be a successful year for the Fund.

On behalf of the liquidator,

Kustaa Äimä
Chairman of the Board of Directors





ADDITIONAL INFORMATION FOR THE SHAREHOLDERS OF THE FUND (UNAUDITED)

KJK Management S.A. was approved as an AIFM on June 9, 2015. The Manager wishes to inform the Investors of certain additional information as required under the AIFMD

1. Remuneration

The AIFMD requires certain qualitative and quantitative disclosures on remuneration to assist the understanding of the risk profile of KJK Fund SICAV-SIF (the “Fund”).

The primary aim of KJK Management S.A. (the “Manager”) is to achieve excellent investment returns for its clients and believes that this focus on asset performance has been a key contributor to its success in the past and will continue to be so in the future. The Manager believes that fund management organisations with strong alignment structures are going to be best placed to attract, retain and motivate key talent and hence have the greatest likelihood of generating long-term outperformance.

The Manager’s remuneration philosophy reflects this primary aim and is based on rewarding individual contribution whilst ensuring that its investment team remain a cohesive group that retains its team-based culture. The Manager’s goal has been to create a culture which is based upon performance rather than entitlement and long-term business viability rather than short-term personal gain.

The Manager’s remuneration arrangements need to promote effective risk management and be consistent with its risk profile, risk structure and risk strategy.

The table below shows the total remuneration paid to senior management of the Manager in relation to their management of the Fund’s activities. Fixed remuneration consists entirely of fees paid.

	2017 €
Fixed remuneration	133,238
Variable remuneration	-
Total remuneration	133,238
Number of beneficiaries	3

The total fees paid to KJK Capital Oy in its capacity as delegated portfolio manager amounted to EUR 365.200 in 2017 and KJK Capital Oy is subject to regulatory requirements on remunerations that are equally as effective as those applicable to the Manager under the ESMA guidelines ESMA/2013/232 since KJK Capital Oy is authorised by the Finnish Financial Supervision Authority to provide investment advisory, management and related support services for investment funds and fund management companies in accordance with the MiFID.

The Manager’s remuneration policy is available on request to investors in the Fund and the Manager’s contact details are shown on the administration page at the back of the annual report.

2. Conflicts of Interest

The Manager has implemented a policy for managing conflicts of interest that is regularly reviewed. The policy identifies potential areas of conflict and seeks to prevent their occurrence and any harmful consequences.





**ADDITIONAL INFORMATION FOR THE SHAREHOLDERS OF THE FUND
(UNAUDITED) (continued)**

3. Material Changes

The Manager would confirm that there have been no material changes to the items included in Art 21 of the Law of 12th July 2013.

4. Risk Profile and the Risk Management Systems

The Manager confirms that the Fund's Risk Profile has not been changed. The risks associated with investment in the Fund are as stated in the Offering Memorandum.

The Manager has updated the Risk Management System in line with AIFMD and CSSF requirements. Details of the Risk Management System may be made available to investors on request at the Registered Office of the Manager.

In conjunction with this, the Manager confirms that no new arrangements have been made for managing the liquidity profile of the Fund. Additionally, there are no assets subject to any special arrangements arising from their illiquid nature.

5. Leverage

The Fund does not employ leverage.

6. Control of non-Listed Companies

The Fund has no controlling interest in any investment



Independent auditor's report

To the Shareholders of
KJK Fund SICAV-SIF (in liquidation)
412F, route d'Esch
L-2086 Luxembourg

Opinion

We have audited the financial statements of KJK Fund SICAV-SIF (in liquidation) (the "Fund"), which comprise the statement of net assets as at 31 December 2017 and the statement of operations and changes in net assets for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2017, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the « responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements » section of our report. We are also independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Management Board of the Fund (the "Manager" and "Liquidator") is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Manager and Liquidator of the Fund and those charged with governance for the financial statements

The Manager and Liquidator of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Manager and Liquidator of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and Liquidator of the Fund has used the non-going concern basis of accounting.

Responsibilities of the “réviseur d’entreprises agréé” for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and Liquidator of the Fund.

- Conclude on the appropriateness of the Manager and Liquidator of the Fund use of the non-going concern basis of accounting. Our conclusions are based on the audit evidence obtained up to the date of our report of the “réviseur d’entreprises agréé”.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Alain Kinsch

**STATISTICAL INFORMATION****KJK Fund SICAV-SIF – Baltic States (in liquidation)****Total net assets**

- as at December 31, 2017	EUR	107,966,800
- as at December 31, 2016	EUR	95,663,262
- as at December 31, 2015	EUR	99,154,656

Net asset value per share

Capitalisation B1	- as at December 31, 2017	EUR	2,753.19
	- as at December 31, 2016	EUR	2,252.63
	- as at December 31, 2015	EUR	2,016.79
Capitalisation B2	- as at December 31, 2017	EUR	2,753.19
	- as at December 31, 2016	EUR	2,252.63
	- as at December 31, 2015	EUR	2,016.79
Participating share 1	- as at December 31, 2017	EUR	1.00
	- as at December 31, 2016	EUR	1.00
	- as at December 31, 2015	EUR	1.00
Participating share 2	- as at December 31, 2017	EUR	1.00
	- as at December 31, 2016	EUR	1.00
	- as at December 31, 2015	EUR	1.00

Number of shares

Capitalisation B1	- as at December 31, 2017	38,062
	- as at December 31, 2016	41,218
	- as at December 31, 2015	47,718
Capitalisation B2	- as at December 31, 2017	1,150
	- as at December 31, 2016	1,245
	- as at December 31, 2015	1,442
Participating share 1	- as at December 31, 2017	5,000
	- as at December 31, 2016	5,000
	- as at December 31, 2015	5,000
Participating share 2	- as at December 31, 2017	5,000
	- as at December 31, 2016	5,000
	- as at December 31, 2015	5,000



**STATEMENT OF NET ASSETS**
as at December 31,2017

	Notes	KJK Fund, SICAV-SIF- Baltic States (in liquidation)
Total assets		109,899,184
Investments		108,905,639
Securities portfolio		
Listed shares or shares and other variable-yield securities		102,041,165
Undertakings for collective investment		1,192,432
Unquoted shares		2,072,042
Bonds		3,600,000
Liquid assets		879,250
Cash and cash equivalents		879,250
Other assets	3	114,295
Receivables		114,295
Total liabilities		(1,932,384)
Payables	4	(305,887)
Provision for liquidation	11	(1,626,497)
Net assets at the end of the year		107,966,800

The accompanying notes form an integral part of these financial statements.



**STATEMENT OF OPERATIONS**
For the year ended December 31, 2017

	Notes	KJK Fund, SICAV-SIF- Baltic States (in liquidation)
Total income		4,874,881
Investment Income		4,175,156
Dividends (net of withholding taxes)		3,970,559
Interest on bonds and loan receivables		204,597
Other Income		699,725
Reversal of provision for liquidation		699,725
Total charges		(1,472,125)
Commission paid		(497,650)
Management fees	5	(390,000)
Custodian fees	6	(107,650)
Administrative expenses	8	(282,738)
Central administration costs		(53,658)
Audit and inspection costs		(86,956)
Other administrative expenses		(142,124)
Taxes		(12,486)
Subscription tax	7	(9,954)
Other taxes		(2,532)
Interest expenses		(5,236)
Other expenses		(50,146)
Provision for liquidation	11	(623,869)
Net investment income		3,402,756
Net realized gain on securities portfolio	9	(8,164)
Net realized gain on foreign exchange		(2,932)
Change in net unrealized gain or (losses) on securities portfolio	9	16,911,875
Net increase/(decrease) in Net Assets as result of operations of the year		20,303,535
Subscriptions		-
Redemptions		(7,999,997)
Net Assets at the beginning of the year		95,663,262
Net Assets at the end of the year		107,966,800

The accompanying notes form an integral part of these financial statements.





STATEMENT OF INVESTMENTS
as at December 31, 2017

KJK Fund SICAV-SIF
-Baltic States
(in liquidation)

Listed shares and other variable-yield securities

			Acquisition cost	Net realizable	% net assets
	Quantity	Currency	EUR	EUR	
Estonia					
AS Baltika	15,870,914	EUR	7,790,611	4,047,083	3.75%
AS Harju Elekter	1,899,768	EUR	4,491,857	9,498,840	8.80%
As Merko Ehitus	974,126	EUR	6,342,681	8,582,050	7.95%
Ekspress Grupp	4,002,052	EUR	6,530,093	5,002,565	4.63%
Nordecon	1,907,949	EUR	4,356,397	2,363,874	2.19%
PRFoods	4,063,456	EUR	2,483,584	3,343,857	3.10%
Tallink Group Ltd	24,829,806	EUR	7,098,736	31,037,258	28.75%
Tallinna Kaubamaja AS	2,819,980	EUR	17,222,402	25,943,816	24.03%
			56,316,361	89,819,343	83.20%
Lithuania					
Klaipėdos Nafta PVA	8,873,101	EUR	2,461,449	6,217,584	5.76%
Siauliu Bankas	10,193,953	EUR	3,291,636	6,004,238	5.56%
			5,753,085	12,221,822	11.32%
Total listed shares and other variable-yield securities			62,069,446	102,041,165	94.52%

Undertakings for Collective Investments

			Acquisition cost	Net realizable	% net assets
	Quantity	Currency	EUR	EUR	
Luxembourg					
Amber Trust SCA - ordinary shar	485	EUR	577,218	1,192,432	1.10%
			577,218	1,192,432	1.10%
Total Undertakings for Collective Investments			577,218	1,192,432	1.10%

Unquoted shares

			Acquisition cost	Net realizable	% net assets
	Quantity	Currency	EUR	EUR	
Estonia					
Teede Rev - 2	1,784,946	EUR	1,008,165	2,072,042	1.92%
			1,008,165	2,072,042	1.92%
Latvia					
Reverta (with voting right)	13,545	EUR	50,009	-	0.00%
Reverta (without voting right)	282,980	EUR	950,191	-	0.00%
			1,000,200	-	0.00%
Total Unquoted shares			2,008,365	2,072,042	1.92%

Bonds

	Maturity	Interest rate	Acquisition cost	Carrying value	% net assets
			EUR	EUR	
Estonia					
AS Baltika	16/08/2019	6.00%	3,600,000	3,600,000	3.33%
			3,600,000	3,600,000	3.33%
Total bonds			3,600,000	3,600,000	3.33%
Total securities portfolio			68,255,029	108,905,639	100.87%

The accompanying notes form an integral part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**
as at December 31, 2017**NOTE 1 - GENERAL**

KJK FUND SICAV - SIF (the "Fund" or the "SICAV") (in liquidation) is a "*Société d'Investissement à Capital Variable*" ("SICAV") incorporated on March 27, 2002 for an unlimited period as a *société anonyme* (public limited company) in accordance with the Luxembourg law of August 10, 1915 as amended, and is organized since February 22, 2008 in accordance with the Luxembourg law dated February 13, 2007 relating to specialized investment funds ("2007 Law"). The Fund was governed by Part II of the Law of December 20, 2002 until that date. The Fund is considered as an alternative investment Fund ("AIF") within the meaning of the law of July 12, 2013 on alternative investment Fund managers, as amended from time to time (the "AIFM Law").

The Memorandum and Articles of Association of the Fund were published in the *Mémorial, Recueil Spécial des Sociétés et Associations du Grand-Duché de Luxembourg* and filed with the Registry of the Luxembourg District Court where they may be consulted and copies may be obtained upon payment of Registry fees.

The Fund is registered with the Luxembourg Register of Companies under number B 86 729.

The Fund has only one Sub-Fund "KJK Fund, SICAV-SIF – Baltic States" (the "Sub-Fund").

On December 14, 2017, the General Meeting of the shareholders of the Fund resolved to acknowledge the automatic dissolution of the Sub-Fund pursuant to the expiration of its term on December 31, 2017, and the entering into liquidation as from January 1, 2018. Accordingly, the Fund will be automatically put into liquidation on January 1, 2018, as a consequence of the entering into liquidation of its sole Sub-Fund. The General Meeting of the shareholders also resolved to appoint KJK Management S.A. as the liquidator of the Fund and the Sub-Fund.

Therefore the financial statements of KJK Fund SICAV-SIF (in liquidation) as of December 31, 2017, have been prepared on a liquidation basis.

KJK Management S.A. (the "Investment Manager" and the Liquidator) is responsible for and has authority over all aspects of the Fund's business and investments. It has been incorporated in Luxembourg on October 27, 2010 and is registered with the Registre de Commerce de Luxembourg under Number B 156 627. KJK Management S.A. is also authorized under article 5 of the law of July 12, 2013 on Alternative Investment Fund Managers, with the Commission de Surveillance du Secteur Financier ("CSSF") as an Alternative Investment Fund Manager since June 9, 2015.

The Fund offered the following share classes to the investors:

Shares Name	Description
Capitalisation B1 (EUR)	Capitalisation shares dedicated linked to participating shares 1
Capitalisation B2 (EUR)	Capitalisation shares dedicated linked to participating shares 2
Participating Shares 1 (EUR)	Reserved to the Investment Manager; and or its designees
Participating Shares 2 (EUR)	Reserved to the Investment Manager; and or its designees

The Net Asset Value ("NAV") of the Sub-Fund is calculated on the last business day of each month.





NOTES TO THE FINANCIAL STATEMENTS as at December 31, 2017 (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The financial statements have been prepared in accordance with the Luxembourg legal and regulatory requirements ("Luxembourg GAAP"), notably with Title II of the law of December 19, 2002 relating to the register of commerce and companies, bookkeeping, annual company accounts and modification of certain other legal dispositions (the "Accounting Law"), as well as in compliance with valuation principles as per article 28(4) and the reporting principles of articles 52 and 53 and the relating reporting schedule in the Annex of the SIF Law.

As mentioned in Note 1, Since the Fund's life ended on December 31, 2017, the financial statements as at December 31, 2017, have been prepared on a liquidation basis. As such, assets are recorded at net realizable value and liabilities at estimated settlement amounts. Therefore, the Fund has accrued for all expected costs that were not already recorded, provided it has a reasonable basis for estimating those amounts.

Currency conversion

The financial statements have been drawn up in Euro ("EUR") which is the accounting currency of the Sub-Fund. Assets and liabilities expressed in currencies other than EUR are converted into EUR at the exchange rate prevailing as at December 31, 2017.

Securities valuation

The securities which are admitted to official stock exchange listing or dealt in on another regulated market or quoted on market characterised by quoted prices that are readily available from an exchange, broker, dealer, industry group, pricing services or regulatory agency, and if those prices represent actual and regularly occurring market transactions on arm's length basis are valued on the basis of the last available bid price prevailing on the valuation date. If securities are listed on several stock exchanges or markets, the last known bid price on the principal market will be applied.

Investments in open-ended investment funds, either listed or not, are valued on the basis of their last available Net Asset Value per share.

Other securities not listed or not traded on a stock exchange or on any other regulated market and securities listed or traded on such a market but whose last known price is not representative, are valued with prudence and in good faith on the basis of their probable realisation value, using the following guidelines:

- Unquoted securities will be valued based on the realisation value, which will be estimated with prudence and good faith. For private equity investments the guidelines and principles for valuation of portfolio companies set out by Invest Europe (formerly the European Venture Capital Association ("EVCA")) will be taken into account, with particular consideration of the following factors: investment in companies acquired in the 12 month period prior to the valuation date will be valued at cost, in absence of any events that may result in the acquisition price no longer being representative of the investment's net realizable value;





NOTES TO THE FINANCIAL STATEMENTS
as at December 31, 2017 (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)**Securities valuation (continued)**

• Where a significant transaction, which establishes an arm's length price has been effected, this transaction will form the basis of valuation;

• Otherwise, unquoted companies will normally be valued by reference to their profits and relevant financial multiples (P/E, P/CF, EV/EBIT, EV/EBITDA) applicable to comparable quoted companies less a suitable discount to reflect the lack of liquidity of the shares. Profits for the purpose of the valuations will be those disclosed in the latest audited accounts taking into consideration subsequent management accounts. In the event that there do not exist appropriate comparable companies, the following methods of valuation will be used:

- By reference to the relevant and applicable sub-sector average multiple;
- The Management Board of the SICAV may apply the actual entry multiple paid for the investment to the investments last trading figures;
- Consideration, if applicable, will also be given to other factors including the asset backing, current year budgeted profits and any other short-term prospects of the sale of shares of the portfolio Fund.

Due to the inherent uncertainty of valuation, the estimated net realizable values of private equity investments may differ significantly from the market values that would have been used had a ready market existed for the investments and these differences could be material.

As at December 31, 2017, the investments held are valued as follows:

Name of investment	Listing status	Valuation method
AS Baltika	Listed	Market price
AS Harju Elekter	Listed	Market price
As Merko Ehitus	Listed	Market price
Ekspress Grupp	Listed	Market price
Klaipedos Nafta PVA	Listed	Market multiples
Nordecon	Listed	Recent transactions
PRFoods	Listed	Market multiples
Siauliu Bankas	Listed	Market price
Tallink Group Ltd	Listed	Market price
Tallinna Kaubamaja AS	Listed	Market price
Amber Trust SCA - ordinary share	Unlisted	NAV/share
Teede Rev - 2	Unlisted	Market multiples
Reverta (with voting right)	Unlisted	Net Assets
Reverta (without voting right)	Unlisted	Net Assets

Income

Dividends are accounted for on the ex-date.

Interest is accrued on a daily basis.



**NOTES TO THE FINANCIAL STATEMENTS**
as at December 31, 2017 (continued)**NOTE 3 – OTHER ASSETS**

As at December 31, 2017, other assets are composed of:

	KJK Fund, SICAV-SIF- Baltic States (in liquidation)
Interest to be received	82,200
Kitron receivable	32,095
Total Other Assets	114,295

The Fund has accrued interest receivable of EUR 82,200 from AS Baltika bonds.

The Kitron receivable, amounting to EUR 32,095 is relating to a tax reclaim receivable on a dividend received from Kitron.

NOTE 4 – PAYABLES

As at December 31, 2017, payables are composed of:

	KJK Fund, SICAV-SIF- Baltic States (in liquidation)
Audit Fees	78,698
SGG Fees	11,094
Management Fees	87,500
Administration Fees	7,500
Custody Fees	8,974
Other payables	35,759
AIFM Fee payable	73,426
VAT payable	2,936
Total Payables	305,887





NOTES TO THE FINANCIAL STATEMENTS
as at December 31, 2017 (continued)

NOTE 5 – MANAGEMENT FEES

In consideration for the management services performed for the benefit of the Sub-Fund, the Investment Manager or its designee is entitled to receive from the Sub-Fund a fixed management fee of three hundred and fifty thousand euros (EUR 350,000) per annum, payable monthly in advance in equal portion/amount (excluding transaction and other non-investment management related operating costs and taxes).

Such annual management fee is paid monthly in advance by the Sub-Fund whether or not the management of the Sub-Fund is profitable.

An exit complementary management fee of 0.5% will be added to the fixed management fee on all distributions made / monies returned to shareholders holding Investors Shares B. In 2017, the exit complementary management fee represented EUR 40,000.

In case where the net assets value has decreased substantially and as a result the management fee becomes higher than 2% of net assets, the Management Board would have to submit the issue to the knowledge of the Supervisory Board prior to convening a general meeting of shareholders to decide on the continuation of the activities of the Sub-Fund and/or revisit the management fee structure.”

NOTE 6 – CUSTODIAN FEES

The depositary bank is remunerated in accordance with the agreement between ING Luxembourg, acting as the custodian, and the Fund.

NOTE 7 – SUBSCRIPTION TAX

The Fund is liable in Luxembourg to a subscription tax (“taxe d’abonnement”) of 0.01% per annum. The subscription tax is paid quarterly and calculated on the Net Asset Value at the end of the relevant calendar quarter.

No subscription tax is paid on the Net Assets held by the Fund in other UCIs already subject to that tax in Luxembourg.



**NOTES TO THE FINANCIAL STATEMENTS**
as at December 31, 2017 (continued)**NOTE 8 - ADMINISTRATIVE EXPENSES**

For the year ended December 31, 2017, administrative expenses were mainly composed of:

	KJK Fund, SICAV-SIF- Baltic States (in liquidation)
Central administration costs	(53,658)
Audit and inspection costs	(86,956)
Other administrative expenses, of which:	(142,124)
- <i>Legal fees</i>	(66,590)
- <i>AIFM fees</i>	(73,426)
- <i>Notary fees</i>	(2,108)
Total Administrative Expenses	(282,738)

The AIFM expenses correspond to recharged costs incurred by KJK Management S.A. in its capacity of AIFM of the Fund. These costs consist mainly of internal audit, independent director, legal and compliance expenses, professional insurance and sundry expenses.

NOTE 9 - REALISED AND UNREALISED GAINS AND LOSSES

	KJK Fund, SICAV-SIF- Baltic States (in liquidation)
<u>Net realised gains on securities portfolio</u>	
Gains	172,948
Losses	(181,112)
Net realised gains/losses on securities portfolio	(8,164)
<u>Change in net unrealised gains or (losses) on securities portfolio</u>	
Change in unrealised gains	20,602,470
Change in unrealised losses	(3,690,595)
Net change in unrealised gains/losses on securities portfolio	16,911,875




NOTES TO THE FINANCIAL STATEMENTS
as at December 31, 2017 (continued)**NOTE 10 – PERFORMANCE FEES**

Unrealised profits attached to, and proceeds deriving from income from and/or disposals of, Portfolio Investments will be apportioned amongst Investors Shares and Participating Shares, as follows, in order for the Participating Shares to support an incentive/performance compensation benefiting to the holders thereof:

Participating Shares (1). With respect to each Valuation Day after the beginning of the Additional Offering Period, Participating Shares 1 shall be allocated twelve and one half percent (12,5%) of the return of Investors Shares A1 and Investors Shares B1 in excess of the greater of the (i) return of Baltic equity market index and (ii) cumulative 12% p.a., with high watermark and performance assessment starting as at the first day of the Additional Offering Period.

Participating Shares (2). Likewise, with respect to each Valuation Day after the beginning of the Additional Offering Period, Participating Shares 2 shall be allocated twelve and one half percent (12,5%) of the return of Investors Shares A2 and Investors Shares B2 in excess of the greater of the (i) return of 50/50 hybrid of Baltic equity market index and cumulative 12% p.a. and (ii) cumulative 12% p.a.; with high watermark and performance assessment starting as at the first day of the Additional Offering Period.

Participating Shares shall be issued as capitalisation shares, i.e. they will never pay out any dividend. Participating Shares shall never be redeemed by the Sub-Fund, either at the request of Special Investors or otherwise, before December 31, 2011 (the “Participating Shares Lock-Up). After the Participating Shares Lock-Up, Participating Shares shall be redeemed at the request of Special Investors and/or upon decision of the Board with an absolute limit applicable to each Special Investor of fifty percent (50%) of the shareholding position of each Special Investor until the date of the payment of the liquidation proceeds of the Sub-Fund.

The total Net Asset Value of Participating Shares 1 and Participating Shares 2 shall be subject to an overall cap of EUR 3,500,000, Participating Shares 1 and Participating Shares 2 that may have been previously redeemed included.

As at December 31, 2017, no performance fee is due to the holders of Participating Shares.

NOTE 11 - PROVISION FOR LIQUIDATION

The provision for liquidation include audit fees, legal fees, management / liquidator fees, administration fees, custody fees, publication fees for anticipated period of liquidation and estimated transaction costs linked to the liquidation.

In view of the portfolio activity in 2017, the Manager and liquidator estimates that the liquidation period will last 6 months longer than initially anticipated and should end in June 30, 2019. Accordingly, additional EUR 623,869 have been accrued by the Fund for the extended period of liquidation.

The total liquidation accruals, as of December 31, 2017, amounts to EUR 1,626,497.





NOTES TO THE FINANCIAL STATEMENTS
as at December 31, 2017 (continued)

NOTE 12 – CHANGES IN THE COMPOSITION OF THE SECURITIES PORTFOLIO

These changes are made available to the shareholders at the custodian bank and at the Fund's registered office as well as at the financial servicing institutions identified in this report. They will also be sent free of charge to anyone who so requests.

NOTE 13 - SUBSEQUENT EVENTS

On January 1, 2018, the Sub-Fund entered into liquidation. Accordingly, the Fund was automatically put into liquidation on the same date and KJK Management S.A. started to act as the liquidator of the Fund and the Sub-Fund.

Since the beginning of the liquidation, the Sub-fund realised sales worth EUR 6 million and carried out its 18th pro rata distribution to the shareholders for a total amount of EUR 4 million, representing 3.7% of the net assets at the end of the year.






KJK Fund S.A., SICAV-SIF (in liquidation)

Société d'Investissement à Capital Variable
Fonds d'Investissement Spécialisé


Luxembourg

Financial statements and independent auditor's report
For the year ended December 31, 2018




Kustaa Aïmä
Director

13.6.2019


Jaakko Salmelin

No subscription can be received on the basis of the financial statements alone. Subscriptions are only valid if made on the basis of the current prospectus, accompanied by the latest annual report and the most recent semi-annual report, if published thereafter

The prospectus, the statutes, the annual report are made available to the shareholders at the custodian bank and at the Fund's registered office as well as at the financial servicing institutions identified in this report. They will also be sent free of charge to anyone who so requests.

The information given in this report is for reference purposes only. It is not a guide to future results.

Luxembourg B 86.729





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MANAGEMENT AND ADMINISTRATION

REGISTERED OFFICE OF THE FUND

KJK Fund S.A., SICAV-SIF.
412F, route d'Esch
L-1030 Luxembourg
Grand-Duchy of Luxembourg

LIQUIDATOR (from January 1, 2018)

KJK Management S.A.
9, rue Jean-Pierre Sauvage
L-2514 Luxembourg
Grand-Duchy of Luxembourg

**INVESTMENT MANAGER AND ALTERNATIVE
INVESTMENT FUND MANAGER**

KJK Management S.A.
9, rue Jean-Pierre Sauvage
L-2514 Luxembourg
Grand-Duchy of Luxembourg

INVESTMENT ADVISORS

KJK Capital Oy
14C, Kalevankatu
00100 Helsinki
Finland

UAB Pro Finance
Odminių Street, 8
LT 01122 Vilnius
Lithuania

**ADMINISTRATIVE, DOMICILIARY AND
REGISTRAR**

IQ-EQ Luxembourg S.A.
412F, route d'Esch
L-2086 Luxembourg
Grand-Duchy of Luxembourg

DEPOSITARY AND TRANSFER AGENT

ING Luxembourg S.A.
26, Place de la Gare
L-1616 Luxembourg
Grand-Duchy of Luxembourg

INDEPENDENT AUDITOR

Ernst & Young S.A.
35E, avenue John F Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISOR

Arendt & Medernach
41A, avenue John F Kennedy
L-2082 Luxembourg
Grand Duchy of Luxembourg





MANAGEMENT AND LIQUIDATOR'S REPORT

Dear shareholders,

Equity market performance

The year of 2018 was negative for Baltic equities. During the first six months of the year, the Baltic markets were slightly up, but the summer months showed sideways performance. Markets started to decline in September and the decline steepened towards year-end. Overall, the markets ended with negative note. The Lithuanian OMX Vilnius had the smallest market decline with a 5.6% decrease. The Estonian OMX Tallinn index declined 6.4% and the OMX Riga index decreased 6.7% during the year. The pan Baltic OMX Baltic General index was down 5.9% for the year. In comparison, KJK Fund Baltic States' full year performance showed a 13.4% decrease of the NAV for both B1 and B2 share classes.

Liquidity in the Baltic markets remained rather subdued last year. The combined average daily turnover increased from EUR 1.2 million in 2017 to circa EUR 1.3 million last year. The number of trades was also quite low, with approximately 500 individual trades per day. The markets saw one new listing as the Estonian port operator AS Tallinna Sadam's shares were listed on Tallinn Stock Exchange in June.

Macro-economic performance

On the macroeconomic front, the Baltics continued with solid economic performance due to strong exports and growth in industrial output as well as robust retail sales. Latvia's GDP showed the strongest annual gain of 4.8% boosted by 5.1% gain in Q4 alone, while Estonia's economy grew 3.9% during the year with a 4.2% gain in Q4. Moreover, Lithuania's annual and Q4 GDP growth rate was 3.6%.

In 2018, Estonian exports grew 11.9% to EUR 14.4 billion while Latvian exports grew 8.3% to EUR 12.4 billion and Lithuanian exports increased 7.3% to EUR 28.3 billion. Retail sales grew in all three Baltic countries: highest average monthly retail sales growth rate was recorded in Lithuania with 6.0%, up from 4.7% in 2017. Latvia's average monthly retail sales growth rate was 4.6%, down from 4.3% in 2017, followed by Estonia's more modest 1.6% increase, down from 1.8% in 2017. Unemployment which peaked at an average 17.8% in 2010 continued to decline further during the year. The average unemployment rate was 5.2% in Estonia, down from 5.3% in 2017. Lithuania's unemployment dropped from 7.1% in 2017 to 6.2% in 2018, while Latvia's declined from 8.7% to 7.5%. After robust economic growth and lower unemployment figures, inflation has slightly declined. Estonia's inflation was 3.4%, down from 3.7% in 2017. In Latvia inflation reached 2.5% after 2.9% recorded in 2017. Furthermore, Lithuania recorded a 2.5% increase in consumer prices after a 3.7% increase in 2017.

During 2018, there were several credit rating changes. In March, S&P upgraded Lithuania's rating from A- to A and in September, it upgraded Latvia's rating from A- to A. Last October, Fitch upgraded Estonia's sovereign rating from A+ to AA-. Moreover, the current sovereign ratings are (Moody's, S&P and Fitch) A1/AA-/AA- for Estonia, A3/A/A- for Latvia and A3/A/A- for Lithuania.

Portfolio performance

Within the portfolio, most of the companies showed decent sales and profit growth during the year. The Fund continued its partial exits from Tallinna Kaubamaja, Merko and Nordecon. In February 2019, the Fund finalized its successful exit in Merko. In addition to the above sales, Nordecon executed share capital reduction. Finally, the Fund received dividend income from eight different portfolio companies over the course of the year.





MANAGEMENT AND LIQUIDATOR'S REPORT (continued)

Distributions

During the year, the Fund made three separate cash distributions to shareholders as pro-rata redemptions. The total value of cash distributions was ca. EUR 12 million, which represented ca. 11.1% of NAV as of 31.12.2017.

KJK Management SA has been formally appointed as liquidator and shall be updating the shareholders with progress on the Fund's exit during the liquidation period.

Outlook

With continuing economic growth foreseen for 2019 and strengthening corporate fundamentals, the liquidator expects 2019 to be a successful year for the Fund.

On behalf of the liquidator,

Kustaa Äimä

Chairman of the Board of Directors of KJK Management SA



**ADDITIONAL INFORMATION FOR THE SHAREHOLDERS OF THE FUND
(UNAUDITED)**

KJK Management S.A. was approved as an AIFM on June 9, 2015. The Manager wishes to inform the Investors of certain additional information as required under the AIFMD:

1. Remuneration

The AIFMD requires certain qualitative and quantitative disclosures on remuneration to assist the understanding of the risk profile of KJK Fund SICAV-SIF (the "Fund").

The primary aim of KJK Management S.A. (the "Manager") is to achieve excellent investment returns for its clients and believes that this focus on asset performance has been a key contributor to its success in the past and will continue to be so in the future. The Manager believes that fund management organisations with strong alignment structures are going to be best placed to attract, retain and motivate key talent and hence have the greatest likelihood of generating long-term outperformance.

The Manager's remuneration philosophy reflects this primary aim and is based on rewarding individual contribution whilst ensuring that its investment team remain a cohesive group that retains its team-based culture. The Manager's goal has been to create a culture which is based upon performance rather than entitlement and long-term business viability rather than short-term personal gain.

The Manager's remuneration arrangements need to promote effective risk management and be consistent with its risk profile, risk structure and risk strategy.

The table below shows the total remuneration paid to senior management of the Manager in relation to their management of the Fund's activities. Fixed remuneration consists entirely of fees paid.

	2018 €
Fixed remuneration	258,428
Variable remuneration	20,000
Total remuneration	278,428
Number of beneficiaries	5

The total fees paid to KJK Capital Oy in its capacity as delegated portfolio manager amounted to EUR 386,573 in 2018 and KJK Capital Oy is subject to regulatory requirements on remunerations that are equally as effective as those applicable to the Manager under the ESMA guidelines ESMA/2013/232 since KJK Capital Oy is authorised by the Finnish Financial Supervision Authority to provide investment advisory, management and related support services for investment funds and fund management companies in accordance with the MiFID.

The Manager's remuneration policy is available on request to investors in the Fund and the Manager's contact details are shown on the administration page at the back of the annual report.

2. Conflicts of Interest

The Manager has implemented a policy for managing conflicts of interest that is regularly reviewed. The policy identifies potential areas of conflict and seeks to prevent their occurrence and any harmful consequences.





**ADDITIONAL INFORMATION FOR THE SHAREHOLDERS OF THE FUND
(UNAUDITED) (continued)**

3. Material Changes

The Manager would confirm that there have been no material changes to the items included in Art 21 of the Law of 12th July 2013.

4. Risk Profile and the Risk Management Systems

The Manager confirms that the Fund's Risk Profile has not been changed. The risks associated with investment in the Fund are as stated in the Offering Memorandum.

The Manager has updated the Risk Management System in line with AIFMD and CSSF requirements. Details of the Risk Management System may be made available to investors on request at the Registered Office of the Manager.

In conjunction with this, the Manager confirms that no new arrangements have been made for managing the liquidity profile of the Fund. Additionally, there are no assets subject to any special arrangements arising from their illiquid nature.

5. Leverage

The Fund does not employ leverage.

6. Control of non-Listed Companies

The Fund has no controlling interest in any investment.



Independent auditor's report

To the Shareholders of
KJK Fund SICAV-SIF (in liquidation)
412F, route d'Esch
L-1030 Luxembourg

Opinion

We have audited the financial statements of KJK Fund SICAV-SIF (in liquidation) (the "Fund"), which comprise the statement of net assets as at 31 December 2018, and the statement of operations and changes in net assets for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2018, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

We conducted our audit in accordance with the law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under those Law of 23 July 2016 and ISAs are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

KJK Management S.A. (the "Liquidator") is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Liquidator of the Fund and those charged with governance for the financial statements

The Liquidator of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Liquidator of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Liquidator of the Fund has used the non-going concern basis of accounting.

Responsibilities of the “réviseur d’entreprises agréé” for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Liquidator of the Fund.



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- Conclude on the appropriateness of the Liquidator of the Fund use of the non-going concern basis of accounting. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé".
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé



Alain Kinsch

Luxembourg, 14 June 2019

**STATISTICAL INFORMATION****KJK Fund SICAV-SIF – Baltic States (in liquidation)****Total net assets**

- as at December 31, 2018	EUR	82,051,368
- as at December 31, 2017	EUR	107,966,800
- as at December 31, 2016	EUR	95,663,262

Net asset value per share

Capitalisation B1	- as at December 31, 2018	EUR	2,341.49
	- as at December 31, 2017	EUR	2,753.19
	- as at December 31, 2016	EUR	2,252.63
Capitalisation B2	- as at December 31, 2018	EUR	2,341.49
	- as at December 31, 2017	EUR	2,753.19
	- as at December 31, 2016	EUR	2,252.63
Participating share 1	- as at December 31, 2018	EUR	1.00
	- as at December 31, 2017	EUR	1.00
	- as at December 31, 2016	EUR	1.00
Participating share 2	- as at December 31, 2018	EUR	1.00
	- as at December 31, 2017	EUR	1.00
	- as at December 31, 2016	EUR	1.00

Number of shares

Capitalisation B1	- as at December 31, 2018	34,011
	- as at December 31, 2017	38,062
	- as at December 31, 2016	41,218
Capitalisation B2	- as at December 31, 2018	1,028
	- as at December 31, 2017	1,150
	- as at December 31, 2016	1,245
Participating share 1	- as at December 31, 2018	5,000
	- as at December 31, 2017	5,000
	- as at December 31, 2016	5,000
Participating share 2	- as at December 31, 2018	5,000
	- as at December 31, 2017	5,000
	- as at December 31, 2016	5,000



**STATEMENT OF NET ASSETS**
as at December 31, 2018

	Notes	KJK Fund, SICAV-SIF- Baltic States (in liquidation)
Total assets		84,024,333
Investments		81,907,730
Securities portfolio		
Listed shares or shares and other variable-yield securities		75,124,925
Undertakings for collective investment		1,030,000
Unquoted shares		2,152,805
Bonds		3,600,000
Liquid assets		1,742,980
Cash and cash equivalents		1,742,980
Other assets	3	373,623
Receivables		373,623
Total liabilities		(1,972,965)
Payables	4	(233,040)
Provision for liquidation	11	(1,739,925)
Net assets at the end of the year		82,051,368

The accompanying notes form an integral part of these financial statements.



**STATEMENT OF OPERATIONS**
For the year ended December 31, 2018

	Notes	KJK Fund, SICAV-SIF- Baltic States (in liquidation)
Total income		5,728,299
Investment Income		4,853,581
Dividends (net of withholding taxes)		4,634,581
Interest on bonds and loan receivables		219,000
Other Income		874,718
Reversal of provision for liquidation		874,718
Total charges		(1,820,773)
Commission paid		(548,280)
Management fees	5	(410,000)
Custodian fees	6	(138,280)
Administrative expenses	8	(229,849)
Central administration costs		(44,858)
Audit and inspection costs		(73,994)
Other administrative expenses		(110,997)
Taxes		(13,005)
Subscription tax	7	(10,589)
Other taxes		(2,416)
Interest expenses		(7,517)
Other expenses		(33,976)
Provision for liquidation	11	(988,146)
Net investment income		3,907,526
Net realized gain on securities portfolio	9	2,657,349
Net realized gain on foreign exchange		(306)
Change in net unrealized gain or (losses) on securities portfolio	9	(20,480,002)
Net increase/(decrease) in Net Assets as result of operations of the year		(13,915,433)
Subscriptions		-
Redemptions		(11,999,999)
Net Assets at the beginning of the year		107,966,800
Net Assets at the end of the year		82,051,368

The accompanying notes form an integral part of these financial statements.





STATEMENT OF INVESTMENTS
as at December 31, 2018

KJK Fund SICAV-SIF
-Baltic States
(in liquidation)

Listed shares and other variable-yield securities					
	Quantity	Currency	Acquisition cost EUR	Net realizable EUR	% net assets
Estonia					
AS Baltika	15,870,914	EUR	7,790,611	182,151	0.22%
AS Harju Elekter	1,899,768	EUR	4,491,857	5,382,862	6.56%
As Merko Ehitus	670,695	EUR	4,389,303	6,170,394	7.52%
Ekspress Grupp	4,002,052	EUR	6,530,093	2,292,963	2.79%
Nordecon	1,383,063	EUR	3,157,931	1,596,573	1.95%
PRFoods	4,063,456	EUR	2,483,584	3,721,159	4.54%
Tallink Group Ltd	24,829,806	EUR	7,098,736	25,202,253	30.72%
Tallinna Kaubamaja AS	2,268,824	EUR	13,856,339	21,181,701	25.82%
			<u>49,798,454</u>	<u>65,730,056</u>	<u>80.10%</u>
Lithuania					
Klaipėdos Nafta PVA	8,873,101	EUR	2,461,449	4,489,539	5.47%
Siaulių Bankas	12,232,744	EUR	3,291,636	4,905,330	5.98%
			<u>5,753,085</u>	<u>9,394,869</u>	<u>11.45%</u>
Total listed shares and other variable-yield securities			55,551,539	75,124,925	91.55%
Undertakings for Collective Investments					
	Quantity	Currency	Acquisition cost EUR	Net realizable EUR	% net assets
Luxembourg					
Amber Trust SCA - ordinary share	485	EUR	577,218	1,030,000	1.26%
			<u>577,218</u>	<u>1,030,000</u>	<u>1.26%</u>
Total Undertakings for Collective Investments			577,218	1,030,000	1.26%
Unquoted shares					
	Quantity	Currency	Acquisition cost EUR	Net realizable EUR	% net assets
Estonia					
Teede Rev - 2	1,784,946	EUR	1,008,165	2,152,805	2.62%
			<u>1,008,165</u>	<u>2,152,805</u>	<u>2.62%</u>
Latvia					
Reverta (with voting right)	13,545	EUR	50,009	-	0.00%
Reverta (without voting right)	282,980	EUR	950,191	-	0.00%
			<u>1,000,200</u>	<u>-</u>	<u>0.00%</u>
Total Unquoted shares			2,008,365	2,152,805	2.62%
Bonds					
	Maturity	Interest rate	Acquisition cost EUR	Carrying value EUR	% net assets
Estonia					
AS Baltika	16/08/2019	6.00%	3,600,000	3,600,000	4.39%
			<u>3,600,000</u>	<u>3,600,000</u>	<u>4.39%</u>
Total bonds			3,600,000	3,600,000	4.39%
Total securities portfolio			61,737,122	81,907,730	99.82%

The accompanying notes form an integral part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**
as at December 31, 2018**NOTE 1 - GENERAL**

KJK FUND SICAV - SIF (the "Fund" or the "SICAV") (in liquidation) is a "*Société d'Investissement à Capital Variable*" ("SICAV") incorporated on March 27, 2002 for an unlimited period as a *société anonyme* (public limited company) in accordance with the Luxembourg law of August 10, 1915 as amended, and is organized since February 22, 2008 in accordance with the Luxembourg law dated February 13, 2007 relating to specialized investment funds ("2007 Law"). The Fund was governed by Part II of the Law of December 20, 2002 until that date. The Fund is considered as an alternative investment Fund ("AIF") within the meaning of the law of July 12, 2013 on alternative investment Fund managers, as amended from time to time (the "AIFM Law").

The Memorandum and Articles of Association of the Fund were published in the *Mémorial, Recueil Spécial des Sociétés et Associations du Grand-Duché de Luxembourg* and filed with the Registry of the Luxembourg District Court where they may be consulted and copies may be obtained upon payment of Registry fees.

The Fund is registered with the Luxembourg Register of Companies under number B 86 729.

The Fund has only one Sub-Fund "KJK Fund, SICAV-SIF – Baltic States" (the "Sub-Fund").

On December 14, 2017, the General Meeting of the shareholders of the Fund resolved to acknowledge the automatic dissolution of the Sub-Fund pursuant to the expiration of its term on December 31, 2017, and the entering into liquidation as from January 1, 2018. Accordingly, the Fund will be automatically put into liquidation on January 1, 2018, as a consequence of the entering into liquidation of its sole Sub-Fund. The General Meeting of the shareholders also resolved to appoint KJK Management S.A. as the liquidator of the Fund and the Sub-Fund.

Therefore the financial statements of KJK Fund SICAV-SIF (in liquidation) as of December 31, 2018, have been prepared on a liquidation basis.

KJK Management S.A. (the "Investment Manager" and the Liquidator) is responsible for and has authority over all aspects of the Fund's business and investments. It has been incorporated in Luxembourg on October 27, 2010 and is registered with the Registre de Commerce de Luxembourg under Number B 156 627. KJK Management S.A. is also authorized under article 5 of the law of July 12, 2013 on Alternative Investment Fund Managers, with the Commission de Surveillance du Secteur Financier ("CSSF") as an Alternative Investment Fund Manager since June 9, 2015.

The Fund offered the following share classes to the investors:

Shares Name	Description
Capitalisation B1 (EUR)	Capitalisation shares dedicated linked to participating shares 1
Capitalisation B2 (EUR)	Capitalisation shares dedicated linked to participating shares 2
Participating Shares 1 (EUR)	Reserved to the Investment Manager; and or its designees
Participating Shares 2 (EUR)	Reserved to the Investment Manager; and or its designees

The Net Asset Value ("NAV") of the Sub-Fund is calculated on the last business day of each month.





NOTES TO THE FINANCIAL STATEMENTS
as at December 31, 2018 (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Luxembourg legal and regulatory requirements ("Luxembourg GAAP"), notably with Title II of the law of December 19, 2002 relating to the register of commerce and companies, bookkeeping, annual company accounts and modification of certain other legal dispositions (the "Accounting Law"), as well as in compliance with valuation principles as per article 28(4) and the reporting principles of articles 52 and 53 and the relating reporting schedule in the Annex of the SIF Law.

As mentioned in Note 1, Since the Fund's life ended on December 31, 2017, the financial statements as at December 31, 2018, have been prepared on a liquidation basis. As such, assets are recorded at net realizable value and liabilities at estimated settlement amounts. Therefore, the Fund has accrued for all expected costs that were not already recorded, provided it has a reasonable basis for estimating those amounts.

Currency conversion

The financial statements have been drawn up in Euro ("EUR") which is the accounting currency of the Sub-Fund. Assets and liabilities expressed in currencies other than EUR are converted into EUR at the exchange rate prevailing as at December 31, 2018.

Securities valuation

The securities which are admitted to official stock exchange listing or dealt in on another regulated market or quoted on market characterised by quoted prices that are readily available from an exchange, broker, dealer, industry group, pricing services or regulatory agency, and if those prices represent actual and regularly occurring market transactions on arm's length basis are valued on the basis of the last available bid price prevailing on the valuation date. If securities are listed on several stock exchanges or markets, the last known bid price on the principal market will be applied.

Investments in open-ended investment funds, either listed or not, are valued on the basis of their last available Net Asset Value per share.

Other securities not listed or not traded on a stock exchange or on any other regulated market and securities listed or traded on such a market but whose last known price is not representative, are valued with prudence and in good faith on the basis of their probable realisation value, using the following guidelines:

- Unquoted securities will be valued based on the realisation value, which will be estimated with prudence and good faith. For private equity investments the guidelines and principles for valuation of portfolio companies set out by Invest Europe (formerly the European Venture Capital Association ("EVCA")) will be taken into account, with particular consideration of the following factors: investment in companies acquired in the 12 month period prior to the valuation date will be valued at cost, in absence of any events that may result in the acquisition price no longer being representative of the investment's net realizable value;





NOTES TO THE FINANCIAL STATEMENTS
as at December 31, 2018 (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Securities valuation (continued)**

- Where a significant transaction, which establishes an arm's length price has been effected, this transaction will form the basis of valuation;
- Otherwise, unquoted companies will normally be valued by reference to their profits and relevant financial multiples (P/E, P/CF, EV/EBIT, EV/EBITDA) applicable to comparable quoted companies less a suitable discount to reflect the lack of liquidity of the shares. Profits for the purpose of the valuations will be those disclosed in the latest audited accounts taking into consideration subsequent management accounts. In the event that there do not exist appropriate comparable companies, the following methods of valuation will be used:
 - By reference to the relevant and applicable sub-sector average multiple;
 - The Management Board of the SICAV may apply the actual entry multiple paid for the investment to the investments last trading figures;
 - Consideration, if applicable, will also be given to other factors including the asset backing, current year budgeted profits and any other short-term prospects of the sale of shares of the portfolio Fund.

Due to the inherent uncertainty of valuation, the estimated net realizable values of private equity investments may differ significantly from the market values that would have been used had a ready market existed for the investments and these differences could be material.

As at December 31, 2018, the investments held are valued as follows:

Name of investment	Listing status	Valuation method
AS Baltika	Listed	Market multiples
AS Harju Elekter	Listed	Market multiples
As Merko Ehitus	Listed	Market price
Ekspress Grupp	Listed	Market multiples
Klaipedos Nafta PVA	Listed	Market multiples
Nordecon	Listed	Recent transactions
PRFoods	Listed	Market multiples
Siauliu Bankas	Listed	Market price
Tallink Group Ltd	Listed	Market price
Tallinna Kaubamaja AS	Listed	Recent transactions
Amber Trust SCA - ordinary share	Unlisted	NAV/share
Teede Rev - 2	Unlisted	Market multiples
Reverta (with voting right)	Unlisted	Net Assets
Reverta (without voting right)	Unlisted	Net Assets

Income

Dividends are accounted for on the ex-date.
Interest is accrued on a daily basis.





NOTES TO THE FINANCIAL STATEMENTS
as at December 31, 2018 (continued)

NOTE 3 – OTHER ASSETS

As at December 31, 2018, other assets are composed of:

	KJK Fund, SICAV-SIF- Baltic States (in liquidation)
Interest to be received	301,200
PR Foods dividend receivables	40,634
Kitron receivable	31,789
Total Other Assets	373,623

The Fund has accrued interest receivable of EUR 301,200 from AS Baltika bonds.

The Kitron receivable, amounting to EUR 31,789 is relating to a tax reclaim receivable on a dividend received from Kitron.

NOTE 4 – PAYABLES

As at December 31, 2018, payables are composed of:

	KJK Fund, SICAV-SIF- Baltic States (in liquidation)
Audit Fees	61,840
SGG Fees	23,206
Management Fees	87,500
Administration Fees	7,500
Custody Fees	4,197
Other payables	9,989
AIFM Fee payable	36,385
VAT payable and subscription duty	2,423
Total Payables	233,040





NOTES TO THE FINANCIAL STATEMENTS
as at December 31, 2018 (continued)

NOTE 5 – MANAGEMENT FEES

In consideration for the management services performed for the benefit of the Sub-Fund, the Investment Manager or its designee is entitled to receive from the Sub-Fund a fixed management fee of three hundred and fifty thousand euros (EUR 350,000) per annum, payable monthly in advance in equal portion/amount (excluding transaction and other non-investment management related operating costs and taxes).

Such annual management fee is paid monthly in advance by the Sub-Fund whether or not the management of the Sub-Fund is profitable.

An exit complementary management fee of 0.5% will be added to the fixed management fee on all distributions made / monies returned to shareholders holding Investors Shares B. In 2018, the exit complementary management fee represented EUR 60,000.

In case where the net assets value has decreased substantially and as a result the management fee becomes higher than 2% of net assets, the Management Board would have to submit the issue to the knowledge of the Supervisory Board prior to convening a general meeting of shareholders to decide on the continuation of the activities of the Sub-Fund and/or revisit the management fee structure.”

NOTE 6 – CUSTODIAN FEES

The depositary bank is remunerated in accordance with the agreement between ING Luxembourg, acting as the custodian, and the Fund.

NOTE 7 – SUBSCRIPTION TAX

The Fund is liable in Luxembourg to a subscription tax (“taxe d’abonnement”) of 0.01% per annum. The subscription tax is paid quarterly and calculated on the Net Asset Value at the end of the relevant calendar quarter.

No subscription tax is paid on the Net Assets held by the Fund in other UCIs already subject to that tax in Luxembourg.



**NOTES TO THE FINANCIAL STATEMENTS**
as at December 31, 2018 (continued)**NOTE 8 – ADMINISTRATIVE EXPENSES**

For the year ended December 31, 2018, administrative expenses were mainly composed of:

	KJK Fund, SICAV-SIF- Baltic States (in liquidation)
Central administration costs	(44,858)
Audit and inspection costs	(73,994)
Other administrative expenses, of which:	(110,997)
- <i>Legal fees</i>	(22,267)
- <i>AIFM fees</i>	(86,308)
- <i>Account cost</i>	(2,422)
Total Administrative Expenses	(229,849)

The AIFM expenses correspond to recharged costs incurred by KJK Management S.A. in its capacity of AIFM of the Fund. These costs consist mainly of internal audit, independent director, legal and compliance expenses, professional insurance and sundry expenses.

NOTE 9 - REALISED AND UNREALISED GAINS AND LOSSES

	KJK Fund, SICAV-SIF- Baltic States (in liquidation)
<u>Net realised gains on securities portfolio</u>	
Gains	3,225,962
Losses	(568,613)
Net realised gains/losses on securities portfolio	2,657,349
<u>Change in net unrealised gains or (losses) on securities portfolio</u>	
Change in unrealised gains	889,230
Change in unrealised losses	(21,369,232)
Net change in unrealised gains/losses on securities portfolio	(20,480,002)





NOTES TO THE FINANCIAL STATEMENTS
as at December 31, 2018 (continued)

NOTE 10 – PERFORMANCE FEES

Unrealised profits attached to, and proceeds deriving from income from and/or disposals of, Portfolio Investments will be apportioned amongst Investors Shares and Participating Shares, as follows, in order for the Participating Shares to support an incentive/performance compensation benefiting to the holders thereof:

Participating Shares (1). With respect to each Valuation Day after the beginning of the Additional Offering Period, Participating Shares 1 shall be allocated twelve and one half percent (12,5%) of the return of Investors Shares A1 and Investors Shares B1 in excess of the greater of the (i) return of Baltic equity market index and (ii) cumulative 12% p.a., with high watermark and performance assessment starting as at the first day of the Additional Offering Period.

Participating Shares (2). Likewise, with respect to each Valuation Day after the beginning of the Additional Offering Period, Participating Shares 2 shall be allocated twelve and one half percent (12,5%) of the return of Investors Shares A2 and Investors Shares B2 in excess of the greater of the (i) return of 50/50 hybrid of Baltic equity market index and cumulative 12% p.a. and (ii) cumulative 12% p.a.; with high watermark and performance assessment starting as at the first day of the Additional Offering Period.

Participating Shares shall be issued as capitalisation shares, i.e. they will never pay out any dividend. Participating Shares shall never be redeemed by the Sub-Fund, either at the request of Special Investors or otherwise, before December 31, 2011 (the "Participating Shares Lock-Up). After the Participating Shares Lock-Up, Participating Shares shall be redeemed at the request of Special Investors and/or upon decision of the Board with an absolute limit applicable to each Special Investor of fifty percent (50%) of the shareholding position of each Special Investor until the date of the payment of the liquidation proceeds of the Sub-Fund.

The total Net Asset Value of Participating Shares 1 and Participating Shares 2 shall be subject to an overall cap of EUR 3,500,000, Participating Shares 1 and Participating Shares 2 that may have been previously redeemed included.

As at December 31, 2018, no performance fee is due to the holders of Participating Shares.

NOTE 11 - PROVISION FOR LIQUIDATION

The provision for liquidation include audit fees, legal fees, management / liquidator fees, administration fees, custody fees, publication fees for anticipated period of liquidation and estimated transaction costs linked to the liquidation.

In view of the portfolio activity in 2018, the Manager and liquidator estimates that the liquidation period will last 2 years longer than initially anticipated and should end in December 31, 2020. Accordingly, additional EUR 988,146 have been accrued by the Fund for the extended period of liquidation.

The total liquidation accruals, as of December 31, 2018, amounts to EUR 1,739,925.





NOTES TO THE FINANCIAL STATEMENTS
as at December 31, 2018 (continued)

NOTE 12 – CHANGES IN THE COMPOSITION OF THE SECURITIES PORTFOLIO

These changes are made available to the shareholders at the custodian bank and at the Fund's registered office as well as at the financial servicing institutions identified in this report. They will also be sent free of charge to anyone who so requests.

NOTE 13 - SUBSEQUENT EVENTS

Since the January 1, 2019, the Sub-fund realised sales worth EUR 11.6 million in relation to the exit of the following investments: Klaipedos Nafta PVA, Tallinna Kaubamaja AS, As Merko Ehitus and Nordecon.

On March 28, 2019, the Sub-fund proceeded to a cash distribution amounting to EUR 5 million.

On March 19, 2019, the Sub-fund granted a loan of EUR 3 million to Baltika in relation to its restructuring plan.



Allkirjad:



Jaakko Sakari Mikael Salmelin
Seaduslik esindaja



Lauri Kustaa Äimä
Seaduslik esindaja