

EFTEN KINNISVARAFOND AS CONSOLIDATED SEMI-ANNUAL REPORT



EFTEN Kinnisvarafond AS
Registry code: 11505393

Beginning of the accounting period: 01.01.2013
End of the accounting period: 30.06.2013

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Introduction

In the first six months of 2013, the total revenue of EFTEN Kinnisvarafond AS was EUR 4.3 million (EUR 2.1 million in 2012) and the net profit for the same period was EUR 2.3 million (EUR 1.5 million in 2012). While in the first half of 2012, EFTEN Kinnisvarafond earned a profit of EUR 0.5 million from the increase in fair value of real estate investments, then in the first half of 2013, there was no change in the fair value of real estate investments. Total cash flow for the half-year's commercial operations was EUR 3.3 million (EUR 1.5 million in 2012).

Following the balance sheet date (9 July 2013), EFTEN Kinnisvarafond made the largest investment in its operating history by obtaining five real estate investments totalling EUR 30.5 million from the EPI Baltic I real estate fund. Net entrance yield of the transaction was 8.6% per year. After the transaction, the fund's balance sheet total is EUR 150.7 million and equity is EUR 60 million. With these figures, EFTEN Kinnisvarafond is the largest commercial real estate investment fund operating exclusively in the Baltic States.

On 14 May 2013, the Financial Supervision Authority of Estonia approved the new articles of association of EFTEN Kinnisvarafond AS. The weightiest change was extending the term of the fund until 2022, i.e. by a period of ten years. The purpose of the fund is earning a stable cash flow profit together with capital gains and paying annual dividends to the fund's shareholders.

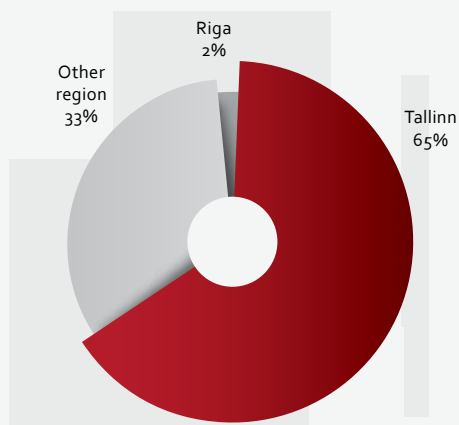
EFTEN Kinnisvarafond is the largest commercial real estate investment fund operating exclusively in the Baltic States.

Overview of EFTEN Kinnisvarafond's portfolio

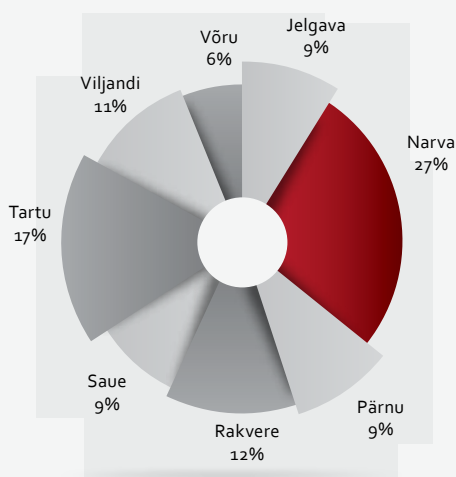
Following the EPI Baltic I transaction at the beginning of July, 22 investments have been made in EFTEN Kinnisvarafond, two of them in Latvia and 20 in Estonia.

Site		Rental area (m ²)	Location
<i>Finished investment properties generating monthly rent revenue</i>			
01	Cold storage logistics facility, Premia Foods	6 863	Tallinn
02	Rautakesko local DIY store in Võru	3 120	Võru
03	Lökke 4, Centre of Registers and Information Systems of Estonia office building	4 177	Tallinn
04	UKU retail centre in Viljandi	5 117	Viljandi
05	Rakvere joint Police and Rescue department building	5 744	Rakvere
06	Lauteri 5 office building	3 942	Tallinn
07	Ülikooli 6A office building	2 276	Tartu
08	Lepa Centre, retail centre in Pärnu	4 161	Pärnu
09	Pärnu mnt 102 office building	9 216	Tallinn
10	Pärnu mnt 105 office building	5 031	Tallinn
11	Narva Prisma hypermarket	13 361	Narva
12	Laki 24, Eest Energia AS headquarters	1 854	Tallinn
13	Kadaka tee 63, Eesti Energia AS office building	7 705	Tallinn
14	Stabu 10/4, Latvian national music school	3 150	Riia
Total rent revenue of finished investment properties		75 717	
<i>Investment properties in the development stage</i>			
15	Palace Hotel, former Scandic Palace Tallinn	4 870	Tallinn
16	Jelgava, retail centre, anchor tenant RIMI	4 450	Jelgava
17	Mustika retail centre, anchor tenant Prisma and Bauhof DIY store	23 007	Tallinn
Total investment properties in the development stage		32 327	
<i>Investment properties obtained after balance sheet day</i>			
18	Piirimäe 10/10a, Stora Enso production and warehouse facility	5 058	Tallinn
19	Kungla 2, Mediq logistics centre	4 251	Saue
20	Kuuli 10/Punane 73, Logistika Pluss logistics centre	15 197	Tallinn
21	Tammsaare tee 49, K-Rauta flagship store in Tallinn	9 120	Tallinn
22	Silikaadi 6/8, Hanza Mechanics production facility	6 177	Tartu
Total investment properties obtained after balance sheet day		39 803	
INVESTMENT PROPETIES TOTAL, m²		147 847	

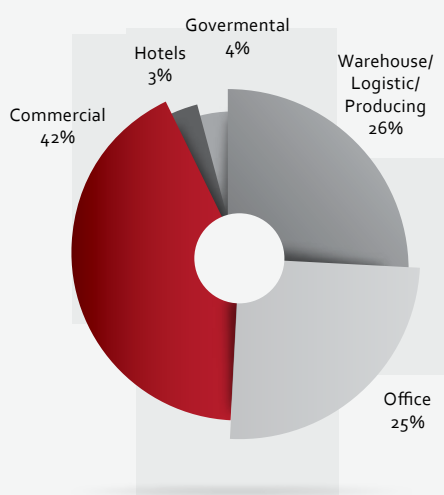
Investment properties by region



Other region



Investment properties by client segment



Top 10 tenants

Site		% of portfolio's rent revenue
01	Prisma Peremarket	21
02	Rautakesko	14
03	Eesti Energia	8
04	Logistika Pluss	7
05	Riigi Kinnisvara	5
06	Premia Foods	5
07	RIMI Foods Estonia	3
08	Arvato Services Estonia OÜ	3
09	Äripäev AS, Bonnier group	3
10	Centre of Registers and Information Systems	3
Total %-s of rent revenue		72

EFTEN Kinnisvarafond AS has in total 141 tenants.

Performance

The current net yield of the fund's investment properties generating rent revenue is 8.5% as of 30 June 2013, as investment properties are accounted in their fair value. In previous periods, fair value analyses and evaluations for the investment properties of EFTEN Kinnisvarafond have been compiled by the management company and approved by the fund's general meeting. In May 2013, the management company ordered independent evaluations from consultation companies specializing in commercial properties (Colliers, Catella, and DTZ Kinnisvaraekspert) on the discount rates and exit yields applied by the fund. The average figures of the three evaluators confirmed that the values of the fund's investment properties are correct and that the difference when compared to the management company's own assessment was only 0.1%. Given the above, the fair value of the fund's investment property was not subject to change in semi-annual review, June 2013.

The current net yield of the fund's investment properties generating rent revenue is 8.5%



UKU Retail Centre in Viljandi

EFTEN Kinnisvarafond acquired the former Viljandi's prison land plot from Estonian governmental owned real estate company, Riigi Kinnisvara AS, in September 2010. The demolition works of former prison started in 2011 and in 1st November of 2012 the largest shopping center of Viljandi county, UKU Keskus, was opened. The largest tenants are RIMI Foods, TAKKO Fashion, Hesburger, Apollo bookstore etc. Two former prison building's external, red brick walls were renovated and are now part of the new retail center.

Revenue and vacancy

When compared to the same period in 2012, consolidated revenue of EFTEN Kinnisvarafond has risen over two times **in the first six months of 2013, reaching the total of EUR 4 300 000** in the first half of 2013. This was due to the added rent revenue from Mustika Centre, starting from July of last year, and UKU Centre, starting from November 2012. This also includes the rent revenue from Narva Prisma, Kadaka tee 63, and Laki 24 Eesti Energia AS office buildings, which were acquired in 2013. Small contributions to rent increase were made by development projects generating partial rent revenue, Palace Hotel and Stabu in Riga.

As of 30 June 2013, EFTEN Kinnisvarafond has a total of 98,724 m² investment properties generating full or partial rent revenue, with vacant spaces adding up to 12,411 m² or 12.6%. The main cause of vacancy is that properties have been cleared for the time of the redevelopment of Mustika Centre (total of 10,145 m²) and leases have been temporarily suspended or terminated. Aside from Mustika Centre, based on square metres the portfolio's vacancy would be 3%. Estimated potential rent revenue from vacancies would be EUR 44 000 per month.

Object		% of rented space
<i>Finished investment properties generating rent revenue</i>		
01	Cold storage facility	100,0
02	Rautakesko	100,0
03	Lõkke	99,3
04	UKU Centre	94,1
05	Rakvere joint Police and Rescue building	100,0
06	Lauteri 5	94,8
07	Ülikooli 6A	100,0
08	Lepa Centre	89,1
09	Pärnu mnt 102	95,4
10	Pärnu mnt 105	100,0
11	Narva Prisma	100,0
12	Laki 24	100,0
13	Kadaka tee 63	100,0
14	Stabu	73,0
Total % of rented spaces		97,0



Narva Prisma

EFTEN Kinnisvarafond acquired Narva Prisma in March 2013 from Finnish real estate and investment company Vicus. There are 13 361 m² of rentable space in the building and it is fully leased till 2025 to Prisma. The building is built in year 2010. Narva Prisma is the largest single investment of the fund in 2013.

Investment properties in the first half of 2013

As for obtaining investment properties, 2013 has proven to be the busiest period in the history of EFTEN Kinnisvarafond's operations. The biggest investment in the first half of the year was obtaining Prisma Peremarket, in Narva, from Vicus, a Finnish real estate and investment company. This was followed by buying two office buildings in Tallinn, Mustamäe, from AS Eesti Energia as sales and leaseback transaction. Together with AS Esraven (investment enterprise of Vello Kunman, the fund's investor and supervisory board member of the managing company), EFTEN Kinnisvarafond also invested into buying the Palace Hotel, once the best in Tallinn, from the Swedish enterprise Scandic Hotels AB. A complete renovation of the Palace Hotel will take place within 12 months.

In the first half of 2013, EFTEN Kinnisvarafond made its first investments in Latvia, buying a property in Jelgava, where a new RIMI supermarket will be built, and the property at Stabu 10/4 in Riga, rented to the Latvian national music school. The total investment volume of the fund in the first half of the year was **EUR 24.1 million**, which includes both acquisition of subsidiaries in possession of investment property, as well as direct investments into acquiring property.

At the beginning of July 2013, following the balance sheet date, the fund also acquired a portfolio of five properties from EPI Baltic I, including which the fund has, in the first seven months of the year, invested a total of EUR 56.8 million into new projects.

In February 2013, EFTEN Kinnisvarafond made its first exit from an investment by selling the property at Narva mnt 59. The main lessee of the building is the CityMed dental clinic. The investment was a successful for the investors, as the **return on the equity invested was 22% per year**. EFTEN Kinnisvarafond is planning to start exiting from smaller investments (up to EUR 5 million) and to continue investing into larger investments (more than EUR 10 million).



Rakvere joint Police and Rescue building

EFTEN Kinnisvarafond acquired Rakvere joint Police and Rescue building on a basis of forward transaction in year 2010. The investment was made before the construction works started and AS Oma Ehitaja carried out the construction works. The building is fully rented to Estonian governmental real estate company, Riigi Kinnisvara AS, which is subleasing it to Police, Rescue department and other governmental institutions.

¹

An open development position is the property's acquisition cost + the estimated additional investment into the completion of the site. An open development position will be regarded as ended when the site is complete and rent revenue has been received for the first three months.

²

The joint building of the Rakvere police and rescue was developed by AS Oma Ehitaja. EFTEN Kinnisvarafond acquired the site with a forward transaction when the construction works began.

³

Net yield levels have been estimated based on the net rent revenue of the year following the opening (rent revenue after expenses covered by the owner have been deducted) / investments made into the acquisition and completion of the property

Real estate development

What differentiates EFTEN Kinnisvarafond from competition is the structure of the portfolio, where investment properties are acquired with valid rental contracts, and partial development risk is taken by acquiring land or properties needing development. According to the strategy approved by the fund's supervisory board, an open development position¹ must not exceed 25% of the total assets of the fund. The fund does not make investments into property lacking a detailed plan. Preferred development projects are existing buildings in need of a turnaround strategy (for example Lepa Centre or Mustika Centre) or green field projects (like UKU Centre in Viljandi or the joint building of the Rakvere police and rescue)² and developments based on the needs of a specific lessee. The fund's experience has shown that the cash flow yield of a successful development project is at least 2% higher than for completed buildings. This means that successful development activities will ensure to the investors better returns than the acquisition of passive, ready developed cash flow projects, but it also increases the risk profile.

As of the first half of 2013, **the fund's open development position is EUR 25.5 million, which is 21% of the fund's assets.** From the given value, EUR 13.8 million has been invested into the acquisition of property. In the second half of the year, the fund is not planning to invest into new developments, but to complete pending development activities. Upon completion, the fund expects the following net yield levels from the development projects.¹:

Mustika Centre	9,5%
Jelgava RIMI	10,0 %
Hotel Palace	6,5 %

Development activities so far have been successful for the fund's investors. Below are the yield levels of the net cash flow of the previous development project after the development position was closed:

Lepa Centre in Pärnu	13,9 %
Joint building of Rakvere police and rescue	10,6 %
UKU Centre in Viljandi	11,3 %



UKU Keskus sponsored Viljandi's youth bicycle team

UKU Keskus helped Viljandi's youth bicycle team to buy new helmets for young athletes protection, which will be used 2013 - 2015. Today there are 30 young athletes in the training group who have won medals in national championships as well as in international competitions. The main goal of the bicycle team is to provide good conditions for sporting and spending free time for Viljandi's youth.

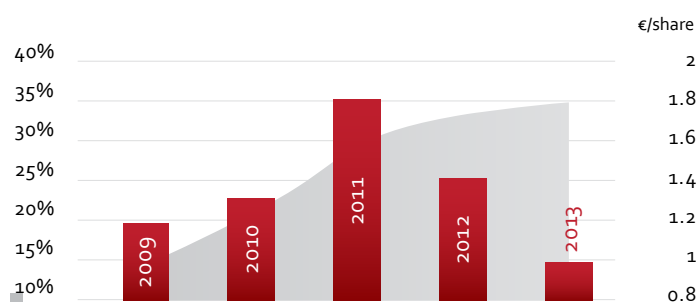
Shareholders and information on shares

As of 30 June 2013, 51.8% of EFTEN Kinnisvarafond's voting shares are owned by Estonian and Lithuanian pension funds. The rest of EFTEN Kinnisvarafond's shares are owned by private persons from Estonia or their investment enterprises.

In 2012, EFTEN Kinnisvarafond completed two share issues with a total volume of EUR 19.3 million of new equity. In this April of this year, the fund carried out an additional EUR 14.5 million of new share emission from its existing shareholders, which was mainly used for acquiring the portfolio of EPI Baltic I as equity.

As of 30 June 2013, the net asset value of a share of EFTEN Kinnisvarafond AS is EUR 1.8071 per share and ROIC (return on invested capital) is 15.1% per year. The nominal value of the fund's share is 60 cents, which means that the net asset value of the share has increased more than threefold during the five years in operation. The ROIC has shown a slight decrease in the past year, which is caused by a difference in timing between accumulating funds in share issues and investing them, as well as the fact that revenue from development projects is delayed until their completion.

As of 30 June 2013, ROIC (return on invested capital) is 15.1% per year.



	2009	2010	2011	2012	2013
NAV	1,0123	1,2315	1,6140	1,7613	1,8071
ROIC	19,80%	23%	35%	25,6%	15,1%

NAV – value per share, €;

ROIC – The ROIC has shown a slight decrease in the past year, which is caused by a difference in timing between accumulating funds in share issues and investing them, as well as the fact that revenue from development projects is delayed until their completion.

Dividend policy

EFTEN Kinnisvarafond believes that it is very important that its investors receive their annual dividends. The fund's dividend policy foresees that 80% of the yearly free cash flow (EBITDA minus loan repayments) is paid to the shareholders as gross dividends and the fund keeps the remaining 20% in reserve.

	2012	2011
Net dividends announced for the period	1 400 000	395 000
Number of shares when dividends are paid	25 057 010	13 098 584
Dividend per share (cents)	5,59	3,02
Average dividend yield (fund's net dividends/average invested capital)	5,5%	4,2%

The fund's dividend policy foresees that 80% of the yearly free cash flow

Fund management fee

The annual management fee of EFTEN Kinnisvarafond is equal to two per cent of the equity invested into the investment property and the management fee is paid to the managing company each month. The fee is calculated separately for each project and it is not tied to the increase or decrease in the fair value of assets. The management fee is paid to the management company only after making an investment, i.e. the management company does not receive the fee for the time between the share issue and investment. Many other real estate funds calculate the management fee with a NAV-based model which, in addition to the equity invested, is also comprised of a part of the profit that was made, including profit from the increase in fair value of the investment properties, as well as other instruments that are elements in the fund's equity. NAV-based management fee calculations make it possible to pay significantly higher management fees than calculations based on the capital invested. The management fee of EFTEN Kinnisvarafond also includes accounting services which, as a rule, are added to the management fee in other funds. Real estate funds have very work-intensive accounting, and the management company employs three full-time accountants.

The fund's success fee is paid in case of the fund's liquidation, if all of the fund's assets have been sold, and the actual return of the projects had transpired. As an exception, the fund's general meeting can decide to pay the success fee even before the fund is liquidated, if there has been a successful exit from an investment project. The last general meeting of shareholders decided to pay to the managing company a success fee of EUR 15,203 for the successful investment in Narva mnt 59.

EFTEN Kinnisvarafond has no entrance fee or separate fees to the management company for new investments made.



Hotel Palace was built in 1937 and it was the most exclusive hotel in Tallinn before the II World War.

In 1940 the hotel was nationalized by the Soviet regime. The hotel was fully renovated in year 1989 and it was the most modern hotel in Tallinn, which met the international standards. The hotel is located in Estonian national Freedom Square in Tallinn. EFTEN Kinnisvarafond acquired the hotel from Scandic Hotels AB and will fully renovate the Palace hotel by May 2014.

Prospects for the second half of 2013

After the investment-heavy first half of the year, EFTEN Kinnisvarafond plans to focus on the projects with open development risk, which means **extensive renovations in the Mustika Centre** and opening the centre to customers in its new form by 01 December 2013 at the latest. In August 2013, works will also begin involving the construction of a RIMI centre in Jelgava, as well as extensive renovations of the Palace Hotel in the fourth quarter of the year.

EFTEN Kinnisvarafond will continue their investment activities, **aiming to place greater focus on larger transactions** with an asset value of over EUR 10 million. We are also selectively going to exit from investments by selling smaller investments with a cash value under EUR 5 million. In addition to the goals stated above, one of the main goals is to increase the proportion of investments in Latvia. The management company will continue searching for new investments.

Another share issue is planned in the second half of the year, to involve new equity and finance continuous growth. While the first share issue of 2013, in the amount of EUR 14.5 million, was done only on the basis of existing shareholders, then the issue in the second half of the year expects to see new investors on the list of shareholders. As a rule, the minimum investment for new shareholders is EUR 500 000.

Commercial real estate market outlook

The commercial real estate sector of the Baltic States is rapidly recovering from the crisis of 2008-2009. This is further supported by the states' good macroindicators, highlighted by the fact that Estonia is already a member of the eurozone and Latvia is becoming one soon. Everyone's favourite example of austerity, the Baltics have received much positive media coverage abroad, which has helped to restore confidence on the domestic market.



Pärnu road 102

Pärnu road 102 is the largest office building in EFTEN Kinnisvarafond's portfolio. The building has 9 216 m² of rentable space. The building was constructed in 2005 and EFTEN Kinnisvarafond acquired the property in 2011. There are number of well known companies located in the building like K-Rauta headquarters, Qvalitas medical center, Arvato Services Estonia and YIT construction. Totally there are 15 tenants in the building.

4
EURIBOR + average market interest margin of the real estate investment

The interest policy of the European Central Bank has created a situation where interest rates are at an all-time low, and this trend will continue until the economy of the eurozone has stabilized. This has, however, created a situation where the spread between cash flow net yield (approx. 8.5%) and interest rates (approx. 3%) has reached a historic high, with a twofold difference from the regular market situation. In theory, it should mean a decrease in the net yield of real estate (given that the policy of low interest rates will continue in the future, as the European Central Bank has confirmed) or, in other words, a hike in real estate prices. This is partially true in practice, yet by far not in the extent one would expect. The reason is not in the scarcity of loan offers, but the low provision of equity. Most of the larger commercial real estate transactions have been made between the "usual suspects", where one fund, exiting the assets due to liquidation, sells the assets to another fund or investor who is in the active phase of investing. In the developed world, this is common, but the situation is different in the Baltics where there is a shortage of liquidity – active market participants can be counted on one hand.

Many investments into real estate are made by Estonian private investors. However, single infusions by private persons cannot be particularly large and they tend to invest into an apartment in the city centre for leasing, not commercial real estate. The minimum investment equity of commercial real estate begins at around EUR 250,000. The net yield of leasing an apartment is about two times lower than that of commercial real estate. On the other hand, as the sales process is easier, an apartment is a more liquid investment and provides protection from inflation, which is the main argument for real estate investments.

If during the period 2004-2007, the real estate market in the Baltics was dominated by Scandinavian institutional investors, then presently private Russian capital is gaining ground. Eastern capital is entering the Baltic market with greater vigor, especially to the Republic of Latvia, where it is encouraged by an especially supportive policy for issuing residence permits with free access to all Schengen countries. Scandinavian institutional capital has not found its way back to the Baltic States. It can be said with confidence that the investors who bought their property between 2006 and 2008 have lost their money when compared to the price levels of today. Difficult experiences from



Kadaka 63

EFTEN Kinnisvarafond acquired the Kadaka 63 property in January, 2013 as a sales and leaseback transaction from Eesti Energia AS, the national energy company. The building has 7705 m² of rentable space, 200 parking places and the largest sub-tenant of the building is Elektrilevi, the retail arm of Eesti Energia AS

the past and a focus on the domestic market has held Scandinavian investors back, not to mention the major funds of continental Europe.

Based on the volume of transactions, Estonia is the most active of the Baltic States, and this is not going to change in the near future. When compared to the other Baltic States, the difference between the price expectations of buyers and sellers is the lowest. This means that it is significantly easier to make transaction in Estonia than it is in Latvia or Lithuania. In Latvia, an important part of the market is under "bad banks" created by commercial banks, who have obtained real estate to cover unpaid loans and who are only starting to exit from their assets. In Estonia, for example, Ektornet, which is a member of Swedbank's group, has successfully exited from commercial real estate and also sold most of their apartment portfolio.

No important changes are expected in the real estate market in the near future, both in terms of supply and demand, as well as new investors entering the market. One of the troubling issues is the news concerning the macroeconomy from Scandinavia (especially Finland), which will definitely impact Estonia with a slight delay. Demand for commercial property will remain low and when there is a sudden spike in new demand (especially in the area of retail-oriented real estate), a decrease in the overall price level on the market is expected, not only affecting the flagship properties of each segment.

Fund management

The supervisory board of EFTEN Kinnisvarafond had four meetings in the first six months of 2013, including one strategy day, where the general plans and growth of the fund for the next three years of operation were discussed.

The fund's supervisory board provides the management board with instructions on how to manage the fund based on the provisions of the articles of association, including approving the budget, the strategy for action, and other important changes in the fund's activities. The advisory board is also in charge of giving the management board their approval for transactions not falling under regular business activities.

There are eight members in **the fund's supervisory board:**

Arti Arakas (chairman of the board), Jaan Pillesaar, Siive Penu, Laire Piik, Sander Rebane, Martin Hendre, Tauno Tats, and Rain Lõhmus.

The foundation's management board has two members:

Viljar Arakas (fund manager) and Tõnu Uustalu (fund's investments manager)

EfTEN Kinnisvarafond's fund terms overview

Risk level	Low
Management company	EfTEN Capital AS
Auditor	Ernst & Young Baltic AS
Fund volume (share capital)	Up to EUR 200 million
Share issue time	Share issues are decided at the Fund's general meetings.
Calculation of the net asset value (NAV) and its frequency	Calculation of the net asset value of the Fund's assets takes place on a monthly basis. Calculation of the net asset value of the Fund's assets takes place according to the fund's articles of association.
Investment focus by sector	Investment properties mainly include cash flow generating commercial properties. Preferred sites are retail, production, storage and office spaces with a single lessee, located on premium locations in different cities and towns across the Baltics. Investment properties can also include commercial and mixed-purpose cash flow generating real estate that is still in development.
Geographical focus of investments	Estonia, Latvia and Lithuania
Leverage	Bank loans up to 85%, optimum 65% of the investment property's acquisition cost
Management fee	The management fee is comprised of two parts: the principal fee and the success fee. The principal fee is 2% of the equity invested per year, not NAV-based. The principal fee is paid monthly. The success fee is 20% of the sum that is between the sale price of the Fund's investment property or the sales prices in case of the consolidated sale of investment property, and the said investment property's purchase price or purchase prices, purchase expenses and improvement expenses and hurdle rate. The calculation of the success fee for the management company is investment based, but the fee is paid when the Fund closes. The management fee and the precise terms and conditions for its payment are specified in the management contract concluded between the Fund and Management Company. With their decision, the Fund's general meeting can decide on the success fee to be paid even after the sale of a single site.
Hurdle rate	10% per year
Fund type:	Closed investment fund operating under the supervision of the Estonian Financial Supervision Authority, for a period of 13 years until after the Fund's registration (i.e. the year 2022), after which the fund shall be dissolved and liquidated based on the Fund's articles of association. The decision of the general meeting can extend the term of the Fund by one year. The Fund is a real estate fund. The Fund is not a guaranteed fund.
Payments from the Fund's profits	The annual dividend rate has been planned around 4-6% of share capital invested. The dividend is calculated based on the total cash flow from the cash flow generating commercial or mixed-purpose real estate, minus the cash-flow reserves (at least 20%)
Supervision	The Estonian Financial Supervision Authority
Liquidity of shares	The Fund's shares are not publicly traded. Investments should be regarded as long-term investments. The Fund's shares are freely transferable.
The Fund's expected share capital profitability	20% yearly
Entrance and exit fees	No entrance and exit fees

Consolidated semi-annual report for the first half of the year

CONSOLIDATED INCOME STATEMENT

	Notes	First half of the year	
		2013	2012
€			
Revenue	3	4 307 662	2 128 504
Expenditure on sold services	4	-436 089	-192 453
Gross profit		3 871 573	1 936 051
<i>Gross profit margin</i>		90%	91%
Marketing costs		-16 704	-7 791
Administrative expenses	5	-507 090	-305 481
Other income	6	92 056	504 565
Other expenses	6	-39 336	-30 431
Operating profit		3 400 500	2 096 914
Finance income		7 747	4 463
Financial expenses	7	-733 006	-494 792
Profit before income tax		2 675 241	1 606 585
Income tax expenditure on dividends		-373 073	-105 000
Net profit of the accounting period		2 302 168	1 501 585

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	First half of the year	
		2013	2012
€			
Net profit of the accounting period		2 302 168	1 501 585
Other total profit/loss:			
Revaluation profit/loss of risk management instruments	11	143 132	91 777
Other total profit/loss		143 132	91 777
Total profit of the accounting period		2 445 300	1 593 362

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30.06.2013	31.12.2012
€			
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents		14 919 846	12 687 063
Derivative instruments	11	0	3 446
Receivables and accrued income	8	366 667	518 618
Prepaid expenditures		25 094	2 318
Non-current Assets Held for Sale		33 493	0
Total current assets		15 345 100	13 211 445
<i>Fixed assets</i>			
Investment properties	9	104 827 377	75 545 094
Tangible assets		5 320	6 071
Total fixed assets		104 832 697	75 551 165
TOTAL ASSETS		120 177 797	88 762 610
LIABILITIES AND EQUITY			
<i>Short-term liabilities</i>			
Loan liabilities	10	4 789 851	3 818 797
Derivative instruments	11	72 888	219 466
Payables and prepayments	12	468 225	521 138
Total short-term liabilities		5 330 964	4 559 401
<i>Long-term liabilities</i>			
Loan liabilities	10	53 817 978	38 763 572
Deposits received from customers		250 709	214 750
Success fee obligation	13	1 095 119	1 091 559
Total long-term liabilities		55 163 806	40 069 881
Total liabilities		60 494 770	44 629 282
<i>Equity</i>			
Share capital	14	19 815 876	15 034 206
Issue premium		29 617 020	19 894 291
Statutory capital reserve		480 452	247 937
Risk hedge reserve		-72 888	-216 020
Retained profits		9 842 567	9 172 914
Total equity capital		59 683 027	44 133 328
TOTAL LIABILITIES AND EQUITY CAPITAL		120 177 797	88 762 610

CONSOLIDATED CASH FLOW ACCOUNT

	Notes	First half of the year	
		2013	2012
€			
Cash flows from business operations			
Net profit		2 302 168	1 501 585
Net profit adjustments:			
Finance income and finance expenses		725 660	490 329
Revaluation profit/loss of investment properties	6	0	-472 617
Profit from sales of investment properties		-91 555	0
Change in the success fee obligation		3 560	96 755
Depreciation and impairment of fixed assets	4,5,6	43 277	81
Income tax expenditure on dividends		373 073	105 000
Total adjustments with non-monetary changes		1 054 015	219 548
Cash flow from business operations before changes in working capital		3 356 183	1 721 133
Changes in receivables and liabilities related to business operations		-37 807	-178 635
Total cash flows from operations		3 318 376	1 542 498
Cash flows from investing activities			
Acquisition of tangible fixed assets		-50	0
Acquisition of investment properties	9	-12 277 859	-16 197 396
Sale of investment properties		1 038 629	0
Acquisition of subsidiaries	2	-11 816 005	0
Sale of business operations		-4 776	0
Loans given		-750	0
Interest received		3 666	4 491
Total cash flows from investing activities		-23 057 145	-16 192 905
Cash flows from financing activities			
Loans received		11 577 402	12 397 800
Loan repayments		-1 588 428	-710 652
Interest paid		-747 996	-521 807
Issuing of shares	14	14 504 399	11 084 500
Dividends paid		-1 400 000	-395 000
Income tax paid on dividends		-373 073	-105 000
Total cash flows from financing activities		21 972 304	21 749 841
TOTAL CASH FLOWS		2 233 535	7 099 434
Cash and cash equivalents at the beginning of the period		12 687 063	2 269 796
Change in cash and cash equivalents		2 233 535	7 099 434
Influence of the change in exchange rate on cash and cash equivalents		-752	0
Cash and cash equivalents at the end of the period		14 919 846	9 369 230

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Issue pre- mium	Unregistered share capital	Statutory capital reserve	Risk hedge reserve	Retained profits	Total
€							
Balance 31.12.2011	5 035 836	3 762 412	0	94 687	-417 657	5 070 868	13 546 146
Issuing of shares	5 245 862	8 027 636	2 295 500	0	0	0	15 568 998
Capital issue costs	0	-99 500	0	0	0	0	-99 500
Division of dividends	0	0	0	0	0	-395 000	-395 000
Transfers to legal reserve	0	0	0	153 251	0	-153 251	0
Total profit of the accounting period	0	0	0	0	91 777	1 501 585	1 593 362
Balance 30.06.2012	10 281 698	11 690 548	2 295 500	247 938	-325 880	6 024 202	30 214 006
Balance 31.12.2012	15 034 206	19 894 291	0	247 937	-216 020	9 172 914	44 133 328
Issuing of shares	4 781 670	9 722 729	0	0	0	0	14 504 399
Division of dividends	0	0	0	0	0	-1 400 000	-1 400 000
Transfers to legal reserve	0	0	0	232 515	0	-232 515	0
Total profit of the accounting period	0	0	0	0	143 132	2 302 168	2 445 300
Balance 30.06.2013	19 815 876	29 617 020	0	480 452	-72 888	9 842 567	59 683 027

For additional information on share capital, see Note 14.

NOTES TO THE SEMI-ANNUAL ACCOUNTS OF THE CONSOLIDATION GROUP

1 Accounting principles used in the financial statement

The semi-annual accounts of EFTEN Kinnisvarafond AS, its subsidiaries and joint ventures, have been prepared based on the International Financial Reporting Standards (IFRS) as adopted by the European Union.

The accounts for the first half of 2013 will cover business activities in the period between 1 January 2013 to 30 July 2013. Figures in the accounts are given in Euros. The financial statement for the half-year has been compiled based on the same accounting principles as the financial statement for 2012.

2 Subsidiaries and joint ventures

The company	Country of location	Investment property	Group holding, %	
			30.06.2013	31.12.2012
Parent undertaking				
EFTEN Kinnisvarafond AS	Estonia	Võru Rautakesko, Tallinn Cold Storage, Lökke 4, Tallinn		
Subsidiaries				
EFTEN SPV ₁ OÜ	Estonia	Office building at Ülikooli 6a in Tartu	100	100
EFTEN SPV ₂ OÜ	Estonia	Office building at Lauteri 5, in Tallinn	100	100
EFTEN SPV ₃ OÜ	Estonia	UKU Centre in Viljandi	100	100
EFTEN SPV ₄ OÜ	Estonia	Joint building of Rakvere police and rescue	100	100
EFTEN SPV ₅ OÜ	Estonia	Office building at Pärnu mnt 105, in Tallinn	100	100
EFTEN SPV ₆ OÜ	Estonia	Office building at Pärnu mnt 102 in Tallinn	100	100
EFTEN SPV ₇ OÜ	Estonia	Mustika Centre in Tallinn	100	100
EFTEN SPV ₈ OÜ	Estonia	Mustika Centre in Tallinn	100	100
EFTEN SPV ₉ OÜ	Estonia	Office building at Kadaka tee 63, in Tallinn	100	100
EFTEN SPV ₁₀ OÜ	Estonia	Office building at Laki 24, in Tallinn	100	100
EFTEN SPV ₁₂ OÜ	Estonia	Founded for the acquisition of the EPI portfolio	100	-
Shenon Kinnisvara OÜ	Estonia	Prisma store building in Narva	100	-
Auras Nami SIA	Latvia	RIMI store building in Jelgava	100	-
Geep SIA	Latvia	Office building at Stabu 10, in Riga	100	-
Joint ventures				
Lepa Keskus OÜ	Estonia	Lepa Centre in Pärnu	50	50
EFTEN SPV ₁₁ OÜ	Estonia	Palace Hotel in Tallinn	50	-

All subsidiaries and the jointly controlled entity operate in acquisition and leasing of investment properties. The joint ventures' shares in the Group's assets, obligations, revenues and expenditures have been presented in the following table:

	30.06.2013		1st half of 2013
Current assets	126 421	Revenues	97 063
Fixed assets	3 613 937		
Short-term liabilities	-137 291	Expenditure	-148 989
Long-term liabilities	-662 795		
Net assets	2 940 272	Net profit	-51 783

Founding of subsidiaries and jointly controlled entities

In January of 2013, EFTEN Kinnisvarafond AS increased the share capitals of two subsidiaries, EFTEN SPV₉ OÜ and EFTEN SPV₁₀ OÜ, making a total contribution of EUR 3,204,000 to the share capitals. The contributions were related to the acquisition of the registered immovables at Laki 24 and Kadaka tee 63 by the said enterprises.

In February 2013, EFTEN Kinnisvarafond AS, together with its partner enterprise Esraven AS, founded EFTEN SPV₁₁ OÜ as a jointly controlled enterprise. Since being founded, EFTEN Kinnisvarafond AS has paid a total of EUR 2,251,250 to the share capital of the jointly controlled enterprise. The jointly controlled enterprise was founded with the purpose of acquiring the Palace Hotel.

In June 2013, EFTEN Kinnisvarafond AS established the subsidiary EFTEN SPV₁₂ OÜ and paid EUR 10,602,500 to the share capital of the subsidiary. The subsidiary was founded in connection with the acquisition of the EPI portfolio in July 2013.

Acquisitions of subsidiaries

In February 2013, EFTEN Kinnisvarafond AS acquired its subsidiary Shenon Kinnisvara OÜ by paying a total of EUR 8,538,600 for the subsidiary, including the owners' unpaid loans. Cash flows related to the acquisition of Shenon Kinnisvara OÜ amounted to EUR 8,767,276 and included the available funds on the subsidiary's accounts and the liability to pay the interest swap previously accounted in the balance. The subsidiary owns Prisma store building in Narva

In March 2013, EFTEN Kinnisvarafond AS acquired its subsidiary Auras Nami SIA in Latvia by paying a total of EUR 917,340 for the subsidiary, including the owners' unpaid loans. The subsidiary owns a property that is in development and located in Jelgava.

In March 2013, EFTEN Kinnisvarafond AS acquired its subsidiary Geep SIA in Latvia by paying a total of EUR 2,888 for the subsidiary. In April 2013, the subsidiary acquired the Stabu 10 property, in Riga.

In April 2013, the joint venture of EFTEN Kinnisvarafond OÜ, EFTEN SPV₁₁ OÜ obtained 100% of the shares of Balotel OÜ. Balotel OÜ was the owner of Finest Palace AS, to whom the Palace Hotel belongs. For obtaining the shares of Balotel OÜ, EFTEN SPV₁₁ OÜ paid a total of EUR 4,368,000 including transaction fees and on the accounts of the enterprises that were acquired, there was EUR 110,998 of cash at the time of the acquisition. On 1 June 2013, Balotel OÜ and Finest Palace AS merged with their parent company, EFTEN SPV OÜ.

The shares of none of the subsidiaries or the joint venture are publicly traded.

3 Revenue

Areas of operation	First half of the year	
	2013	2012
€		
Üüritulu büroopindadelt	1 716 806	1 244 697
Rent revenue from public spaces	319 495	313 951
Rent revenue from sales spaces	1 846 395	234 024
Rent revenue from warehouse spaces	305 597	296 914
Rent revenue from accommodation spaces	14 649	0
Rent revenue from car parks	32 502	36 225
Other revenue	72 218	2 693
Total revenue by areas of operation	4 307 662	2 128 504

EUR 47,519 of the sales revenue made in the first half of 2013 was earned in Latvia.
The rest of the revenue of the Group has been earned in Estonia.

4 Cost of sales

	First half of the year	
	2013	2012
€		
Repairs and maintenance of rental spaces	-342 319	-126 076
Insurance of assets	-15 884	-5 242
Land tax	-40 239	-27 793
Improvement costs	-28 884	-32 783
Other management cost	0	-559
Tangible property wear and tear	-61	0
Expenditures on employment, incl. taxes	-8 702	0
Total cost of sales	-436 089	-192 453

5 Administrative expenses

	First half of the year	
	2013	2012
€		
Management service	-336 131	-174 527
Office costs	-14 937	-10 443
Expenditures on employment, incl. taxes	-58 646	-9 151
Consultation costs	-72 167	-13 994
Change in the success fee obligation	-18 763	-96 755
Other general management costs	-2 267	-530
Depreciation costs	-4 179	-81
Total administrative expenses	-507 090	-305 481

6 Other incomes and other expenses

Other income	First half of the year	
	2013	2012
€		
Revenue from change in fair value of investment properties (Note 9)	0	503 048
Fines for delay and penalties	383	0
Profit from sales of investment properties	91 555	0
Other revenues	118	1 517
Other income, total	92 056	504 565

Other expenses	First half of the year	
	2013	2012
€		
Loss from change in fair value of investment properties (Note 9)	0	-30 431
Loss from the discount and disposal of non-current tangible assets	-39 037	0
Fines for delay and penalties	-299	0
Other expenses, total	-39 336	-30 431

7 Financial expenses

	First half of the year	
	2013	2012
€		
Interest expenses, including	-733 006	-494 792
Interest expenses on loans	-581 024	-353 332
Interest expenses on derivative instruments (-)/reduction of expenditure (+)	-151 982	-141 460
Total financial expenses	-733 006	-494 792

8 Receivables and accrued income

	30.06.2013	31.12.2012
€		
Trade receivables		
Unpaid amounts by buyers	292 630	482 644
Uncollectible receivables	-13 990	-16 892
Receivables from buyers, total	278 640	465 752
Other short-term receivables		
Other short-term receivables	1 704	796
Total other short-term receivables	1 704	796
Accrued income		
Interests	0	4
Prepayments and reclamations of VAT	69 177	40 479
Prepayments of other taxes	10 050	0
Other accrued income	7 096	11 587
Total accrued income	86 323	52 070
Total claims	366 667	518 618

9 Investment properties

As at 30.06.2013, the Group has invested in the following investment properties:

Name	Location	Area (m ²)	Useful area (m ²)	Year of construction	Time of acquisition	Acquisition cost	Market value 30.06.2013	Share of the market value of fund's assets
€								
Tallinn Cold Storage	Betooni 4, Tallinn	18 773	6 863	2008	sept. 08	6 237 216	7 023 803	6%
Võru Rautakesko	Kreutzwaldi 89, Võru	10 110	3 120	2008	sept. 08	3 270 274	3 440 618	3%
Lökke 4	Lökke 4, Tallinn	2 320	4 177	2008	sept. 09	2 476 319	3 533 083	3%
Lepa Centre	Karja 4, Pärnu	4 118	4 161	1998-1999	dets. 09	1 995 033	2 876 598	1%
UKU Centre	Tallinna 41, Viljandi	6 540	5 117	2012	aug. 10	5 390 388	6 789 457	6%
Joint building of Rakvere police and rescue	Kreutzwaldi 5a, Rakvere	5 775	5 744	2010	nov. 10	4 940 256	6 022 822	5%
Lauteri 5	Lauteri 5, Tallinn	3 941	3 942	1997	dets. 10	3 244 346	3 485 392	3%
Ülikooli 6	Ülikooli 6, Tartu	697	2 276	1997	mai. 11	2 328 653	2 407 147	2%
Pärnu mnt 102	Pärnu mnt 102, Tallinn	4 053	9 216	2005	dets. 11	12 280 411	12 426 224	10%
Pärnu mnt 105	Pärnu mnt 105, Tallinn	3 075	5 031	1998	dets. 11	6 269 628	6 302 382	5%
Mustika Centre	Tammsaare tee 116	42 546	23 007	2002	juuli. 12	22 287 948	22 287 948	19%
Palace Hotel	Vabaduse väljak 3/ Pärnu mnt 14	1 119	4 870	1937	apr. 13	4 350 786	4 350 786	4%
Jelgava	Riia mnt 48	16 785	4 450	2013-2014	märts. 13	946 328	946 328	1%
Narva Prisma	Kangelaste pr 29, Narva	30 607	13 361	2010	veebr. 13	14 850 000	14 850 000	12%
Laki 24	Laki 24, Tallinn	7 672	1 854	2001	jaan. 13	1 658 538	1 658 538	1%
Kadaka tee 63	Kadaka tee 63, Tallinn	20 464	7 705	2006	jaan. 13	7 167 270	7 167 270	6%
Stabu	Stabu 10, Riga	774	3 150	1910	märts. 13	2 872 673	2 872 673	2%
Total			108 044			102 566 067	108 441 069	90%

Lepa Centre and the Palace Hotel belong to the Group's jointly controlled entities and are proportionally consolidated. 100% of the indicators of Lepa Centre and Palace Hotel have been stated in the Table above.

In the first half of 2013, the following changes occurred in the Group's investment properties:

	Investment properties in the development stage	Finished investment properties	Total investment properties
Balance as at 31.12.2012	0	75 545 094	75 545 094
New investment properties obtained	0	11 625 808	11 625 808
Investment properties obtained in business combinations	3 068 183	14 850 000	17 918 183
Acquisitions in existing investment properties after were acquired	603 054	81 381	684 435
Reclassifications	8 729 606	-8 729 606	0
Sale of investment properties	0	-946 143	-946 143
Balance as at 30.06.2013	12 400 843	92 426 534	104 827 377

As at 30 June 2013, the Group has a total of EUR 44,199 to pay for investment property (December 31 2012: EUR 11,815).

All investment properties of EFTEN Kinnisvarafond AS that produce rent revenue have been pledged as securities of long-term bank loans.

The fair value of all investment properties recognised in the Group reports as at June 30, 2013 has been calculated using the discounted cash flow method. The following presumptions have been used in finding the fair value:

Increase in annual rent revenue	1,5%-2,5%
Increase in annual expenditure	1,5%-2,5%
Vacancy of rented space	0%-13%
WACC	10,5%
Capitalisation rate upon leaving the project	8,5%-9,5%

Based on the analysis carried out on June 30 2013 the fair value of investment properties was equal to their balance value.

10 Loan liabilities

As at 31.12.2012, the Group had the following loan liabilities before banks:

Lender	Loan balance as of 30.06.2013	Date of taking the loan	Settlement term	Security	Interest rate	Basis for the floating interest share	Share of the market value of fund's assets
SEB	3 564 945	9.09.2008	9.09.2015	mortgage	1,45%	1M EURIBOR	3,0%
DnB Nord	1 988 833	8.08.2008	15.08.2013	mortgage	1,60%	6M EURIBOR	1,7%
SEB	1 178 285	28.08.2009	25.08.2014	mortgage	1,95%	1M EURIBOR	1,0%
SEB	994 759	6.06.2011	26.05.2016	mortgage	2,00%	1M EURIBOR	0,8%
SEB	1 781 178	2.09.2011	25.09.2016	mortgage	1,95%	1M EURIBOR	1,5%
SEB	3 983 868	31.07.2012	23.01.2017	mortgage	2,40%	1M EURIBOR	3,3%
Swedbank	3 462 997	3.12.2010	25.11.2017	mortgage	2,10%	6M EURIBOR	2,9%
Swedbank	3 787 835	2.01.2012	30.12.2016	mortgage	1,95%	1M EURIBOR	3,2%
Swedbank	7 390 895	2.01.2012	30.12.2016	mortgage	1,95%	1M EURIBOR	6,1%
SEB	13 301 334	31.07.2012	5.07.2015	mortgage	1,85%	1M EURIBOR	11,1%
SEB ¹	1 234 532	1.11.2010	1.11.2015	mortgage	2,30%	1M EURIBOR	1,0%
SEB	4 648 733	31.01.2013	25.01.2017	mortgage	2,10%	1M EURIBOR	3,9%
SEB	876 473	31.01.2013	25.01.2017	mortgage	2,10%	1M EURIBOR	0,7%
Pohjola Bank	9 547 584	28.02.2013	28.02.2018	mortgage	2,35%	1M EURIBOR	7,9%
SEB	1 482 094	15.04.2013	15.04.2018	mortgage	2,90%	1M EURIBOR	1,2%
Total	59 224 345						48,8%

¹ The loan has been taken by a joint venture that is proportionally consolidated.

The table shows 100% of the joint venture's indicators.

Short-term loans and borrowings	30.06.2013	31.12.2012
€		
Repayments of long-term loans and borrowings in the next period, incl.	4 789 851	3 818 797
<i>Bank loans</i>	4 789 851	3 818 797
Total short-term loans and borrowings	4 789 851	3 818 797

Long-term loan loans and borrowings	30.06.2013	31.12.2012
€		
Total long-term loans and borrowings	58 607 829	42 582 369
incl. the short-term part of loans and borrowings	4 789 851	3 818 797
incl. the long-term part of loans and borrowing	53 817 978	38 763 572
<i>Bank loans</i>	53 817 228	38 763 572
<i>Other loans</i>	750	0

11 Derivative instruments

As at 30.06.2013, the Group had interest rate swaps for fixing the interest rate of long-term loans to the nominal sum of EUR 6,732,063 (31.12.2012: EUR: 10,845,532). The terms and deadlines of all interest rate swaps observe the repayment schedule of the loan to be managed and are treated in accounting as a cash flow risk management instrument.

As at 30.06.2013, the Group had three transactions with derivative instruments for management of interest rate risk. The final deadlines of the transactions with derivative instruments are in 2013, 2014, and 2017. The floating interest rates of the Group are fixed at the levels of 1.85% to 4.999% based on interest swap contracts. All payments in relation to derivative instruments are made in EUR.

Fair value of the derivative instruments will be based on the quotations of SEB Eesti Ühispank.

12 Short-term payables and prepayments

31.12.2012	30.06.2013	31.12.2012
€		
Trade payables	129 808	333 317
<i>Other debts</i>		
Other debts	10 885	0
Other debts total	10 885	0
<i>Taxes payable</i>		
Value added tax	136 027	95 045
Individual income tax	5 712	961
Social tax	10 242	1 718
Other taxes payable	6 512	346
Total taxes payable	158 493	98 070
<i>Accruals</i>		
Interest payable	74 229	78 264
Payables to employees	3 273	3 283
Other accruals	80 743	161
Total accruals	158 245	81 708
<i>Prepayments</i>		
Prepayments received from customers	7 773	8 043
Other prepaid revenues	3 021	0
Total prepayments	10 794	8 043
Total payables and prepayments	468 225	521 138

13 Success fee obligation

EFTEN Kinnisvarafond AS and EFTEN Capital AS have entered into a management contract, according to which EFTEN Capital AS shall receive a success fee in the amount of 20% of the sales and acquisition price of investment properties, if the hurdle rate is at least 10% on an annual basis. The success fee shall be calculated on all real estate transactions as a whole, i.e., if there is an investment property in the whole that is sold under the cost of its acquisition, the success fee calculated on objects sold with profit shall be decreased in the amount of 20% of those sales losses of the objects sold under acquisition cost.

As at 30.06.2013, the Group has accounted for the success fee obligation in the amount of EUR 1,095,119 (31.12.2012: EUR 1,091,559). The bases of accrual accounting of this success fee are the valuations of fair price of investment properties. The expenditure on changes in success fee shall be recognised under the Group's general management costs (see Note 5).

14 Share capital

In April 2013, EFTEN Kinnisvarafond AS issued 7,969,450 new shares with the nominal value of EUR 0.60. A total of EUR 14,504,399 was paid for the new shares in cash, whereat the share of issue premium of the amount paid was EUR 9,722,729.

The size of registered share capital of EFTEN Kinnisvarafond AS as at 30.06.2013 is EUR 19,815,876 (31.12.2012: EUR: 15,034,206). The share capital consisted of 33,026,460 shares as at 30.06.2013 (31.12.2012: 25,057,010 shares) with the nominal value of EUR 0.60. Without amending the articles of association, the undertaking may increase its share capital to EUR 60,136,824.

15 Transactions with related parties

EFTEN Kinnisvarafond AS considers the related parties to be:

- persons who own more than 10% of the share capital of EFTEN Kinnisvarafond AS;
- Board Members and undertakings owned by the Board Members of EFTEN Kinnisvarafond AS;
- Supervisory Board Members and undertakings owned by the Supervisory Board Members of EFTEN Kinnisvarafond AS;
- employees and undertakings owned by the employees of EFTEN Kinnisvarafond AS;
- joint venture Lepa Centre OÜ;
- EFTEN Capital AS (management company).

The Group bought management service from EFTEN Capital AS in the first half of 2013 in the amount of EUR 336,131 (2012: EUR 174,527). In the first half of 2013, EFTEN Kinnisvarafond AS also paid to EFTEN Capital AS a success fee of EUR 15,423 for the sale of the immovable at Narva mnt 59. EFTEN Kinnisvarafond AS did not purchase from other related parties or sell to other related parties other goods or services in 2013 or the first half of 2012.

No remunerations were accounted or paid to the members of the Group's Management or Supervisory Board in 2013 or the first half of 2012. The Group had four employees to whom remunerations in the total amount of EUR 67,348 with taxes were accounted in the first half of 2013.

16 Events after balance sheet date

Acquisition of investment properties

In July 2013, the Group acquired the portfolio of EPI Baltic I comprised of five properties, with the total acquisition cost of EUR 30,550,405. The acquisition was financed by a loan from a bank in the total amount of EUR 20 000 000. According to the contract, the loan shall be repaid in 2018 and the interest rate is 1.6% + 1 month EURIBOR.

17 Parent's unconsolidated balance sheet

The unconsolidated main accounts of the parent undertaking have been prepared in concordance with the Accounting Act and are not separate financial reports in the meaning of IAS 27 "Consolidated and Separate Financial Statements".

Unconsolidated income statement of the parent undertaking

	First half of the year	
	2013	2012
€		
Revenue	961 276	757 567
Expenditure on sold services	-138 307	-60 551
Gross profit	822 969	697 016
Marketing costs	0	-1 815
Administrative expenses	-376 644	-256 414
Other income	0	356 676
Other expenses	-286	0
Operating profit	446 039	795 463
Finance income and finance expenses	1 989 983	801 985
Profit before income tax	2 436 022	1 597 448
Income tax expenditure on dividends	-173 041	-105 000
Net profit of the accounting period	2 262 981	1 492 448

Unconsolidated total profit statement of the parent undertaking

	First half of the year	
	2013	2012
€		
Net profit of the accounting period	2 262 981	1 492 448
Other total profit/loss:		
Revaluation profit/loss of risk management instruments	146 578	73 347
Other total profit/loss	146 578	73 347
Total profit of the accounting period	2 409 559	1 565 795

Unconsolidated statement of financial position

	30.06.2013	31.12.2012
€		
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	1 292 608	10 616 035
Receivables	4 003 926	2 140 091
Total current assets	5 296 534	12 756 126
<i>Fixed assets</i>		
Parts of subsidiaries and joint ventures	47 887 094	24 175 726
Investment properties	13 997 504	13 997 504
Long-term receivables on loans	2 958 512	885 825
Total fixed assets	64 843 110	39 059 055
TOTAL ASSETS	70 139 644	51 815 181
LIABILITIES AND EQUITY		
<i>Short-term liabilities</i>		
Loan liabilities	5 459 133	2 333 968
Derivative instruments	72 888	219 466
Payables	105 295	127 495
Total short-term liabilities	5 637 316	2 680 929
<i>Long-term liabilities</i>		
Loan liabilities	4 452 930	4 598 812
Deposits received from customers	2 557	2 556
Success fee obligation	402 739	402 739
Total long-term liabilities	4 858 226	5 004 107
Total liabilities	10 495 542	7 685 036
<i>Equity</i>		
Share capital	19 815 876	15 034 206
Issue premium	29 617 019	19 894 290
Statutory capital reserve	480 452	247 937
Risk hedge reserve	-72 888	-219 466
Retained profits	9 803 643	9 173 177
Total equity capital	59 644 102	44 130 144
TOTAL LIABILITIES AND EQUITY CAPITAL	70 139 644	51 815 181

Parent's unconsolidated cash flow statement

	First half of the year	
	2013	2012
€		
Cash flows from business operations		
Net profit	2 262 981	1 492 448
<i>Net profit adjustments:</i>		
Finance income and finance expenses	-1 237 483	-801 985
Dividends received	-752 500	0
Revaluation profit/loss of investment properties	0	-356 676
Change in the success fee obligation	0	71 335
Income tax proceeds of the undertaking	173 041	105 000
Cash flow from business operations before changes in working capital	446 039	510 122
Changes in receivables and liabilities related to business operations	-36 898	-23 132
Total cash flows from operations	409 141	486 990
Cash flows from investing activities		
Acquisition of subsidiaries and joint ventures	-24 899 238	-2 502 500
Change in the Group's account receivables	784 199	0
Loans given	-2 074 188	0
Repayments of loans given	0	131 402
Dividends received	752 500	0
Interest received	3 522	11 815
Total cash flows from investing activities	-25 433 205	-2 359 283
Cash flows from financing activities		
Loans received	3 180 000	0
Loan repayments	-201 457	-188 816
Interest paid	-209 264	-217 310
Dividends paid	-1 400 000	-395 000
Income tax paid on dividends	-173 041	-105 000
Issuing of shares	14 504 399	11 084 500
Total cash flows from financing activities	15 700 637	10 178 374
TOTAL CASH FLOWS	-9 323 427	8 306 081
Cash and cash equivalents at the beginning of the period	10 616 035	1 737 697
Change in cash and cash equivalents	-9 323 427	8 306 081
Cash and cash equivalents at the end of the period	1 292 608	10 043 778

Parent's unconsolidated statement of changes in equity

	Share capital	Issue premium	Unregistered share capital	Statutory capital reserve	Risk hedge reserve	Retained profits	Total
€							
Balance 31.12.2011	5 035 836	3 762 412	0	94 687	-417 657	5 070 867	13 546 145
Issuing of shares	5 245 862	7 928 136	2 295 500	0	0	0	15 469 498
Advertisement of dividends	0	0	0	0	0	-395 000	-395 000
Transfers to legal reserve	0	0	0	153 251	0	-153 251	0
Profit of the accounting period	0	0	0	0	73 347	1 492 448	1 565 795
Balance 30.06.2012	10 281 698	11 690 548	2 295 500	247 938	-344 310	6 015 064	30 186 438
Balance 31.12.2012	15 034 206	19 894 290	0	247 937	-219 466	9 173 177	44 130 144
Issuing of shares	4 781 670	9 722 729	0	0	0	0	14 504 399
Capital issue costs	0	0	0	0	0	0	0
Advertisement of dividends	0	0	0	0	0	-1 400 000	-1 400 000
Transfers to legal reserve	0	0	0	232 515	0	-232 515	0
Profit of the accounting period	0	0	0	0	146 578	2 262 981	2 409 559
Balance 30.06.2013	19 815 876	29 617 019	0	480 452	-72 888	9 803 643	59 644 102

For additional information on the changes related to shares, see Note 14.

Adjusted unconsolidated equity capital of the parent undertaking (to account for correspondence with the requirements set in the Commercial Code) is as follows:

	30.06.2013	31.12.2012
€		
Unconsolidated equity capital of the parent undertaking	59 644 102	44 130 144
Value of subsidiaries or joint ventures in the unconsolidated balance of the parent undertaking (minus)	-47 887 094	-24 175 726
Value of subsidiaries or joint ventures accounted in the equity method (plus)	47 926 019	24 178 910
Total	59 683 027	44 133 328

SIGNATURES OF THE MEMBERS OF THE BOARD AND SUPERVISORY BOARD TO THE SEMI-ANNUAL REPORT FOR THE FIRST HALF OF 2013

We hereby verify the correctness of data presented in the first semi-annual report of 2013 of EFTEN Kinnisvarafond AS.

Arti Arakas
Chairman of the
Supervisory Board

Sive Penu
Member of the
Supervisory Board

Rain Lõhmus
Member of the
Supervisory Board

Sander Rebane
Member of the
Supervisory Board

Jaan Pillesaar
Member of the
Supervisory Board

Laire Piik
Member of the
Supervisory Board

Martin Hendre
Member of the
Supervisory Board

Tauno Tats
Member of the
Supervisory Board

Viljar Arakas
Member of the Board

Tõnu Uustalu
Member of the Board