

Consolidated Interim Report – 12 months and 4th quarter ended 31 December 2023

EfTEN Real Estate Fund AS

Commercial register number: 12864036

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MANAGEMENT REPORT

Fund manager's comment

The main keyword for 2023 was the fastest interest rate increase in the 25-year history of the Eurozone. The consolidated interest expense of EFTEN Real Estate Fund AS increased almost twice compared to a year ago in relation to EBITDA, having a direct impact on the Fund's free cash flow as well. At the same time, thanks to the conservative financing policy of the Fund, the stable cash flow of investments, the permanently low vacancy rate and the good payment behavior of customers, the growth of EURIBOR did not pressure the cash flows of any of the underlying assets above the critical limit.

Considering the liquidity buffer of the Fund's subsidiaries, the Management Board plans to propose to the shareholders at the 2024 spring general meeting to pay a net dividend for the past financial year more than the Fund's dividend policy stipulates - 1.0 euros per share, instead of 1.15 euros last year. Considering the share price of EFTEN Real Estate Fund AS on the stock exchange, this still means a dividend yield of more than 5%.

According to unaudited data, EFTEN Real Estate Fund AS earned a net profit of 1.0 million euros in 2023 (2022: 11.4 million euros). The decrease in the Fund's net profit is mainly due to the loss of the fair value revaluation of investment properties in the total amount of 13.9 million euros (in 2022, the Fund received a profit of 3.1 million euros from the revaluation of investment properties). It is important to emphasize that the write-down of the Fund's assets is a non-monetary change in the balance sheet value, which in no way affects the Fund's actual cash flows or ability to pay dividends. These evaluations have been made as of the end of 2023 and thus reflect a record high EURIBOR level. It can be assumed that the fair value of investment property will partially recover because of the expected drop in EURIBOR.

In 2024, a change in commercial real estate market trends can be expected. Rapid interest rate hikes are likely to be a thing of the past, and a gentle decline in interest rates is ahead. As the macro environment of the Baltic economies continues to be fragile and the two-year economic recession continues, the Fund's management pays attention primarily to the management and maintenance of rental income and good cooperation with clients.

Today, it can be said that the parties in the real estate market are used to the new interest environment, which in turn is a prerequisite for the activation of the transaction market. If such assumptions are implemented, the board will propose to shareholders in the second half of this year to organize a new share issue in order to continue the Fund's growth strategy.

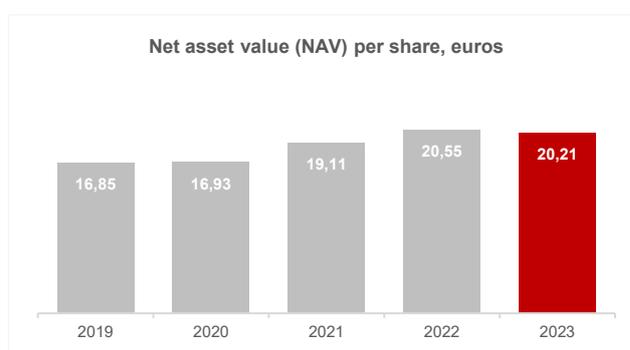
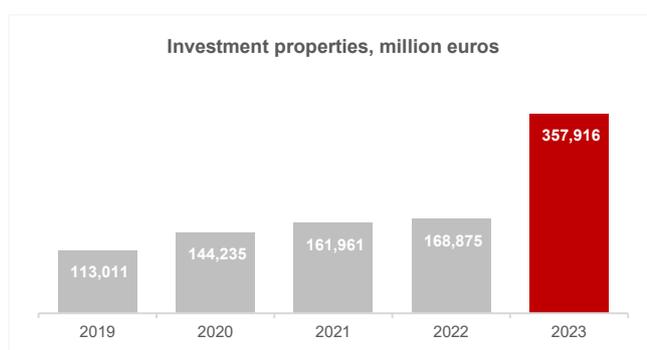
Financial overview

In the fourth quarter of 2023, EFTEN Real Estate Fund AS earned a total of 8.103 million euros in consolidated sales revenue (2022 fourth quarter: 3.699 million euros). The consolidated sales revenue of the fund in 2023 was 31.817 million euros (2022: 14.299 million euros), including the sales revenue of real estate investments added from the merger with EFTEN Kinnisvarafond AS in the amount of 16.918 million euros. Sales revenue calculated on a *like-for-like* basis increased by 4.2% compared to a year ago.

The consolidated net rental income (NOI) of the Fund for the year 2023 is 29.608 million euros (2022: 13.665 million euros). This year's net rental income includes the net rental income from investment properties added by the merger with EFTEN Kinnisvarafond AS in the total amount of 15.484 million euros. Therefore, NOI calculated on the like-for-like basis has also increased by 3.4% compared to a year ago. The consolidated net rental income margin was 93% (2022: 96%) this year, so costs directly related to property management (including land tax, insurance, maintenance and improvement costs) and distribution costs constituted 7% (2022: 4%) of sales income.

	IV quarter		12 months	
	2023	2022	2023	2022
<i>€ million</i>				
Rental revenue, other fees from investment properties	8.103	3.699	31.817	14.299
Expenses related to investment properties, incl. marketing costs	-0.696	-0.169	-2.209	-0.634
Net rental income	7.407	3.530	29.608	13.665
<i>Net rental income margin</i>	91%	95%	93%	96%
Interest income and expense	-2.190	-0.582	-7.786	-1.854
Net rental revenue less finance costs	5.217	2.948	21.822	11.811
Management fees	-0.541	-0.299	-2.148	-1.178
Other revenue and expenses	-0.439	-0.251	-1.377	-0.715
Profit before change in the value of investment property, fair value change of the interest rate swap and income tax expense	4.237	2.398	18.297	9.918

The volume of the group's assets as of 31.12.2023 was 380.944 million euros (31.12.2022: 181.956 million euros), incl. the fair value of investment property made up 94% of the volume of assets (31.12.2022: 93%)



	31.12.23	31.12.2022	31.12.2021	31.12.2020	31.12.2019
<i>€ million</i>					
Investment properties	357.916	168.875	161.961	144.235	113.011
Ownership in joint venture	2.078	0.000	0.000	0.000	0.000
Other non-current assets	0.372	0.179	0.147	0.123	0.114
Current assets, excluding cash	5.866	1.571	1.219	2.146	6.717
Net debt (cash and deposits minus short-term and long-term bank loans)	-129.796	-56.730	-58.103	-67.335	-36.431
Net asset value (NAV) ¹	218.698	104.264	96.914	71.483	70.911
EPRA net asset value (EPRA NAV)	226.807	111.123	102.708	76.112	75.456
Net asset value (NAV) per share, in euros ¹	20.21	20.55	19.11	16.93	16.85
EPRA net asset value (EPRA NRV) per share, in euros	20.96	21.91	20.25	18.03	17.93

¹The NAV of EFTEN Real Estate Fund AS is equal to the NDV value calculated according to EPRA's recommended guidelines.

Investment properties by segment

Segment	31.12.23	31.12.2022	31.12.2021	31.12.2020	31.12.2019
<i>€ million</i>					
Logistics	109.860	51.300	50.590	39.047	30.390
Retail	138.542	56.820	55.270	51.520	52.910
Office building	90.460	51.801	49.831	47.751	29.711
Care homes	11.834	8.954	6.270	5.917	0.000
National	7.220	0.000	0.000	0.000	0.000
Total investment properties	357.916	168.875	161.961	144.235	113.011

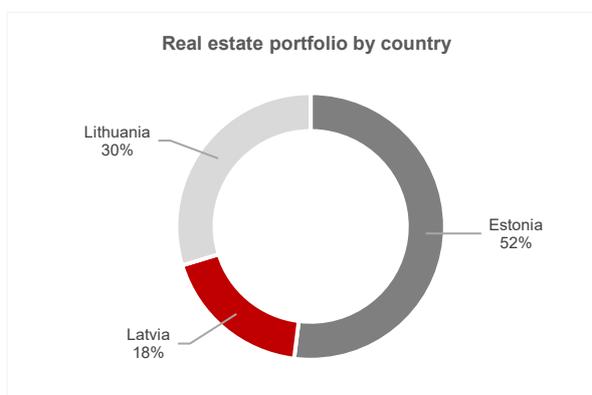
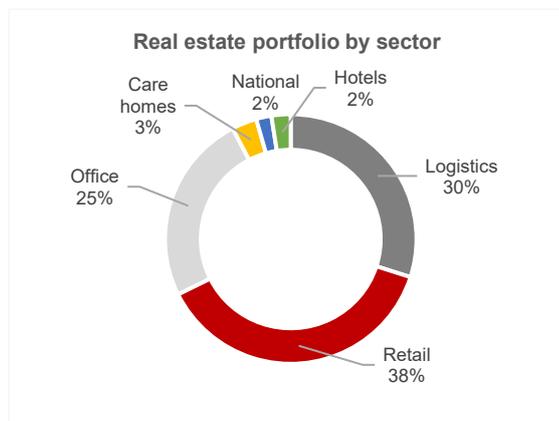
Key performance and liquidity ratios

12 months	31.12.2023	31.12.2022
ROE, % (net profit of the period / average equity of the period) * 100	0.6	11.3
ROA, % (net profit of the period / average assets of the period) * 100	0.4	6.4
ROIC, % (net profit of the period / average invested capital of the period) * 100	0.004	17.0
Revenue (€ thousands)	31,817	14,299
Rent income (€ thousands)	30,606	13,489
EBITDA (€ thousands)	26,152	11,819
EBITDA margin, %	82%	83%
EBIT (€ thousands)	12,142	14,891
EPRA's profit (€ thousands)	16,139	9,354
Net dividend per net profit (net dividend / net profit)	1247%	36%
Liquidity ratio (current assets / current liabilities)	1.0	0.5
DSCR (EBITDA/(interest expenses + scheduled loan payments))	1.8	2.2

Investment portfolio

At the end of the year, the Group has 35 (31.12.2022: 18) commercial property investments with a fair value at the balance sheet date of 357.916 million euros (31.12.2022: 168.875 million euros) and an acquisition cost of 354.408 million euros (31.12.2022: 151.426 million euros). In addition, the Group's joint venture owns the Palace hotel in Tallinn, the fair value of which as of 31.12.2023 was 9.0 million euros.

After the merger, the group's investment portfolio is better spread across countries - if at the end of 2022 the share of investments in Lithuania was 60%, Estonia 25% and Latvia 15% of all investment properties, then at the end of 2023 the share of Lithuania will be 30%, the share of investments in Estonia 52% and Latvia share of 18% of all investments. The largest investments have been made in the trade sector (38%), followed by the logistics sector (30%), the office sector (25%), the nursing home sector (3%) and the National sector and hotels (both 2%).



The Group completed the construction of the Valkla care home in the summer of 2023. A total of 3.860 million euros were invested in the care home, and the investment yields a rental yield of 7.5%. In the fall of 2023, the construction of the third care home belonging to the Group - Tartu Südamekodu - began. The Tartu care home for 120 clients will be completed in 2024. In 2023, the Group invested a total of 2.674 million euros for the design and construction of the Tartu care home.

In 2023, the Group invested a total of 3.083 million euros in real estate projects generating rental income. The investments were mainly related to the expansion of the Betoon 6 logistics building in the total amount of 1.044 million euros. The subsidiary of the group receives a rental yield of 8.5% per year from the investment. Larger investments were made in 2023 also for the renovation of the general areas of the Saules Miestas shopping center (800 thousand euros) and for the improvement of the Jurkalne logistics park (561 thousand euros).

Main indicators of the Group's investment portfolio

Investment property	Location	Groups ownership	Acquisition cost, in € thousand s ²	Fair value, € thousands ¹	Net leasable area	Rental revenue per annum, € thousands	Direct return ³	Net primary production ⁴	Occupancy, %	Average length of rental agreements	Number of tenants
Premia Külmoone ¹	Tallinn	100	6,840	6,530	7,258	515	7.5%	7.9%	100.0	3.5	1
Kuuli 10 ¹	Tallinn	100	11,545	11,510	15,197	824	7.1%	7.2%	100.0	6.4	1
Betooni 1a ¹	Tallinn	100	9,190	9,140	10,678	663	7.2%	7.3%	100.0	3.3	1
Betooni 6 ¹	Tallinn	100	10,244	9,620	17,220	773	7.5%	8.0%	97.4	2.5	23
Jurkalne Technology Park ¹	Riga	100	24,851	23,440	44,231	2,106	8.5%	9.0%	98.9	8.8	73
DSV logistics centre	Vilnius	100	8,525	9,120	11,751	724	8.5%	7.9%	100.0	2.8	1
DSV logistics centre	Tallinn	100	12,366	13,300	16,014	1,028	8.3%	7.7%	100.0	2.8	1
DSV logistics centre	Riga	100	8,865	8,320	12,149	750	8.5%	9.0%	100.0	2.9	1
Piepilsetas logistics centre	Kekava	100	8,836	8,290	13,389	695	7.9%	8.4%	80.9	2.2	8
Ramygalos logistics centre	Panevežys	100	10,024	10,590	20,126	831	8.3%	7.8%	100.0	13.3	1
Logistics total			111,286	109,860	168,013	8,909	8.0%	8.1%	97.9	5.5	111
Võru Rautakesko ¹	Võru	100	2,890	2,670	3,120	245	8.5%	9.2%	100.0	4.3	1
Uku Keskus ¹	Viljandi	100	13,597	13,620	8,940	1,072	7.9%	7.9%	100.0	5.1	48
Mustika Keskus ¹	Tallinn	100	37,010	36,810	27,573	2,761	7.5%	7.5%	99.3	3.9	63
RAF Centrs ¹	Jelgava	100	9,280	9,360	6,225	701	7.6%	7.5%	100.0	1.3	38
Tammsaare tee Rautakesko ¹	Tallinn	100	15,700	15,580	9,120	1,246	7.9%	8.0%	100.0	8.2	1
Jelgava development project ¹	Jelgava	100	2,342	2,342							
Saules Miestas Shopping centre	Šiauliai	100	30,110	38,420	20,312	3,228	10.7%	8.4%	97.9	4.8	135
Laagri Selver	Tallinn	100	6,279	7,700	3,059	525	8.4%	6.8%	100.0	4.7	13
Hortes gardening centre	Laagri	100	3,138	3,550	3,470	216	6.9%	6.1%	100.0	8.4	1
Hortes gardening centre	Tallinn	100	5,458	5,340	5,300	358	6.6%	6.7%	100.0	13.8	1
ABC Motors Autokeskus	Tallinn	100	3,482	3,150	2,149	281	8.1%	8.9%	100.0	5.1	1
Retail total			129,286	138,542	89,268	10,633	8.2%	7.7%	99.3	5.0	302
Lauteri 5 ¹	Tallinn	100	5,881	5,100	3,822	328	5.6%	6.4%	85.6	1.6	20
Pärnu mnt 105 ¹	Tallinn	100	8,071	6,780	4,776	559	6.9%	8.2%	85.9	1.9	33
Pärnu mnt 102 ¹	Tallinn	100	16,372	13,190	9,285	950	5.8%	7.2%	86.5	1.1	23
Terbata ¹	Riga	100	9,127	8,190	6,056	678	7.4%	8.3%	95.8	2.0	14
Menulio 11 ¹	Vilnius	100	8,128	7,490	5,617	531	6.5%	7.1%	100.0	1.2	17
Ulonu	Vilnius	100	8,338	8,700	5,327	785	9.4%	9.0%	90.7	2.5	12
L3	Vilnius	100	8,849	10,370	6,150	758	8.6%	7.3%	95.5	2.6	34
Evolution	Vilnius	100	10,022	11,130	6,614	863	8.6%	7.8%	81.6	2.3	26
airBaltic	Riga	100	7,112	6,890	6,217	566	8.0%	8.2%	100.0	2.2	1
Rutkauskos	Vilnius	100	11,819	12,620	6,812	939	7.9%	7.4%	100.0	6.7	4
Office total	Office		93,725	90,460	60,676	6,957	7.4%	7.7%	92.2	2.5	184
Pirita Pansionaat	Tallinn	100	6,217	5,820	5,983	581	9.3%	10.0%	100.0	6.9	1
Valkla Súdamekodu	Valkla	100	3,860	3,340	4,423	280	7.3%	8.4%	100.0	8.3	1
Tartu Súdamekodu	Tartu	100	2,674	2,674			In construction				
Care homes total			12,751	11,834	10,406	861	6.8%	7.3%	100.0	7.5	3
Rakvere Police and rescue communal building (National) ¹	Rakvere	100	7,360	7,220	5,775	710	9.6%	9.8%	100.0	1.8	1
Hotell Palace (hotels) ⁵	Tallinn	50	11,158	9,040	4,874	535	4.8%	5.9%	100.0	6.7	1
Total investment portfolio			365,569	366,956	339,012	28,605	7.8%	7.8%	97.4	4.0	602

¹ The investment property was acquired through the merger with EFTEN Kinnisvarafond AS.

² The acquisition cost includes the costs associated with the initial acquisition of the investment property, plus the capital costs incurred later.

³ To find the direct return, the net operating income (NOI) is divided by the sum of the investment property's acquisition cost and subsequent capital expenditures.

⁴ To find the primary net income, the net operating income (NOI) is divided by the market value of the investment property.

⁵ Hotel Palace belongs to the Group's joint venture EFTEN SPV11 OÜ. The group has a 50% stake in the joint venture.

Rental income

In 2023, the Group earned a total rental income of 30.606 million euros, including rental income from the merger with EFTEN Kinnisvarafond AS in the total amount of 16.441 million euros. The rental income calculated on a comparable basis was a total 13.927 million euros in 2023, which is a 4% increase compared to 2022.

Like-for-like rental income by segments

€ thousands	Fair value as of 31.12.2023	Rental income 2023	Rental income 2022	Change	Change, %
Office	49,710	4,214	3,981	233	6%
Logistics	49,620	4,059	4,007	52	1%
Retail	58,160	5,229	4,983	246	5%
Care homes	5,820	425	417	8	2%
Total like-for-like assets and rental income	163,310	13,927	13,388	539	4%
Acquired assets and rental income ¹	188,592	16,441	0	16,441	
Other assets and rental income	6,014	238	101	137	
Total investment portfolio and rental income	357,916	30,606	13,489	17,117	127%

Like-for-like rental income by countries

€ thousands	Fair value as of 31.12.2023	Rental income 2023	Rental income 2022	Change	Change, %
Estonia	38,860	3,016	2,960	56	2%
Latvia	23,500	1,997	1,956	41	2%
Lithuania	100,950	8,914	8,472	442	5%
Total like-for-like assets and rental income	163,310	13,927	13,388	539	4%
Acquired assets and rental income ¹	188,592	16,441	0	16,441	
Other assets and rental income	6,014	238	101	137	
Total investment portfolio and rental income	357,916	30,606	13,489	17,117	127%

¹ From investment properties that were added during the merger with EFTEN Kinnisvarafond AS, the Group earned a total rental income of 16.441 million euros in 2023 (4% more than in 2022). The table below shows the consolidated rental income of EFTEN Kinnisvarafond AS in 2022 for comparison. The said rental income is not included in the consolidated rental income of EFTEN Real Estate Fund AS in 2022.

€ thousands	Fair value 31.12.2023	Rental income 2023	Rental income 2022	Change	Change, %
Office	40,750	3,464	3,604	-140	-4%
Logistics	60,240	5,275	5,244	31	1%
Retail	80,382	6,883	6,226	657	11%
National	7,220	819	743	76	10%
Total assets and rental income acquired during the merger with EFTEN Kinnisvarafond AS	188,592	16,441	15,817	624	4%

In 2023, the Group's subsidiaries did not offer significant rent discounts to tenants. The consolidated cost of discounts was a total of 36 thousand euros (0.1% of the consolidated rental income), and the discounts were mainly related to the tenants of the RAF Centrs shopping center and Terbata office building agreements.

As of 31.12.2023, the vacancy of investment property belonging to the Group per portfolio was low - 2.6%. A slightly increased vacancy can be seen in the office buildings segment (7.8%), where it takes longer than before to fill vacant rental premises. As of 31.12.2023, after the expiration of one lease in the summer of 2023, the Piepilsetas logistics center also has a larger vacancy than usual (19.1%, i.e. 2554m²), where negotiations with a new tenant are ongoing at the time of writing the report.

EfTEN Real Estate Fund AS largest tenants as of 31.12.2023

Tenant	Share of total rental income
Livonia Print SIA	5.9%
Kesko Senukai Estonia AS	5.6%
Prisma Peremarket AS	5.0%
DSV Estonia AS	3.5%
Logistika Pluss OÜ	2.9%
Adax UAB	2.8%
Riigi Kinnisvara Aktsiaselts	2.7%
DHL Logistics Estonia OÜ	2.5%
DSV Latvia SIA	2.5%
DSV Lithuania, UAB	2.4%
Atea, UAB	2.2%
Air Baltic Corporation AS	2.0%
Hortes AS	1.8%
Premia Tallinna Külkhoone AS	1.8%
Rimi Lietuva, UAB	1.7%
Südamekodud AS	1.5%
Vilniaus apskrities vyriausiasis policijos komisariatas	1.4%
Selver AS	1.2%
Others	50.5%

Fair value of investment property

EFTEN Real Estate Fund AS regularly evaluates investment properties twice a year - in June and December. Due to the decrease in the activity of real estate transactions, more conservative net rental income (NOI) forecasts and the increased EURIBOR, the market values of investment properties carried out by Colliers International as of 31.12.2023 are lower than they were a year ago. In 2023, the value of investment properties fell by a total of 3.9% on the portfolio, including the value of investment property in the office segment (9%).

Changes in assessment assumptions

31.12.2023 or for the year	Location	Fair value	CAPEX 2023	Change in fair value	Change compared to 01.01.2023			
					%	Annualized net rental income in year 1, %	Capitalization rate, percentage point	Discount rate, percentage point
<i>€ thousands</i>								
Logistika								
Premia Külmoone ¹	Tallinn	6,530	0	-310	-4.5%	-0.8%	0.40	0.30
Kuuli 10 ¹	Tallinn	11,510	95	-35	-0.3%	1.3%	0.20	-0.10
Betooni 1a ¹	Tallinn	9,140	0	-50	-0.5%	1.1%	0.20	-0.10
Betooni 6 ¹	Tallinn	9,620	1,044	-624	-6.1%	16.2%	0.40	0.50
Jurkalne Technology Park ¹	Riga	23,440	561	-1,411	-5.7%	6.3%	0.50	-0.30
DSV logistics centre	Vilnius	9,120	6	-356	-3.8%	2.2%	0.25	0.90
DSV logistics centre	Tallinn	13,300	0	-310	-2.3%	0.7%	0.40	0.30
DSV logistics centre	Riga	8,320	28	-538	-6.1%	2.2%	0.50	0.85
Piepilsetas logistics centre	Kekava	8,290	47	-487	-5.5%	-3.8%	0.50	0.30
Ramygalos logistics centre	Panevežys	10,590	13	-83	-0.8%	3.8%	0.00	0.90
Logistics total		109,860	1,794	-4,204	-3.7%			
Retail								
Võru Rautakesko ¹	Võru	2,670	0	-220	-7.6%	3.2%	0.80	1.20
Uku Keskus ¹	Viljandi	13,620	7	23	0.2%	5.1%	0.50	0.50
Mustika Keskus ¹	Tallinn	36,810	40	-200	-0.5%	6.4%	0.20	0.40
RAF Centrs ¹	Jelgava	9,360	0	80	0.9%	0.7%	0.25	-0.85
Tammsaare tee Rautakesko ¹	Tallinn	15,580	0	-120	-0.8%	1.1%	0.00	0.30
Jelgava development project ¹	Jelgava	2,342	0			<i>In construction</i>		
Saules Miestas shopping centre	Šiauliai	38,420	802	1,338	3.6%	15.1%	0.25	0.50
Laagri Selver	Tallinn	7,700	0	-110	-1.4%	7.4%	0.30	0.30
Hortes gardening centre	Laagri	3,550	0	-170	-4.6%	-22.4%	0.20	0.50
Hortes gardening centre	Tallinn	5,340	0	-260	-4.6%	-25.9%	0.10	0.30
ABC Motors Autokeskus	Tallinn	3,150	3	-263	-7.7%	0.6%	0.00	0.30
Retail total		138,542	852	98	0.1%			
Office								
Lauteri 5 ¹	Tallinn	5,100	31	-781	-13.3%	-10.3%	0.50	0.50
Pärnu mnt 105 ¹	Tallinn	6,780	21	-1,291	-16.0%	-3.4%	0.60	1.10
Pärnu mnt 102 ¹	Tallinn	13,190	172	-3,182	-19.4%	-15.6%	0.80	1.30
Terbata ¹	Riga	8,190	157	-937	-10.3%	41.8%	0.75	0.20
Menulio 11 ¹	Vilnius	7,490	8	-638	-7.8%	-22.7%	0.50	0.90
Ulonu	Vilnius	8,700	17	-637	-6.8%	30.3%	0.25	0.90
L3	Vilnius	10,370	13	-413	-3.8%	6.3%	0.25	0.90
Evolution	Vilnius	11,130	16	-666	-5.6%	6.0%	0.50	0.90
airBaltic	Riga	6,890	1	-31	-0.4%	10.9%	0.75	1.80
Rutkauskos	Vilnius	12,620	0	-390	-3.0%	7.1%	0.25	0.90
Office total		90,460	436	-8,967	-9.0%			
Care homes								
Pirita Pansionaat	Tallinn	5,820	0	-500	-7.9%	70.2%	0.70	1.00
Valkla Sūdamekodu	Valkla	3,340	1,167	-227	-6.4%	28.1%	0.50	0.50
Tartu Sūdamekodu	Tartu	2,674	2,440			<i>In construction</i>		
Care homes total		11,834	3,607	-727	-5.8%			
Rakvere Police and rescue communal building (National) ¹	Rakvere	7,220	0	-140	-1.9%	5.6%	0.50	0.50
Hotell Palace (hotels) ^{1,5}	Tallinn	9,040	0	-1,122	-11.0%	36.0%	0.50	0.20
Investment portfolio total		366,956	6,689	-15,063	-3.9%			

EPRA performance indicators

EPRA performance indicators

As of the balance sheet date or for the year	31.12.2023	31.12.2022
EPRA profit, € thousands	16,139	9,354
EPRA profit per share, in euros	1.49	1.84
EPRA NRV (net reinstatement value), € thousands	226,807	111,123
EPRA NRV per share, in euros	20.96	21.91
EPRA NDV (net disposal value), € thousands	218,698	104,264
EPRA NDV per share, in euros	20.21	20.55
EPRA NIY (primary net income)	7.6%	7.3%
EPRA Topped-up NIY (adjusted primary net income)	7.7%	7.8%
EPRA LTV	37.2%	33.6%
EPRA cost ratio, including direct vacancy costs	15%	13%
EPRA cost ratio, excluding direct costs related to vacancy	14%	13%
EPRA vacancy ratio	2.5%	0.5%

EPRA indicator calculations

EPRA net asset value indicators

As of 31.12.2023

€ thousands	EPRA NRV	EPRA NTA	EPRA NDV
Net asset value calculated in accordance with IFRS	218,698	218,698	218,698
Adjustments:			
Deferred income tax liability related to the change in the fair value of investment	8,109	8,109	-
Net asset value	226,807	226,807	218,698
Number of fully diluted shares	10,819,796	10,819,796	10,819,796
Net asset value per unit, in euros	20.96	20.96	20.21

As of 31.12.2022

€ thousands	EPRA NRV	EPRA NTA	EPRA NDV
Net asset value calculated in accordance with IFRS	104,264	104,264	104,264
Adjustments:			
Deferred income tax liability related to the change in the fair value of investment property and tax	6,912	6,912	-
Fair value of derivatives	-53	-53	-
Net asset value of EPRA	111,123	111,123	104,264
Number of fully diluted shares	5,072,535	5,072,535	5,072,535
EPRA Net asset value per unit, in euros	21.91	21.91	20.55

EPRA profit

€ thousands	2023	2022
Net profit (IFRS)	1,000	11,408
Adjustments:		
Change in fair value of investment property	13,941	-3,119
Change in fair value of financial instruments	0	-174
Deferred income tax expense related to EPRA adjustments	1,198	1,239
EPRA profit	16,139	9,354
Weighted average number of shares during the period	10,819,796	5,072,535
EPRA Net asset value per unit, in euros	1.49	1.84

EPRA net yield

€ thousands	2023	2022
Investment property	357,916	168,875
Minus constructions and land	-5,016	-2,634
Finished investment property	352,900	166,241
Annualized rental income from leases in force at the reporting date	30,051	13,401
Costs related to investment property not covered by tenants	-2,883	-1,071
Annualized net rental income	27,168	12,330
Nominal impact of the end of rent exemptions or other rental incentives	277	766
Adjusted annualized net rental income	27,445	13,096
EPRA initial net yield (NIY)	7.6%	7.3%
EPRA adjusted initial net yield (Topped-up NIY)	7.7%	7.8%

EPRA vacancy rate

€ thousands	2023	2022
Estimated rental income from vacant premises	766	63
Estimated rental income for the entire real estate portfolio	30,817	13,556
EPRA vacancy rate	2.5%	0.5%

EPRA cost ratios

€ thousands	2023	2022
Cost of sales	-1,626	-267
Other sales revenue paid by tenants to cover expenses	1,211	810
Marketing costs	-583	-367
Operating costs	-3,546	-1,916
Total costs, including direct costs related to the vacancy	-4,544	-1,740
Direct vacancy costs	-180	-25
Total costs excluding direct costs related to the vacancy	-4,364	-1,715
Rental income (gross)	30,606	13,489
EPRA cost ratio, including direct vacancy costs	15%	13%
EPRA cost ratio, excluding direct costs related to vacancy	14%	13%

Financing

In 2023, for the second year in a row, the major central banks raised interest rates more than the markets had forecast. In the euro area, at the beginning of 2023, EURIBOR was expected to peak at 3.5% in June. In fact, interest rates rose to 4% in September-October. As a result, the asset values of most European real estate companies and funds were devalued, and many of them were forced to reduce or stop dividend payments altogether. In Scandinavia, with the highest level of financial leverage, forced sales and non-fulfillment of loan obligations occurred in the real estate sector even under unfavorable conditions.

Eurozone interest rates, which peaked in October, also had an impact on the group's cash flows in 2023, bringing the interest coverage ratio (ICR) to almost half of what it was in 2022.

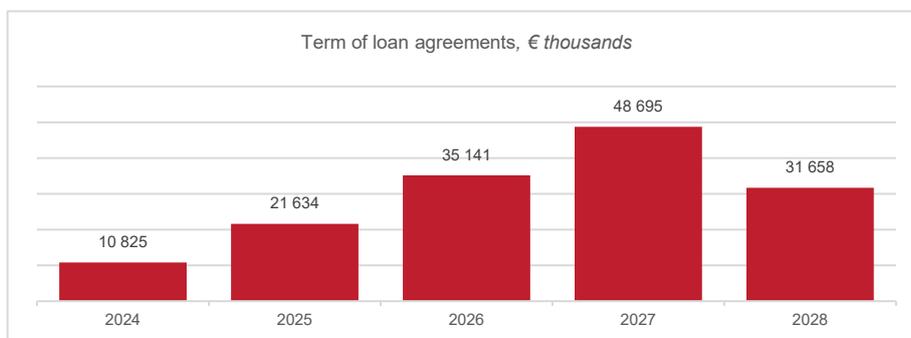
ICR	2023	2022
EBITDA	26,152	11,819
Interest expense	-7,970	-1,854
ICR	3.3	6.4

Despite the higher interest expense, all real estate objects of the group maintained a positive cash flow due to low vacancy and conservative financing policy, and the special conditions of no loan were violated in 2023.

For the first time in the two years, interest costs are expected to decrease in 2024. The markets estimate that the European Central Bank (ECB) will lower interest rates by more than 100 basis points, because of which the interest cost of bank loans taken for the acquisition of investment property of the Group will decrease and the cash flow will improve.

Within the next 12 months, the loan agreements of the group's two subsidiaries - ABC Motors Autokeskus and Jurkalne logistics park, whose balance as of 31.12.2023 is 10,825 thousand euros, will expire. The LTV of the expiring loan agreements is 48% and 40%, respectively, and the investment property have a stable and strong rental cash flow, therefore, according to the Group's management, there are no obstacles in the extension of the loan agreements.

As of the end of December, the weighted average interest rate of the Group's loan agreements (including interest rate swap agreements) due to the increase in EURIBOR is 5.9% (31.12.2022: 3.7%) and the LTV (Loan to Value) is 42% (31.12.2022: 40%). All loan agreements of the fund's subsidiaries are linked to a floating interest rate.



Information on shares

On the balance sheet date of 01.01.2023, EFTEN Real Estate Fund AS (formerly EFTEN Real Estate Fund III AS) merged with EFTEN Kinnisvarafond AS. To carry out the merger, the share capital of EFTEN Real Estate Fund AS was increased by 57,472 thousand euros and 5,747,261 new shares with a nominal value of 10 euros were issued. When increasing the share capital, the shares were paid for in full with a non-monetary contribution at the expense of the entire assets of EFTEN Kinnisvarafond AS, which were transferred to EFTEN Real Estate Fund AS, the value of which was the net value of the EPRA assets of EFTEN Kinnisvarafond AS as of 31.12.2022 (125,905 thousand euros).

According to the merger agreement, the new shares were issued to the shareholders of EFTEN Kinnisvarafond AS as the merging fund, who were entered in the list of shareholders as of 31.01.2023.

The registered share capital of EFTEN Real Estate Fund AS as of 31.12.2023 is 108,198 thousand euros (31.12.2022: 50,725 thousand euros). The share capital consisted of 10,819,796 shares (31.12.2022: 5,072,535) with a nominal value of 10 euros (31.12.2022: the same).

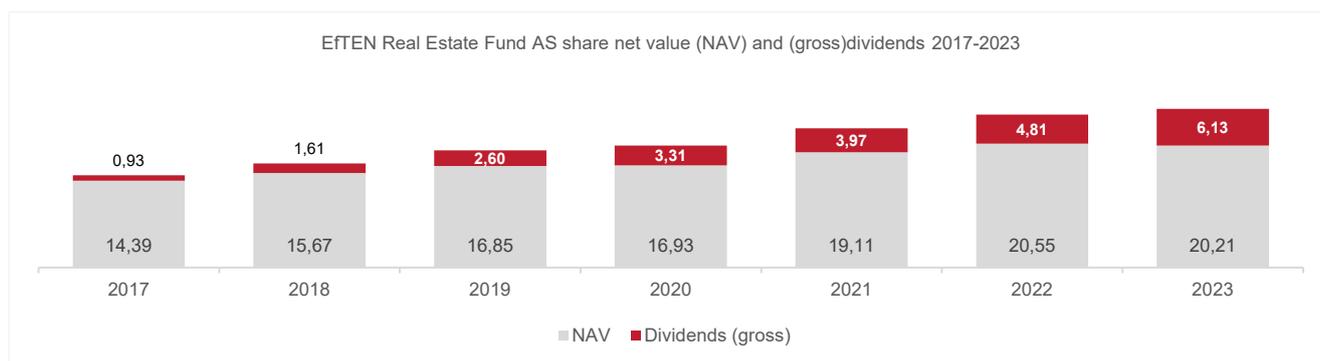
The net value of the share of EFTEN Real Estate Fund AS as of 31.12.2023 was 20.21 euros (31.12.2022: 20.55 euros). The net value of EFTEN Real Estate Fund AS shares fell by 1.7% during 2023. The net value of the Fund's share decreased mainly as a result of the change in the fair value of investment property.

In May 2023, the Fund paid dividends from the 2022 profit in the total amount of 12.471 million euros (May 2022: 4.058 million euros). Without the payment of dividends, the net value of the Fund's shares would have increased by 4.1% during 2023.

During 2023, the Group has earned a free cash flow of 11.314 million euros (2022: 6.182 million euros), of which, according to the Fund's dividend policy, 9.051 million euros (2022: 4.946 million euros) could be considered as gross dividends. Taking into account the obligation to keep a minimum cash balance and the short-term need for liquidity arising from the special loan conditions of the Fund's subsidiaries, as well as the possibility of increasing the loan amount by 2.166 million euros due to the loan agreement of the Fund's subsidiaries EFTEN Jurkalnes SIA, EFTEN SPV15 OÜ and Saules Miestas UAB, the Management Board of the Fund proposes to the Supervisory Board to pay for the year 2023 dividends more than the dividend policy stipulates - a total of 10.820 million euros (1 euro per share).

Calculation of the potential dividend payment

	2023	2022
<i>€ thousands</i>		
Operating profit	12,142	14,891
Adjustment for valuation gains on investment property	13,941	-3,119
Adjustment for depreciation and write-downs of fixed assets	69	47
EBITDA	26,152	11,819
Interest expense	-7,970	-1,854
Repayments of bank loans	-6,720	-3,493
Income tax expense on profits (Lithuania)	-148	-290
Free cash flow	11,314	6,182
80% of free cash flow	9,051	4,946
Gross dividend adjustment	1,050	-34
Dividend tax expense	-1,174	-274
Potential net dividend according to dividend policy	8,927	4,638
Potential incremental cash flow	2,166	1,000
Income tax charge on dividends from incremental cash flow	-273	-200
Potential net dividend with incremental cash flow	10,820	5,438
Number of shares at the end of the period	10,819,796	5,072,535
Potential net dividend per share, euros	1.00	1.07



The shares of EFTEN Real Estate Fund AS have been traded on the main list of Nasdaq Tallinn since December 2017.

Shareholder statistics

	31.12.2023	31.12.2022
Number of shareholders	6,794	6,172
Number of represented countries	13	25
Share of Estonian residents in share capital	96.35%	99.20%
Share of legal entities in share capital	86.13%	76.92%
Share of private individuals in share capital	13.87%	23.08%

26.62% of the shares as of 31.12.2023 belonged to the members of the Fund's Supervisory and Management Board and their related persons.

Shareholders by geographical areas

Share	31.12.2023	31.12.2022
Estonia	99.28%	98.98%
Finland	0.22%	0.26%
Germany	0.03%	0.11%
Lithuania	0.16%	0.10%
Australia	0.04%	0.06%
Sweden	0.06%	0.06%
Great Britain	0.00%	0.06%
Other	0.21%	0.36%

The largest shareholders as of 31.12.2023

	Number of shares	Share
LHV Pensionifond L	1,210,475	11.2%
REF Aktsiad OÜ	1,151,700	10.6%
Altiuse KVI OÜ	1,092,845	10.1%
Järve Shopping centre OÜ	747,681	6.9%
Ivard OÜ	433,158	4.0%
Hoiukonto OÜ	359,370	3.3%
EFTEN Capital AS	292,688	2.7%
Eggera OÜ	276,209	2.6%
Hoiupanga Töötajate AS	233,374	2.2%
EFTEN United Property Fund	218,759	2.0%

EFTEN Real Estate Fund AS share (EFT1T) price dynamics compared to NASDAQ Baltic Benchmark GI (OMXBBGI) index 01.12.2017 until 31.12.2023



EFT1T share statistics	2023	2022
Opening price	19.8	23.1
Closing price	18.95	19.65
Minimum share price	17.9	19.2
Maximum share price	22.1	24.2
Volume of traded shares, thousands	376	262
Volume, € million	7.33	5.501
Market capitalization as at 31.12, € million	205.035	99.675
Profit per share, €	0.09	2.25
Net accounting value of the share	20.21	20.55
EPRA net value of the share	20.96	21.91
P/B (closing price / equity per share)	0.94	0.96
P/B EPRA (closing price / EPRA equity per share)	0.90	0.90

INTERIM FINANCIAL STATEMENTS OF THE CONSOLIDATION GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	4th quarter		12 months	
		2023	2022	2023	2022
<i>€ thousands</i>					
Revenue	3,4	8,103	3,699	31,817	14,299
Cost of services sold	5	-506	-56	-1,626	-267
Gross profit		7,597	3,643	30,191	14,032
Marketing costs	6	-190	-113	-583	-367
General and administrative expenses	7	-978	-525	-3,546	-1,916
Gain / loss from valuation of investment properties	13	-7,759	-582	-13,941	3,119
Other operating income and expense		-2	-25	21	23
Operating profit/loss	3	-1,332	2,398	12,142	14,891
Profit / loss from joint ventures	2	-474	0	-499	0
Interest income		87	0	184	0
Other finance income and expense	8	-2,277	-582	-7,970	-1,680
Profit/loss before income tax		-3,996	1,816	3,857	13,211
Income tax expense	9	-1,884	-617	-2,857	-1,803
Net comprehensive profit/loss for the reporting period	3	-5,880	1,199	1,000	11,408
Earnings per share	10				
- basic		-0.54	0.24	0.09	2.25
- diluted		-0.54	0.24	0.09	2.25

The notes on pages 19-37 are integral parts of the interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2023	31.12.2022
<i>€ thousands</i>			
ASSETS			
Cash and cash equivalents	11	14,712	11,331
Short-term deposits	16	3,400	0
Receivables and accrued income	12	2,360	1,522
Prepaid expenses		106	49
Total current assets		20,578	12,902
Long-term receivables	12	214	61
Shares in joint ventures	2	2,078	0
Investment property	3,13	357,916	168,875
Property, plant and equipment		158	116
Intangible assets		0	2
Total non-current assets		360,366	169,054
TOTAL ASSETS		380,944	181,956
LIABILITIES AND EQUITY			
Borrowings	14	16,907	22,058
Liabilities and prepayments	15	3,417	1,461
Total current liabilities		20,324	23,519
Borrowings	14	130,849	45,917
Other long-term liabilities	15	1,790	1,008
Deferred income tax liability	9	9,283	7,248
Total non-current liabilities		141,922	54,173
Total liabilities		162,246	77,692
Share capital	17	108,198	50,725
Share premium	17	84,721	16,288
Statutory reserve capital		2,749	2,149
Retained earnings	18	23,030	35,102
Total equity		218,698	104,264
TOTAL LIABILITIES AND EQUITY		380,944	181,956

The notes on pages 19-37 are integral parts of the interim financial report.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	4th quarter		12 months	
		2023	2022	2023	2022
<i>€ thousands</i>					
Net profit		-5,880	1,199	1,000	11,408
Adjustments of net profit:					
Profit/loss from joint ventures using the equity method	2	474	0	499	0
Income on interest		-87	0	-184	0
Finance income and expense	8	2,277	582	7,970	1,680
Gains / losses on valuation of investment property	13	7,759	582	13,941	-3,119
Depreciation and impairment losses	5.7	16	12	69	47
Income tax expense	9	1,884	617	2,857	1,803
Total adjustments with non-cash changes		12,323	1,793	25,152	411
Cash flow from operations before changes in working capital		6,443	2,992	26,152	11,819
Change in receivables and payables related to operating activities		-94	49	-378	-775
Change in inventories		1	0	1	0
Net cash flow generated from operating activities		6,350	3,041	25,775	11,044
Acquisition of property, plant and equipment		-27	-1	-46	-32
Acquisition of investment property	13	-2,056	-359	-6,055	-3,526
Change in short-term deposits	16	-520	0	-3,400	0
Cash from the merger	2	0	0	11,621	0
Acquisition of other investments		0	-86	0	-86
Interest received		101	0	177	0
Net cash flow generated from investing activities		-2,502	-446	2,297	-3,644
Loans received	14	559	377	4,080	377
Loan repayments scheduled	14	-1,619	-803	-6,720	-3,493
Interest paid		-2,243	-462	-7,800	-1,760
Dividends paid	16	0	0	-12,471	-4,058
Income tax on dividends paid		0	1	-1,780	-209
Net cash flow generated from financing activities		-3,303	-887	-24,691	-9,143
NET CASH FLOW		545	1,708	3,381	-1,743
Cash and cash equivalents at the beginning of period		14,167	9,623	11,331	13,074
Change in cash and cash equivalents		545	1,708	3,381	-1,743
Change in cash and cash equivalents	11	14,712	11,331	14,712	11,331

The notes on pages 19-37 are integral parts of the interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Statutory reserve capital	Retained earnings	Total
<i>€ thousands</i>					
Balance as at 31.12.2021	50,725	16,288	1,489	28,412	96,914
Dividends declared	0	0	0	-4,058	-4,058
Provision for reserve capital	0	0	660	-660	0
Total transactions with owners	0	0	660	-4,718	-4,058
Net profit for the financial period	0	0	0	11,408	11,408
Total comprehensive income for the period	0	0	0	11,408	11,408
Balance as at 31.12.2022	50,725	16,288	2,149	35,102	104,264
Issue of shares for the merger	57,473	68,433	0	0	125,906
Dividends declared	0	0	0	-12,472	-12,472
Provision for reserve capital	0	0	600	-600	0
Total transactions with owners	57,473	68,433	600	-13,072	113,434
Net profit for the financial period	0	0	0	1,000	1,000
Total comprehensive income for the period	0	0	0	1,000	1,000
Balance as at 31.12.2023	108,198	84,721	2,749	23,030	218,698

Additional information on share capital is provided in Note 17.

The notes on pages 19-37 are integral parts of the interim financial report.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 Accounting policies and measurement bases used in the preparation of the consolidated interim financial statements

EFTEN Real Estate Fund AS (Parent Company) is a company registered and operating in Estonia.

EFTEN Real Estate Fund AS Group as at 31.12.2023 is as follows (also see Note 2):

EFTEN REAL ESTATE FUND AS					
	OFFICE	LOGISTICS	RETAIL	CARE HOMES	OTHER
ESTONIA	EFTEN SPV2 OÜ <i>Lauteri 5, Tallinn</i>	EFTEN SPV15 OÜ <i>Premia Külmhoone, Tallinn</i>	EFTEN SPV14 OÜ <i>Võru Rautakesko</i>	EFTEN Pirita OÜ <i>Pirita Pansionaat, Tallinn</i>	EFTEN SPV4 OÜ <i>Rakvere Police and rescue communal building</i>
	EFTEN SPV5 OÜ <i>Pärnu mnt 105, Tallinn</i>	EFTEN SPV17 OÜ <i>Betooni 1a, Betooni 6, Tallinn</i>	EFTEN SPV3 OÜ <i>Uku Keskus, Viljandi</i>	EFTEN Valkla OÜ <i>Valkla Súdamekodu</i>	EFTEN SPV11 OÜ (ühisettevõtte 50%) <i>Hotell Palace</i>
	EFTEN SPV6 OÜ <i>Pärnu mnt 102, Tallinn</i>	EFTEN SPV12 OÜ <i>Kuuli 10, Tallinn</i>	EFTEN SPV7 OÜ, EFTEN SPV8 OÜ <i>Mustika Keskus, Tallinn</i>	EFTEN Ermi OÜ <i>Tartu Súdamekodu (in construction)</i>	
		EFTEN Tánassilma OÜ <i>DSV logistics centre, Tallinn</i>	EFTEN SPV12 OÜ <i>Tammsaare tee Rautakesko, Tallinn</i>		
			EFTEN Laagri OÜ <i>Laagri Selver, Tallinn</i>		
			EFTEN Seljaku OÜ <i>Hortes gardening centre, Laagri</i>		
			EFTEN Tähesaju tee OÜ <i>Hortes gardening centre, Tallinn</i>		
			EFTEN Autokeskus OÜ <i>ABC Motors Autokeskus, Tallinn</i>		
LATVIA	EFTEN Terbata SIA <i>Terbata office building, Riga</i>	EFTEN Jurkalne SIA <i>Jurkalne Technology Park, Riga</i>	EFTEN Jelgava SIA <i>RAF Centrs, Jelgava</i>		EFTEN ABC SIA
	EFTEN Riga Airport SIA <i>airBaltic main building, Riga</i>	EFTEN Krustpils SIA <i>DSV logistics centre, Riga</i>			Auras Centrs SIA <i>Jelgava development project (in development)</i>
		EFTEN Piepilsetas SIA <i>Piepilsetas logistics centre, Kekava</i>			
LITHUANIA	Verkių projektas UAB <i>Ulonu office building, Vilnius</i>	EFTEN Stasylu UAB <i>DSV logistics centre, Vilnius</i>	Saulės Miestas UAB <i>Saulės Miestas shopping centre, Šiauliai</i>		
	EFTEN Menulio UAB <i>Menulio 11, Vilnius</i>	EFTEN Ramygalos UAB <i>Ramygalos logistics centre, Panevėžys</i>			
	EFTEN Laisves UAB <i>L3 office building, Vilnius</i>				
	EFTEN Evolution UAB <i>Evolution office building, Vilnius</i>				
	EFTEN Rutkausko UAB <i>Rutkausko office building, Vilnius</i>				

The consolidated interim financial statements of EFTEN Real Estate Fund AS and its subsidiaries have been prepared in accordance with the International Standards as adopted by the European Union (IFRS EU). These consolidated interim financial statements have been prepared in accordance with International Accounting Standard IAS 34: Interim Financial Reporting. The interim report has been prepared using the same accounting methods as in the annual report for the year ended 31.12.2022. The interim report should be read in conjunction with the Group's most recently published annual report for 2022, prepared in accordance with International Financial Reporting Standards (IFRS). In the opinion of the management board, the interim report of EFTEN Real Estate Fund AS for the fourth quarter and 12 months of 2023 correctly and fairly reflects the financial performance of the group in accordance with the principle of continuity. This interim report has not been audited

or otherwise verified by auditors and contains only consolidated reports of the Group. The reporting currency is the euro. The interim consolidated financial statements are prepared in thousands of euros and all figures are rounded to the nearest thousand, unless otherwise indicated.

2 Subsidiaries and joint ventures

On the balance sheet date of 01.01.2023, EFTEN Real Estate Fund AS merged with EFTEN Kinnisvarafond AS. During the merger, EFTEN Real Estate Fund AS acquired, among other things, all subsidiaries of EFTEN Kinnisvarafond AS and a joint venture. In order to carry out the merger, EFTEN Real Estate Fund AS issued 5,747,261 to the shareholders of EFTEN Kinnisvarafond AS, for which EFTEN Kinnisvarafond AS was paid as a non-monetary contribution based on the EPRA NRV value in the amount of 125,906 thousand euros. Additional information on the increase of the share capital is provided in Note 17.

The impact of the merger on the Group's consolidated financial position as of 01.01.2023 is shown in the table below.

	EFTEN Real Estate Fund AS	EFTEN Kinnisvarafond AS	Transactions upon merger	Merged company 01.01.2023
<i>€ thousands</i>				
Cash and cash equivalents	11,331	11,621	0	22,952
Other current assets	1,571	462	0	2,033
Total current assets	12,902	12,083	0	24,985
Investment property	168,875	196,292	0	365,167
Shares in joint ventures	0	2,577	0	2,577
Other non-current assets	179	84	0	263
Total non-current assets	169,054	198,953	0	368,007
TOTAL ASSETS	181,956	211,036	0	392,992
Current borrowings	22,058	26,875	0	48,933
Other current liabilities	1,461	831	0	2,292
Total current liabilities	23,519	27,706	0	51,225
Long-term borrowings	45,917	55,528	0	101,445
Deferred income tax liability	7,248	1,101	0	8,349
Other non-current liabilities	1,008	795	0	1,803
Total non-current liabilities	54,173	57,424	0	111,597
TOTAL LIABILITIES	77,692	85,130	0	162,822
Share capital and agio	67,013	54,154	71,752	192,919
Statutory reserve capital	2,149	4,734	-4,734	2,149
Retained earnings	35,102	67,018	-67,018	35,102
Total equity	104,264	125,906	0	230,170
TOTAL LIABILITIES AND EQUITY	181,956	211,036	0	392,992

After the merger with EFTEN Kinnisvarafond AS, EFTEN Real Estate Fund AS acquired a 50% stake in the joint venture EFTEN SPV11 OÜ, which owns the Palace hotel building in Tallinn. The main financial indicators of the joint venture are presented in the table below:

EFTEN SPV11 OÜ	31.12.2023	01.01.2023
<i>€ thousands</i>		
Cash and cash equivalents	55	243
Other current assets	34	67
Total current assets	89	310
Shares in joint ventures	133	49
Investment property	9,040	10,020
Total non-current assets	9,173	10,069
TOTAL ASSETS	9,262	10,379
Current borrowings	5,077	103
Other current liabilities	29	45
Total current liabilities	5,106	148
Long-term borrowings	0	5,077
Total non-current liabilities	0	5,077
TOTAL LIABILITIES	5,106	5,225
NET ASSETS	4,156	5,154

EFTEN SPV11 OÜ earned 437 thousand euros in sales revenue and 998 thousand euros in net loss in 2023.

During 2023, there have been the following changes to the investments in joint ventures:

	31.12.2023
Book value at merger 01.01.2023	2,577
Profit / loss from joint ventures using the equity method	-499
Book value at the end of the period	2,078

As of 31.12.2023, EFTEN Real Estate Fund AS owns the following subsidiaries:

Company name	Country of domicile	Investment property	The subsidiary's equity, € thousands		Group's ownership, %	
			31.12.2023	31.12.2022	31.12.2023	31.12.2022
Parent company						
EFTEN Real Estate Fund AS	Estonia					
Subsidiaries						
Saules Miestas UAB	Lithuania	Saules Miestas Shopping centre, Šiauliai	23,888	21,601	100	100
Verkiu Projektas UAB	Lithuania	Ulonu office building, Vilnius	4,147	4,612	100	100
EFTEN Stasyly UAB	Lithuania	DSV logistics centre, Vilnius	4,960	5,278	100	100
EFTEN Tānassilma OÜ	Estonia	DSV logistics centre, Tallinn	8,164	8,249	100	100
EFTEN Krustpils SIA	Latvia	DSV logistics centre, Riga	3,060	3,516	100	100
EFTEN Laisves UAB	Lithuania	L3 office building, Vilnius	5,727	6,062	100	100
EFTEN Laagri OÜ	Estonia	Laagri Selver, Tallinn	4,204	5,257	100	100
EFTEN Seljaku OÜ	Estonia	Hortes gardening centre, Laagri	2,437	2,504	100	100
EFTEN Evolution UAB	Lithuania	Evolution office building, Vilnius	6,023	6,249	100	100
EFTEN Tāhesaju tee OÜ	Estonia	Hortes gardening centre, Tallinn	2,504	2,724	100	100
EFTEN Autokeskus OÜ	Estonia	ABC Motors Autokeskus, Tallinn	1,808	2,017	100	100
EFTEN Riga Airport SIA	Latvia	airBaltic main building, Riga	4,929	4,796	100	100
EFTEN Piepilsetas SIA	Latvia	Piepilsetas logistics centre, Kekava	3,788	4,216	100	100
EFTEN Rutkauskos UAB	Lithuania	Rutkauskos office building, Vilnius	6,286	6,464	100	100
EFTEN Piritā OÜ	Estonia	Piritā Pansionaat, Tallinn	3,388	3,779	100	100
EFTEN Ramygalos UAB	Lithuania	Ramygalos logistics centre, Panevėžys	5,190	5,188	100	100
EFTEN Valkla OÜ	Estonia	Valkla Sūdamekodu, Valkla	1,659	1,784	100	100
EFTEN Ermi OÜ	Estonia	Tartu Sūdamekodu, Tartu (in construction)	219	237	100	100
EFTEN ABC SIA	Latvia	-	3	3	100	100
EFTEN SPV2 OÜ	Estonia	Lauteri 5, Tallinn	2,915	-	100	-
EFTEN SPV3 OÜ	Estonia	Uku Keskus, Viljandi	7,401	-	100	-
EFTEN SPV4 OÜ	Estonia	Rakvere Police and rescue communal building	3,707	-	100	-
EFTEN SPV5 OÜ	Estonia	Pärnu mnt 105, Tallinn	3,168	-	100	-
EFTEN SPV6 OÜ	Estonia	Pärnu mnt 102, Tallinn	5,590	-	100	-
EFTEN SPV7 OÜ	Estonia	Mustika Keskus, Tallinn	22,343	-	100	-
EFTEN SPV8 OÜ	Estonia	Mustika Keskus, Tallinn	8,867	-	100	-
EFTEN SPV12 OÜ	Estonia	Tammsaare tee Rautakesko, Tallinn; Kuuli 10, Tallinn	15,846	-	100	-
EFTEN SPV14 OÜ	Estonia	Võru Rautakesko	1,866	-	100	-
EFTEN SPV15 OÜ	Estonia	Premia Külmhoone, Tallinn	3,488	-	100	-
EFTEN SPV17 OÜ	Estonia	Betooni 1a, Tallinn, Betooni 6, Tallinn	10,558	-	100	-
EFTEN Jelgava SIA	Latvia	RAF Centrs, Jelgava	5,105	-	100	-
EFTEN Jurkalne SIA	Latvia	Jurkalne Technology Park, Riga	14,707	-	100	-
EFTEN Terbata SIA	Latvia	Terbata office building, Riga	4,613	-	100	-
Auras Centrs SIA	Latvia	Jelgava development project, Jelgava (in development)	1,604	-	100	-
EFTEN Menulio UAB	Lithuania	Menulio 11, Vilnius	3,519	-	100	-
Joint ventures			,	,		
EFTEN SPV11 OÜ	Estonia	Hotell Palace, Tallinn	2,078	-	50	-

All subsidiaries and joint ventures are engaged in the acquisition and leasing of investment property. The shares of none of the subsidiaries are listed on the stock exchange.

3 Segment reporting

SEGMENT RESULTS

12 months	Office		Logistics		Retail		Care homes		National		Non-allocated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
€ thousands														
Revenue (note 4), incl.	7,742	4,015	9,658	4,072	12,921	5,694	677	518	819	0	0	0	31,817	14,299
Estonia	2,005	0	4,044	1,049	7,591	1,532	677	518	819		0	0	15,136	3,099
Latvia	1,238	499	4,050	1,502	1,047	0	0	0	0	0	0	0	6,335	2,001
Lithuania	4,499	3,516	1,564	1,521	4,283	4,162	0	0	0	0	0	0	10,346	9,199
Net rental income, incl.	7,260	3,914	9,153	4,030	11,845	5,209	672	512	685	0	-7	0	29,608	13,665
Estonia	1,725	0	3,934	1,049	7,205	1,512	672	512	685	0	0	0	14,221	3,073
Latvia	1,130	497	3,655	1,460	844	0	0	0	0	0	0	0	5,629	1,957
Lithuania	4,405	3,417	1,564	1,521	3,796	3,697	0	0	0	0	-7	0	9,758	8,635
Operating profit, incl.	-2,508	5,220	4,086	4,142	10,587	5,516	-184	165	535	0	-374	-152	12,142	14,891
Estonia	-3,682	0	2,316	1,118	5,174	842	-184	165	535	0	-374	-152	3,785	1,973
Latvia	-45	497	809	1,324	821	0	0	0	0	0	0	0	1,585	1,821
Lithuania	1,219	4,723	961	1,700	4,592	4,674	0	0	0	0	0	0	6,772	11,097
EBITDA, incl.	6,466	3,455	8,290	3,567	10,552	4,541	543	408	675	0	-374	-152	26,152	11,819
Estonia	1,574	0	3,644	957	6,520	1,321	543	408	675	0	-374	-152	12,582	2,534
Latvia	924	389	3,245	1,245	741	0	0	0	0	0	0	0	4,910	1,634
Lithuania	3,968	3,066	1,401	1,365	3,291	3,220	0	0	0	0	0	0	8,660	7,651
Operating profit													12,142	14,891
Net financial expense													-8,285	-1,680
Profit before income tax													3,857	13,211
Income tax expense (Note 9)													-2,857	-1,803
NET PROFIT FOR THE REPORTING PERIOD													1,000	11,408

SEGMENT RESULT, 4th quarter

4th quarter	Office		Logistics		Retail		Care homes		National		Non-allocated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
€ thousands														
Revenue, incl.	1,871	992	2,411	1,022	3,429	1,543	187	142	205	0	0	0	8,103	3,699
Estonia	483	0	1,024	260	1,924	343	187	142	205	0	0	0	3,823	745
Latvia	321	125	996	381	275	0	0	0	0	0	0	0	1,592	506
Lithuania	1,067	867	391	381	1,230	1,200	0	0	0	0	0	0	2,688	2,448
Net rental income, incl.	1,748	972	2,172	1,009	3,142	1,409	186	140	166	0	-7	0	7,407	3,530
Estonia	404	0	995	260	1,816	342	186	140	166	0	0	0	3,567	742
Latvia	301	124	786	368	224	0	0	0	0	0	0	0	1,311	492
Lithuania	1,043	848	391	381	1,102	1,067	0	0	0	0	-7	0	2,529	2,296
Operating profit, incl.	-4,604	909	99	521	3,437	1,189	-24	-183	-107	0	-133	-38	-1,332	2,398
Estonia	-3,132	0	620	156	928	-497	-24	-183	-107	0	-133	-38	-1,848	-562
Latvia	-407	111	-554	175	223	0	0	0	0	0	0	0	-738	286
Lithuania	-1,065	798	33	190	2,286	1,686	0	0	0	0	0	0	1,254	2,674
EBITDA, incl.	1,525	830	1,910	882	2,831	1,208	148	110	163	0	-133	-38	6,444	2,992
Estonia	363	0	895	236	1,662	292	148	110	163	0	-133	-38	3,098	600
Latvia	245	93	674	310	223	0	0	0	0	0	0	0	1,142	403
Lithuania	917	737	341	336	946	916	0	0	0	0	0	0	2,204	1,989
Operating profit													-1,332	2,398
Net financial expense													-2,664	-582
Profit before income tax													-3,996	1,816
Income tax expense													-1,884	-617
NET PROFIT FOR THE 4th quarter													-5,880	1,199

SEGMENT ASSETS

As at 31 December	Office		Logistics		Retail		Care homes		National		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<i>€ thousands</i>												
Investment property												
Estonia	25,070	0	50,100	13,610	88,420	20,540	11,834	8,954	7,220	0	182,644	43,104
Latvia	15,080	6,920	40,050	17,560	11,702	0	0	0	0	0	66,832	24,480
Lithuania	50,310	44,881	19,710	20,130	38,420	36,280	0	0	0	0	108,440	101,291
Total investment property (Note 13)	90,460	51,801	109,860	51,300	138,542	56,820	11,834	8,954	7,220	0	357,916	168,875
Joint ventures											2,078	0
Other non-current assets											372	179
Net debt (liabilities less cash)											-147,534	-66,361
Other current assets											5,866	1,571
NET ASSETS											218,698	104,264

In 2023 and 2022, the business segments did not make any transactions with each other. The main income of the Group is derived from investment properties located in the same countries as the subsidiary that owns the investment property.

The largest customers of the Group are Livonia Print SIA, Kesko Senukai Estonia AS ja Prisma Peremarket AS, having respectively 5.9%, 5.6% and 5.0% of the group's consolidated rental income. The share of the income of the other tenants in the consolidated income is less than 5%.

4 Revenue

Segments	2023	2022
<i>€ thousands</i>		
Rental income from office premises (Note 13)	7,679	3,981
Rental income from national institutions (Note 13)	819	0
Rental income from retail premises (Note 13)	12,111	4,983
Rental income from logistics premises (Note 13)	9,334	4,007
Rental income from care home premises (Note 13)	663	518
Other sales revenue	1,211	810
Total revenue by segments of activity (Note 3)	31,817	14,299

Revenue by geographic areas	2023	2022
<i>€ thousands</i>		
Estonia	15,136	3,099
Latvia	6,335	2,001
Lithuania	10,346	9,199
Total revenue by geographical area (Note 3)	31,817	14,299

5 Cost of services sold

Cost of services sold	2023	2022
<i>€ thousands</i>		
Repair and maintenance of rental premises	-792	-48
Property insurance	-61	-5
Land tax and real estate tax	-198	-28
Other costs of administrative activities	-96	-10
Utility costs of vacant premises	-133	0
Depreciation expenses	-20	-2
Improvement costs	-137	-13
Wage costs, including taxes (Note 19)	-31	-39
Proportional costs of VAT	-44	-42
Other selling expenses	0	-80
Allowance for doubtful accounts	-114	0
Total cost of services sold (Note 13)	-1,626	-267

6 Marketing costs

Marketing costs	2023	2022
<i>€ thousands</i>		
Commission expenses on rental premises	-47	-25
Advertising, advertising events ¹	-536	-342
Advertising, advertising events	-583	-367

¹Expenditure on advertising and promotional events consists to a large extent of the costs of marketing events in shopping centres, which are covered by tenants through agreed marketing fees.

7 General and administrative expenses

General and administrative expenses	2023	2022
<i>€ thousands</i>		
Management services (Note 19)	-2,148	-1,178
Office expenses	-78	-41
Wages and salaries, incl. Taxes (Note 19)	-438	-228
Consulting expenses, legal expenses, accounting service	-507	-207
Audit costs	-126	-73
Regulator costs	-157	-112
Other general administrative expenses	-43	-32
Depreciation costs	-49	-45
Total administrative expense	-3,546	-1,916

8 Other financial income and expenses

Other financial income and expenses	2023	2022
<i>€ thousands</i>		
Interest expenses, incl.	-7,970	-1,854
Interest expenses from loans	-7,970	-1,809
Interest expense from derivatives (-)/ cost reductions (+)	0	-45
Change in fair value of interest swaps	0	174
Total other financial income and expenses (Note 3,16)	-7,970	-1,680

9 Income tax

Income tax expense

	2023	2022
<i>€ thousands</i>		
Deferred income tax expense on dividends	-1,111	-274
Income tax expense from added dividends	-400	0
Lithuanian corporate deferred income tax expense	-1,198	-1,239
Lithuanian corporate income tax expense on profits	-148	-290
Total income tax expense (Note 3)	-2,857	-1,803

Deferred income tax liability

	Deferred income tax liability related to real estate investments	Deferred income tax liability in respect of dividends	Total
<i>€ thousands</i>			
Balance as at 31.12.2022	6,912	336	7,248
Change in deferred income tax liability in the income statement in 2023	1,198	1,111	2,309
Income tax expense from added dividends	0	400	400
Income tax paid on dividends	0	-1,780	-1,780
Deferred income tax expense from the merger (Note 2)	0	1,101	1,101
Other changes	-1	6	5
Balance as at 31.12.2023	8,109	1,174	9,283

10 Earnings per share

Earnings per share	4th quarter		12 months	
	2023	2022	2023	2022
Net profit for the period, € thousands	-5,880	1,199	1,000	11,408
Dividend per share, euros	0.00	0.00	1.15	0.80
Weighted average number of shares over the period, in pc	10,819,796	5,072,535	10,819,796	5,072,535
Earnings per share, euros	-0.54	0.24	0.09	2.25

The Supervisory Board of EFTEN Real Estate Fund AS decided based on the authorizations received from the general meeting on 14.02.2023 and in accordance with the merger agreement between EFTEN Real Estate Fund AS and EFTEN Kinnisvarafond AS signed on 19.09.2022 to increase the share capital and issue 5,747,261 new shares in order to carry out the merger. As a result of the issue, the Fund has 10,819,796 shares. Since the balance sheet date of the merger was 01.01.2023, the weighted average number of shares for the year 2023 is also unchanged during the period (10,819,796 shares)

11 Cash and cash equivalents

	31.12.2023	31.12.2022
€ thousands		
Demand deposit	9,822	11,327
Term deposit ¹	4,890	0
Cash and cash equivalents (Note 16)	14,712	11,331

¹Term deposits carry interest at a variable rate. As at 31.12.2023 the interest rate was 3.7% per annum.

12 Receivables and accrued income

Short-term receivables and accrued income	31.12.2023	31.12.2022
€ thousands		
Trade receivables	1,637	765
Allowance for doubtful accounts	-120	-6
Total receivables from customers (note 16)	1,517	759
Receivables from interest derivatives	0	53
Other short-term receivables	26	27
Total other short-term receivables	26	80
Interests	8	0
Advances and refunds of VAT	179	111
Other accrued income	630	572
Total accrued income	817	683
Total receivables and accrued income	2,360	1,522

Long-term receivables	31.12.2023	31.12.2022
€ thousands		
Receivables and prepayments related to real estate development projects	214	61
Total long-term receivables	214	61

Additional information on receivables and accrued income is provided in Note 16.

13 Investment properties

As of December 31, 2023, the Group has made investments in the following investment properties:

Name	Location	Net rental area (m ²)	Year of construction	Date of acquisition	Acquisition cost	Market value as at 31.12.2023	Increase in value	Share of market value of the Fund's asset
<i>€ thousands</i>								
Office								
Lauteri 5	Tallinn, Estonia	3,822	1958	01.2023	5,881	5,100	-13%	1%
Pärnu mnt 105	Tallinn, Estonia	4,776	1998	01.2023	8,071	6,780	-16%	2%
Pärnu mnt 102c	Tallinn, Estonia	9,285	2005	01.2023	16,372	13,190	-19%	3%
Terbata	Riga, Latvia	6,056	2005	01.2023	9,127	8,190	-10%	2%
Menulio 11	Vilnius, Lithuania	5,617	recon. 2011-2013	01.2023	8,128	7,490	-8%	2%
Ulonu	Vilnius, Lithuania	5,327	2012	12.2015	8,344	8,700	4%	2%
L3	Vilnius, Lithuania	6,150	2004	10.2016	8,849	10,370	17%	3%
Evolution	Vilnius, Lithuania	6,614	2009	05.2018	10,022	11,130	11%	3%
airBaltic	Riga, Latvia	6,217	recon. 2016	03.2020	7,112	6,890	-3%	2%
Rutkauskos	Vilnius, Lithuania	6,812	2014	08.2020	11,819	12,620	7%	3%
Office total		60,676			93,725	90,460	-3%	24%
Logistics								
Premia Külmhoone	Tallinn, Estonia	7,258	2002/2007	01.2023	6,840	6,530	-5%	2%
Kuuli 10	Tallinn, Estonia	15,197	2006	01.2023	11,545	11,510	0%	3%
Betooni 1a	Tallinn, Estonia	10,678	2008	01.2023	9,190	9,140	-1%	2%
Betooni 6	Tallinn, Estonia	17,220	1998	01.2023	10,244	9,620	-6%	3%
Jurkalne Technology Park	Riga, Latvia	44,231	2002	01.2023	24,851	23,440	-6%	6%
DSV logistics centre	Vilnius, Lithuania	11,751	2005	06.2016	8,525	9,120	7%	2%
DSV logistics centre	Tallinn, Estonia	16,014	2003	07.2016	12,366	13,300	8%	3%
DSV logistics centre	Riga, Latvia	12,149	2000	07.2016	8,865	8,320	-6%	2%
Piepilsetas logistics centre	Kekava, Latvia	13,389	2007	03.2020	8,836	8,290	-6%	2%
Ramylgalos logistics centre	Panevėžys, Lithuania	20,126	2007	06.2021	10,024	10,590	6%	3%
Logistics total		168,013			111,286	109,860	-1%	29%
Retail								
Võru Rautakesko	Võru, Estonia	3,120	2008	01.2023	2,890	2,670	-8%	1%
Uku Keskus	Viljandi, Estonia	8,940	2012/2018	01.2023	13,597	13,620	0%	4%
Mustika Keskus	Tallinn, Estonia	27,573	1998/2002	01.2023	37,010	36,810	-1%	10%
RAF Centrs	Jelgava, Latvia	6,225	2014/2017	01.2023	9,280	9,360	1%	2%
Tammsaare tee Rautakesko	Tallinn, Estonia	9,120	2007	01.2023	15,700	15,580	-1%	4%
Jelgava development project	Jelgava, Latvia		In development	01.2023	2,342	2,342	0%	1%
Saules Miestas Shopping centre	Šiauliai, Lithuania	20,312	2007	08.2015	30,110	38,420	28%	10%
Laagri Selver	Tallinn, Estonia	3,059	2017	05.2017	6,279	7,700	23%	2%
Hortes gardening centre	Laagri, Estonia	3,470	2006	05.2017	3,138	3,550	13%	1%
Hortes gardening centre	Tallinn, Estonia	5,300	2019	05.2018	5,458	5,340	-2%	1%
ABC Motors Autokeskus	Tallinn, Estonia	2,149	2002	02.2019	3,482	3,150	-10%	1%
Retail total		89,268			129,286	138,542	7%	36%
National								
Rakvere Police and rescue communal building (National)	Rakvere, Estonia	5,775	2010	01.2023	7,360	7,220	-2%	2%
Care homes								
Pirita Pansionaat	Tallinn, Estonia	5,983	2020	12.2020	6,217	5,820	-6%	2%
Valkla Súdamekodu	Valkla, Estonia	4,423	2023	04.2022	3,860	3,340	-13%	1%
Tartu Súdamekodu	Tartu, Estonia		In construction	04.2022	2,674	2,674	0%	1%
Care homes total		10,406			12,751	11,834	-7%	3%
Total		334,138			354,408	357,916	1%	94%

In addition to the investment properties shown in the above table, the joint venture EFTEN SPV11 OÜ with a 50% shareholding of the Group, owns investment properties at Vabaduse väljak 3 / Pärnu mnt 14, Tallinn (hotel "Palace"). The fair value of the investment property as of 31.12.2023 is 9,040 thousand euros.

The following changes have occurred in the Group's investment properties in 2023 and 2022:

	Investment property under development	Completed investment property	Total investment property
Balance as at 31.12.2021	0	161,961	161,961
Acquisitions	2,926	0	2,926
Capitalized improvements	0	869	869
Gain/loss from the change in fair value	-292	3,411	3,119
Balance as at 31.12.2022	2,634	166,241	168,875
Acquisitions and developments	3,607	0	3,607
Assets obtained in the merger (Note 2)	2,342	193,950	196,292
Capitalized improvements	0	3,083	3,083
Reclassifications	-3,567	3,567	0
Gain/loss from the change in fair value	0	-13,941	-13,941
Balance as at 31.12.2023	5,016	352,900	357,916

Additional information regarding investment properties is provided in Note 3.

The Group's income statement and balance sheet reflect, among other things, the following income and expenses and balances related to investment properties:

As of December 31, or for the year	2023	2022
Rental income from investment properties (note 4)	30,606	13,489
Costs directly related to the management of investment properties (note 5)	-1,626	-267
Outstanding amounts from the acquisition of investment properties (note 15) ¹	904	268
Book value of investment properties pledged as collateral for loan liabilities	352,900	168,641

¹ As of 31.12.2023, the Group had outstanding payments to suppliers from the acquisition of investment properties in the amount of 754 thousand euros for the construction of Tartu Südamekodu, 129 thousand euros for the construction works of Betoon 6 and 20 thousand euros for the construction works of Lauteri 5 rental premises.

Assumptions and basis for determining the fair value of investment properties

The Group's investment properties are valued by an independent appraiser. The fair value of all investment property reflected in the Group's reports as of 31.12.2023 has been obtained using the discounted cash flow method. The following assumptions have been used in finding the fair value:

Sector	Fair value	Valuation method	Estimated rental income per year	Discount rate	Exit yield	Average rental price €/m ²
<i>€ thousands</i>						
Office	90,460	Discounted cash flows	7,611	8.3%-9.7%	6.5%-8.25%	11.1
Logistics	109,860	Discounted cash flows	9,762	8.1%-10.7%	7.1%-8.5%	4.7
Retail	138,542	Discounted cash flows	11,768	8.1%-10.5%	6.8%-8.8%	12.0
National	7,220	Discounted cash flows	856	9.5%	8.5%	11.3
Care homes	11,834	Discounted cash flows	907	9.0%-9.5%	7.5%-8.5%	8.6
Total	357,916		30,904			

Independent expert estimates for the fair value of investment properties are based on the following:

- Rental income: prices and real growth rates resulting from existing leases are used;
- Vacancy: the actual vacancy of an investment property, considering the risks associated with the object;
- Discount rate: calculated based on the weighted average cost of capital (WACC) related to investment property;
- Exit yield: based on the estimated level of return at the end of the expected deposit period, considering the foreseeable market situation and the risks associated with the object.

Fair value sensitivity analysis

The table below illustrates the sensitivity of the fair value of investment properties recognized in the Group's balance sheet as of 31.12.2023 to the most important valuation assumptions:

Sector	Fair value	Sensitivity to management estimate			Sensitivity to independent appraisal		
		Revenue +10%	Revenue -10%	Discount rate +50bp	Discount rate -50bp	Exit yield rate +50bp	Exit yield rate 50bp
<i>€ thousands</i>							
Office	90,460	9,920	-9,930	-1,800	1,840	-4,030	4,630
Logistics	109,860	12,650	-11,820	-2,230	2,300	-4,400	5,880
Retail	138,542	14,990	-14,950	-2,580	2,670	-5,460	6,250
National	7,220	900	-900	-140	140	-270	290
Care homes	11,834	980	-960	-150	180	-380	440
TOTAL	357,916	39,440	-38,560	-6,900	7,130	-14,540	17,490

Level three inputs have been used in the fair value evaluation for all the Group's investment property (Note 16).

14 Borrowings

As at 31.12.2023 the Group has the following borrowings:

Lender	Country of lender	Loan amount as per agreement	Loan balance as at 31.12.23	Contract term	Interest rate as at 31.12.23	Loan collateral	Loan collateral	Loan balance's share of the fund's net asset value
SEB	Estonia	4,800	3,258	30.04.27	5.71%	Mortgage - Premia Külmhoone	6,530	1.5%
Luminor	Estonia	2,633	950	25.12.26	6.28%	Mortgage - Võru Rautakesko	2,670	0.4%
SEB	Estonia	2,514	1,929	13.06.26	5.76%	Mortgage - Lauteri 5	5,100	0.9%
SEB	Estonia	8,429	5,303	25.01.27	5.77%	Mortgage - Uku Keskus	13,620	2.4%
Swedbank	Estonia	3,711	3,571	25.10.25	5.67%	Mortgage - Rakvere Police and rescue communal building	7,220	1.6%
Swedbank	Estonia	4,153	3,072	30.08.28	5.60%	Mortgage - Pärnu mnt 105	6,780	1.4%
Swedbank	Estonia	8,508	7,168	30.08.26	5.55%	Mortgage - Pärnu mnt 102	13,190	3.3%
SEB	Estonia	20,000	15,240	31.08.27	6.08%	Mortgage - Mustika Keskus	36,810	7.0%
Swedbank	Estonia	15,622	12,359	31.05.28	5.47%	Mortgage - Tammsaare tee Rautakesko;Kuuli 10	27,090	5.7%
SEB	Estonia	10,300	8,425	26.06.27	5.85%	Mortgage - Betooni 1a; Betooni 6	18,760	3.9%
Swedbank	Lithuania	4,078	3,295	07.12.25	6.37%	Mortgage - Menulio 11	7,490	1.5%
SEB	Latvia	4,561	3,411	16.04.27	5.72%	Mortgage - RAF Centrs	9,360	1.6%
Swedbank	Latvia	5,850	3,619	31.07.27	5.87%	Mortgage - Terbata office building	8,190	1.7%
SEB	Latvia	12,060	9,332	08.08.24	6.02%	Mortgage - Jurkalne Technology Park	23,440	4.3%
Swedbank	Lithuania	15,257	11,749	13.08.28	6.30%	Mortgage - Saules Miestas Shopping centre	38,420	5.4%
SEB	Lithuania	5,500	3,876	28.06.26	5.76%	Mortgage - DSV logistics centre	9,120	1.8%
SEB	Latvia	5,123	3,719	29.06.26	5.77%	Mortgage - DSV logistics centre	8,320	1.7%
SEB	Estonia	7,950	5,600	29.06.26	5.78%	Mortgage - DSV logistics centre	13,300	2.6%
SEB	Lithuania	5,620	3,995	27.10.26	5.81%	Mortgage - L3 office building	10,370	1.8%
SEB	Lithuania	5,200	3,522	21.12.25	6.16%	Mortgage - Ulonu office building	8,700	1.6%
SEB	Lithuania	5,850	4,478	30.05.28	5.85%	Mortgage - Evolution office building	11,130	2.0%
Swedbank	Estonia	3,833	3,699	29.06.27	5.25%	Mortgage - Laagri Selver	7,700	1.7%
SEB	Estonia	1,860	1,263	05.07.27	5.91%	Mortgage - Hortes gardening centre Laagri	3,550	0.6%
Swedbank	Estonia	3,290	2,797	11.01.27	5.81%	Mortgage - Hortes gardening centre Tähesaju	5,340	1.3%
LHV	Estonia	1,800	1,493	25.02.24	6.90%	Mortgage - ABC Motors Autokeskus	3,150	0.7%
Swedbank	Latvia	4,000	2,501	05.02.26	6.17%	Mortgage - Piepilsetas logistics centre	8,290	1.1%
Luminor	Latvia	3,905	2,283	04.02.25	6.72%	Mortgage - airBaltic main building	6,890	1.0%
Swedbank	Estonia	3,100	2,790	28.11.25	5.82%	Mortgage - Piritä care home, parent company's guarantee	5,820	1.3%
Swedbank	Estonia	2,250	1,636	25.09.27	5.82%	Mortgage - Valkla Sūdamekodu	3,340	0.7%
Šiaulių bankas	Lithuania	6,000	5,403	13.06.26	6.43%	Mortgage - Ramygalos logistics centre	10,590	2.5%
SEB	Lithuania	7,300	6,172	12.08.25	6.09%	Mortgage - Rutkausko office building	12,620	2.8%
Total		195,057	147,908				352,900	67.6%

On 21.12.2023, a loan agreement was signed to finance the construction of Tartu Sūdamekodu:

Lender	Country of lender	Loan amount as per agreement	Loan balance as at 31.12.23	Contract term	Interest rate as at 31.12.23	Loan collateral	Value of collateral
Swedbank	Estonia	3,100	0	21.12.28	5.81%	Mortgage -Tartu Sūdamekodu; parent company's guarantee	2,674

Short-term borrowings	31.12.2023	31.12.2022
<i>€ thousands</i>		
Repayments of non-current bank loans in the next period ²	16,966	22,093
Discounted contract fees for bank loans	-59	-35
Total short-term borrowings	16,907	22,058

² Repayments of non-current bank loans in the next period as of 31.12.2023 include the balance of the loan obligations of three subsidiaries expiring within the next 12 months in the amount of 10,825 thousand euros. The LTV of the expiring loan agreements is 40% and 48%, and the investment property have a stable, strong rental cash flow, so according to the Group's management, there will be no obstacles to the extension of the loan agreements.

Repayments of non-current bank loans in the next period as of 31.12.2022 included the balance of three loan obligations ending in 2023 in the total amount of 19,841 thousand euros. Loans due in 2023 were extended upon their maturity.

Long-term borrowings	31.12.2023	31.12.2022
<i>€ thousands</i>		
Total long-term borrowings	147,756	67,975
incl. current portion of borrowings	16,907	22,058
incl. non-current portion of borrowings, incl	130,849	45,917
Bank loans	130,942	45,968
Discounted contract fees on borrowings	-93	-51

Borrowings are divided as follows according to repayment date:

Repayments of borrowings by maturity	31.12.2023	31.12.2022
<i>€ thousands</i>		
Up to 1 year	16,966	22,093
2-5 years	130,942	45,968
Total repayments of borrowings	147,908	68,061

Cash flows of borrowings	2023	2022
<i>€ thousands</i>		
Balance at the beginning of the period	67,975	71,085
Bank loans received from merger	82,403	0
Bank loans received	4,080	377
Annuity payments on bank loans	-6,720	-3,493
Change of discounted contract fees	18	6
Balance at the end of the period	147,756	67,975

Additional information on borrowings is also provided in Note 16.

15 Liabilities and prepayments

Current liabilities and prepayments

	31.12.2023	31.12.2022
<i>€ thousands</i>		
Payables to suppliers from fixed asset transactions (note 13)	904	268
Other payables to suppliers	827	228
Total payables to suppliers	1,731	496
Other payables	91	4
Total other payables	91	4
VAT	476	272
Income tax on dividends	14	62
Personal income tax	6	0
Social tax	13	0
Land tax, real estate tax	84	64
Other tax liabilities	10	5
Total tax liabilities	603	403
Payables to employees	44	27
Interest liabilities	264	123
Tenants' security deposits	363	82
Other accrued liabilities	320	326
Total accrued liabilities	991	558
Other prepaid income	1	0
Total prepayments	1	0
Total liabilities and prepayments	3,417	1,461

Non-current liabilities

	31.12.2023	31.12.2022
<i>€ thousands</i>		
Tenants' security deposits	1,790	1,008
Total other non-current liabilities	1,790	1,008

For additional information on liabilities, please see Note 15.

16 Financial instruments, management of financial risks

The main financial liabilities of the Group are borrowings that have been raised to finance the investment properties of the Group. The balance sheet of the Group also contains cash and short-term deposits, trade receivables, other receivables and trade payables. For additional information on the Group's finance costs, please see Note 8.

The table below indicates the division of the Group's financial assets and financial liabilities according to financial instrument type.

Carrying amounts of financial instruments

	Notes	31.12.2023	31.12.2022
<i>€ thousands</i>			
Financial assets – loans and receivables			
Cash and cash equivalents	11	14,712	11,331
Short-term deposits ¹		3,400	0
Trade receivables	12	1,517	759
Total financial assets		19,629	12,090
Financial liabilities measured at amortised cost			
Borrowings	14	147,756	67,975
Trade payables	15	1,731	496
Tenant security deposits	15	2,153	1,090
Interest liabilities	15	264	123
Accrued expenses	15	364	353
Total financial liabilities measured at amortised cost		152,268	70,037
Total financial liabilities		152,268	70,037

¹ Short-term deposits are concluded with a maturity of 4 to 6 months and bear interest of 2.3% - 4.5% per year.

The fair value of the financial assets and financial liabilities presented in the table above, which are recorded at adjusted cost, does not differ materially from their fair value.

The Group's risk management is based on the principle that risks must be taken in a balanced manner, taking into account the rules established by the Group and implementing risk mitigation measures as appropriate, which achieves the Group's stable profitability and shareholder value growth. When making new investment decisions, the solvency of future customers, the length of lease agreements, the possibility of tenant substitutability and the risks of rising interest rates are carefully assessed. The terms of the financing agreements are adjusted to correspond to the net cash flow of a specific real estate object, which ensures the preservation and growth of sufficient free cash of the Group even after the fulfilment of financial obligations.

The investment of the Group's assets is based on the risk expectations of the Group's investors, therefore excessive risk-taking is unacceptable and appropriate measures must be applied to manage the risks.

The Group considers financial risk to be the risk that arises directly from investing in real estate, including market risk, liquidity risk and credit risk, thereby reducing the company's financial strength or reducing the value of investments.

Market risk

Market risk is a risk involving change in the fair value of financial instruments due to changes in market prices. The Group's financial instruments most influenced by changes in market prices are borrowings and interest rate derivatives. The main factor influencing these financial instruments is interest rate risk.

Interest rate risk

Interest rate risk is the risk of changes in the future cash flows of financial instruments due to changes in market interest rates. A change in market interest rates mainly influences the long-term floating rate borrowings of the Group.

As of 31.12.2023, 100% of the Group's loan agreements have been concluded on a floating interest basis (margin between 1.40% and 2.95% plus 1-month, 3-month and 6-month EURIBOR). All contracts in the loan portfolio of EFTEN Real Estate Fund AS have a 0% limit (floor) set to protect against negative EURIBOR, i.e. in case of negative EURIBOR, the loan margin for these loan obligations does not decrease.

The weighted average interest rate of the Group's loans was 5.9% as of 31.12.2023 (31.12.2022: 3.7%).

Due to the uncertain situation on the interest market, the Group's subsidiaries do not have valid interest rate swap agreements as of 31.12.2023, but the Group's management consistently monitors interest rate market expectations and considers derivative transactions to fix

interest costs to the extent of up to 50% of the entire loan portfolio when the interest market stabilizes. In the autumn of 2023, the level of interest rate swap agreements with a 5-year term has consistently decreased - if from the beginning of 2023 until October it was possible to fix the EURIBOR for five years through interest rate swap agreements at an average level of 3.2%-3.4%, then at the end of December the markets are offering to fix the interest rate for the next five years at the level of 2.4%.

The continued appreciation of EURIBOR has a negative impact on the Group's net profit and cash flows. The table below shows the effect of the interest rate change on the Group's pre-tax profit and cash flows by EURIBOR levels, taking into account loan balances as of 31.12.2023.

EURIBOR RATE	Impact on pre-tax profits and cash flows per year	Change in interest expense, %
<i>€ thousands</i>		
Interest expense per year, as at the end of the reporting period	-8,519	
Effect of EURIBOR change:		
EURIBOR 2.0%	2,793	-32.8%
EURIBOR 3.0%	1,314	-15.4%
EURIBOR 4.0%	-165	1.9%
EURIBOR 5.0%	-1,644	19.3%

Liquidity risk

Liquidity risk arises from a potential change in financial position that would reduce the Group's ability to service its liabilities in a timely and correct manner. The Group's liquidity is primarily affected by the following factors:

- Decrease or volatility of rental income, reducing the Group's ability to generate positive net cash flows;
- Vacancy of rental property;
- Mismatch between the maturities of assets and liabilities and flexibility in changing them;
- Marketability of long-term assets;
- Volume and pace of real estate development activities;
- Financing structure.

The Group's objective is to manage net cash flows in such a way that no more than 65% of the acquisition cost of the investment property involves external debt and the Group's debt coverage ratio would be higher than 1.2. As of December 31, 2023, the share of the Group's interest-bearing debt liabilities in rental income generating investment properties was 42% (31.12.2022: 40%) and the average debt coverage ratio (DSCR) for the last 12 months was 1.8 (2022: 2.2).

The Group's financing policy stipulates that loan agreements to raise borrowed capital are entered into on a long-term basis, taking into account the maximum length of leases encumbering real estate properties. The table below summarizes the timeliness of the Group's financial liabilities (undiscounted cash flows):

As at 31.12.2023	Less than 1 month	Between 2 and 4 months	Between 5 and 12 months	Between 2 and 5 years	Over 5 years	Total
<i>€ thousands</i>						
Interest-bearing liabilities	622	3,088	13,257	130,941	0	147,908
Interest payments	862	2,176	5,481	16,262	0	24,781
Interest liabilities	264	0	0	0	0	264
Trade payables	1,731	0	0	0	0	1,731
Tenant security deposits	7	99	258	1,245	545	2,153
Accrued expenses	364	0	0	0	0	364
Total financial liabilities	3,850	5,363	18,996	148,448	545	177,201

Statement of working capital

	31.12.2023	31.12.2022
<i>€ thousands</i>		
Cash and cash equivalents	14,712	11,331
Short-term deposits	3,400	0
Receivables and accrued income (Note 12)	2,360	1,522
Prepaid expenses	106	49
Total current assets	20,578	12,902
Short-term portion of long-term liabilities (Note 14)	-16,907	-22,058
Short-term liabilities and prepayments	-3,417	-1,461
Total current liabilities	-20,324	-23,519
Total working capital	254	-10,617

As at 31.12.2023 the Group's working capital is negative, i.e current liabilities exceed current assets by EUR 10,617 thousand. The working capital is negative in connection with three loan agreements ending in 12 months, in total 19,841 thousand.

Credit risk

Credit risk is the risk that counterparties will fail to meet their obligations to the Group. The Group is exposed to credit risk due to its business activities (mainly trade receivables) and transactions with financial institutions, including cash in bank accounts and deposits.

The Group's activities to prevent and minimize the decrease in cash flows arising from credit risk are to monitor and direct the payment behavior of customers daily, which enables the implementation of operationally necessary measures. Customer agreements also provide for the payment of rent payments at the beginning of the calendar month in most cases, which provides sufficient time to monitor customers' payment discipline and to have sufficient liquidity in cash accounts on the day of the annuity payments of financing agreements. The terms of most leases give rise to an obligation to pay a security deposit, at the expense of which the Group has the right to write off debts arising from the insolvency of the lessee. For some leases, the deposit may be replaced by a bank guarantee.

Group companies generally only enter into lease agreements with counterparties previously recognized as creditworthy. The client's analysis of this is made before concluding the lease agreement.

If it becomes apparent that there is a risk that the lessee will become insolvent, the Group assesses each receivable individually and decides to recognize the receivables as doubtful. In general, receivables that are overdue for more than 180 days are considered unlikely to be collected, unless the Group has sufficient assurance that the receivable will be received, or a payment schedule has been agreed for the receivables.

Trade receivables are illustrated by the table below:

	31.12.2023	31.12.2022
Not due	1,303	717
Past due, incl	333	48
Up to 30 days	193	33
30-60 days	70	6
More than 60 days	70	9
Allowance for doubtful accounts	-119	-6
Total trade receivables (Note 12)	1,517	759

The maximum credit risk of the Group is provided in the table below:

	31.12.2023	31.12.2022
<i>€ thousands</i>		
Cash and cash equivalents	14,712	11,331
Short-term deposits	3,400	0
Trade receivables (Note 12)	1,517	759
Total maximum credit risk	19,629	12,090

Capital management

The Group treats borrowings and equity as capital.

The Group's objective in capital management is to secure the Group's ability to continue as a going concern in order to ensure return on investment for its shareholders and to maintain an optimal capital structure.

The Group continues to invest in cash-generating real estate and raises new equity to make investments. The Group's investment policy stipulates that at least 35% of equity will be invested in new real estate projects. The required amount of equity is calculated for each investment individually, considering the volume and proportion of the net cash flows and loan payments of a specific investment.

After making an investment, the EBITDA of any cash-generating property must not be less than 120% of the loan's annuity payments (including interest expense).

According to the Group's management, the Group's free cash flow allows to pay dividends to investors on average 80% of the adjusted cash flow for the calendar year (EBITDA minus interest expense minus loan payments and Lithuanian corporate income tax expense). During 2023, the group has earned a free cash flow of 11,314 thousand euros (2022: 6,182 thousand euros), of which, according to the Fund's dividend policy, the total amount of net dividends would be 9,051 thousand euros (2022: 4,946 thousand euros). Taking into account the obligation to keep a minimum cash balance resulting from the special conditions of the loan of the fund's subsidiaries and the short-term need for liquidity, as well as the possibility of increasing the loan amount by 2,166 thousand euros due to the current loan agreement of the Fund's subsidiaries EFTEN Jurkalnes SIA, EFTEN SPV15 OÜ and Saules Miestas UAB, the Fund's board proposes to the council to pay dividends for 2023 more than the dividend policy stipulates - in total 10,820 thousand euros (1 euro per share).

Statement of capitalization

More detailed information on mortgages established as collateral for the obligations provided in the capitalization report is available in Note 13 of the report.

	31.12.2023	31.12.2022
<i>€ thousands</i>		
Short term liabilities guaranteed with mortgage (Note 14)	16,966	22,093
Unsecured current liabilities	3,358	1,426
Total current liabilities	20,324	23,519
Long term liabilities guaranteed with mortgage (Note 14)	130,942	45,968
Unsecured non-current liabilities	10,980	8,205
Total non-current liabilities	141,922	54,173
Share capital and share premium (Note 17)	192,919	67,013
Reserves	2,749	2,149
Retained earnings (Note 18)	23,030	35,102
Total shareholder's equity	218,698	104,264
Total liabilities and equity	380,944	181,956

Statement of net debt

	31.12.2023	31.12.2022
<i>€ thousands</i>		
Cash	14,712	11,331
Short term deposits	3,400	0
Total liquid assets	18,112	11,331
The current portion of non-current borrowings (Note 14)	16,966	22,093
Net current liabilities	-1,146	10,762
Non-current borrowings (non-current portion) (Note 14)	130,942	45,968
Other non-current borrowings	0	0
Total non-current liabilities	130,942	45,968
Total net debt	129,796	56,730

Fair value

The valuation methods used to analyze the Group's assets and liabilities measured at fair value have been defined as follows:

Level 1 – quoted prices in active markets;

Level 2 – inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly;

Level 3 – unobservable inputs at the market..

As of 31.12.2023 and 31.12.2022 the Group does not have any assets at fair value that would belong to the Level 1 group upon finding the value. All of the Group's investment properties are carried at fair value and belong to the Level 3 group according to the valuation method (see Note 13). All of the Group's loan liabilities and derivative securities entered into to hedge interest rate risk belong to the Level 2 group.

To mitigate interest rate risk, the Group has entered into interest rate swaps, the fair value of which is obtained by discounting the cash flows of interest rate swaps so that, in accordance with EURIBOR market expectations, cash inflows and outflows are determined and discounted using a zero-rate. The Group uses information received from counterparty credit institutions to recognize interest rate swaps at fair value. As of 31.12.2023, all interest rate swaps have expired.

17 Share capital

On the balance sheet date of 01.01.2023, EFTEN Real Estate Fund AS (formerly EFTEN Real Estate Fund III AS) merged with EFTEN Kinnisvarafond AS. To carry out the merger, the share capital of EFTEN Real Estate Fund AS was increased by 57,472 thousand euros and 5,747,261 new shares with a nominal value of 10 euros were issued. When increasing the share capital, the shares were paid for in full with a non-monetary contribution at the expense of the entire assets of EFTEN Kinnisvarafond AS, which were transferred to EFTEN Real Estate Fund AS, the value of which was the net value of the EPRA assets of EFTEN Kinnisvarafond AS as of 31.12.2022 (125,905 thousand euros).

According to the merger agreement, the new shares were issued to the shareholders of EFTEN Kinnisvarafond AS as the merging fund, who were entered in the list of shareholders as of 31.01.2023.

The registered share capital of EFTEN Real Estate Fund AS as at 31.12.2023 was 108,198 thousand euros (31.12.2022: 50,725 thousand euros). As of 31.12.2023 the share capital consisted of 10,819,796 shares (31.12.2022: 5,072,535) with a nominal value of 10 euros (31.12.2022: same). As of 31.12.2023, EFTEN Real Estate Fund AS has allocated 2,149 thousand euros as reserve capital from retained earnings (31.12.2022: 1,489 thousand euros).

List of shareholders of EFTEN Real Estate Fund AS with more than 10% ownership:

Company	As at 31.12.2023	
	Number of shares	Ownership, %
LHV Pensionifondid	1,657,901	15.32%
REF Aktsiad OÜ	1,151,700	10.64%
Altiuse KVI OÜ	1,092,845	10.10%

Shares owned by EFTEN Real Estate Fund AS Management or Supervisory Board members, their close relatives, or companies under their control:

Company	As at 31.12.2023	
	Number of shares	Ownership, %
REF Aktsiad OÜ, a company under the significant control of Supervisory Board member Olav Miil	1,151,700	10.64%
Altiuse KVI OÜ, a company under the significant control of Supervisory Board member Arti Arakas	1,092,845	10.10%
EFTEN Capital AS, fund manager	292,688	2.71%
HTB Investeeringud OÜ, a company under the significant control of Supervisory Board member Siive Penu	198,032	1.83%
Tõnu Uustalu, member of the Management Board	64,974	0.60%
Olav Miil, member of the Supervisory Board	52,649	0.49%
Viljar Arakas, member of the Management Board	2,000	0.02%
Miemma Holding OÜ, a company owned by Viljar Arakas, member of the Management Board	20,606	0.19%
Meeli Leis, a close relative of Tõnu Uustalu, member of the Management Board	2,457	0.02%
Siive Penu, member of the Supervisory Board	1,350	0.01%
Aile Arakas, a close relative of Arti Arakas, member of the Supervisory Board	513	0.005%
Total	2,879,814	26.62%

18 Contingent liabilities

	31.12.2023	31.12.2022
<i>€ thousands</i>		
Retained earnings	23,030	35,102
Potential income tax liability	4,606	7,020
Dividends can be paid out	18,424	28,082

The maximum possible income tax liability has been calculated on the assumption that the net dividends to be distributed and the income tax expense related to their payment may not exceed the distributable profit as at 31.12.2023 and 31.12.2022.

19 Transactions with related parties

EFTEN Real Estate Fund AS considers the following as related parties:

- Management Board members and companies owned by the Management Board members of EFTEN Real Estate Fund AS;
- Supervisory Board members and companies owned by the Supervisory Board members of EFTEN Real Estate Fund AS;
- Employees and companies owned by the employees of EFTEN Real Estate Fund AS;
- EFTEN Capital AS (the fund management company).

During the year of 2022, the Group purchased management services from EFTEN Capital AS in the amount of EUR 2,148 thousand euros (2022: 1,178 thousand euros), see Note 7.

EFTEN Real Estate Fund AS did not purchase or sell other goods or services from other related parties during the 2023 nor 2022.

As of December 31, 2023, the Group had a total of 12 employees, who were paid a total of EUR 469 thousand euros (2022: 267 thousand euros), see Note 5,7. No fees were calculated or paid to the members of the Group's Management Board or Supervisory Board during the 2023 nor 2022. The members of the Group's Management Board work for EFTEN Capital AS, a company providing management services to the Group, and expenses related to the activities of a member of the Management Board are included in the management services.

Declaration of the board for the consolidated interim report for the fourth quarter and 12 months of 2023

We hereby confirm that the consolidated interim report of EFTEN Real Estate Fund AS for the fourth quarter and 12 months of 2023 provides a correct and fair overview of the group's assets, liabilities, financial status and includes a description of the main risks and the development and results of the business activities of the companies included in the consolidation.

/signed digitally/

Viljar Arakas

Member of the Management Board

/signed digitally/

Tõnu Uustalu

Member of the Management Board