



Interim report 01.01.2023 – 31.12.2023

Entity name	EFTEN United Property Fund
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Website address	www.eftenunitedpropertyfund.ee
Main activity	Management of funds
Financial year	1 January – 31 December
Fund manager	EFTEN Capital AS
Management board	Viljar Arakas Maie Talts Kristjan Tamla
Fond type	Contractual alternative investment fund
Units	Listed on the Nasdaq Tallinn Stock Exchange

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Management report

Fund manager's comment

The real estate sector is generally one of the largest users of financial leverage in the economy. Therefore, the change in interest rates has a great impact on the financial cost of real estate companies, and in addition, the level of interest rates is the main input on the basis of which the value of real estate investments is evaluated. In 2023, major central banks raised interest rates more than the markets had forecast for the second year in a row. In this regard, the asset values of most European real estate companies and funds were adjusted downwards and many of them were forced to reduce or stop dividend payments altogether. In Scandinavia, with the highest level of financial leverage, even forced sale of assets and loan defaults took place in the real estate sector.

In December, the independent appraiser of the Fund's investments, Colliers International, conducted the usual year-end appraisal process. The increased interest rates in the euro area had also an impact on the value of EFTEN United Property Fund's assets, but due to the high occupancy rate of the underlying investments and the fund's relatively large share of uninvested capital, it was less severe as compared to most other European property funds. Of the Fund's major investments, the value of the office building at Menulio 7 in Vilnius fell the most (5.6%). The decrease in the value of commercial real estate buildings was balanced by the increase in the value of the development project of the Uus-Järveküla residential district owned by the fund's subsidiary. At the end of the year, the first seven properties in completed terraced houses were handed over to the customers there (property rights contracts were signed). In total, almost 70 terraced and semi-detached houses have been booked by customers or have already been handed over to them. In addition, in the last quarter of the year, the fund's subsidiary Uus-Järveküla OÜ signed a construction contract and a financing agreement with Coop bank for the construction and financing of 16 semi-detached houses and 14 terraced houses to be built in the second phase of the residential development. The deadline for their completion is planned for the end of 2024.

The Fund's cash flow investments maintained a positive cash flow in 2023. This allows the fund to continue distributing income in 2024 as well. The fund management company plans to distribute income from EFTEN United Property Fund twice this year: in late spring, when dividends from underlying funds are received, and in autumn, when interest is received from investments made in the form of debt capital and additional funds are released by possible refinancing of loans.

Financial review

In the IV quarter of 2023, EFTEN United Property Fund did not make new investments and continued to manage the existing investment portfolio. At the end of the year, the fund made an investment commitment of EUR 0.3 million in EFTEN Capital's newly established limited partnership fund EFTEN Special Opportunities Fund. With this investment, EFTEN United Property Fund will take advantage of the current cyclical situation in the real estate market, where rapidly rising interest rates and economic recession are creating good entry opportunities for projects facing financing difficulties. The investment in the new fund will be made in parts, according to the investment opportunities of the fund, and its duration is planned to be approximately five years.

In the IV quarter of 2023, EFTEN United Property Fund (hereinafter the Fund) earned a net loss of 92 thousand euros (2022 IV quarter: 284 thousand euros net profit), including a loss of 68 thousand euros (2022 IV quarter: 381 thousand euros loss) from the change in the value of the subsidiary and 126 thousand euros loss (2022 IV quarter: 620 thousand euros profit) from the change in the value of the underlying funds. Fund expenses totalled 50 thousand euros in the IV quarter of 2023 (4th quarter of 2022: 43 thousand euros).

During the 12 months of 2023, the Fund earned a net loss of 179 thousand euros (12 months of 2022: 1,439 thousand euros of net profit), which included a loss of 620 thousand euros from the change in the value of the EFTEN Real Estate Fund share. In a situation where the net value of the EFTEN Real Estate Fund shares would be used as a basis for

determining the net value of the Fund, the EFTEN United Property Fund would have earned a net profit in the total amount of 276 thousand euros within 12 months. The Fund's expenses during the 12 months of this year totalled 97 thousand euros (2022: 229 thousand euros).

In December 2023, the independent appraiser Colliers International performed a standard investment property appraisal in both the underlying funds and the subsidiaries, as a result of which the value of the subsidiaries and underlying funds decreased by 0.9%. The value decreased mainly due to the increase in the weighted average cost of capital (WACC) resulting from the increase in EURIBOR and the increase in exit yields.

In 2023, the Fund received a total of 352 thousand euros in dividends from investments and 202 thousand euros in interest. In addition, the subsidiary, which owns an office building located at Menulio 7 in Vilnius, partially returned a loan in the amount of 727 thousand euros to the fund. In 2023, the Fund distributed income to investors in January and July in the total amount of 1,035 thousand euros.

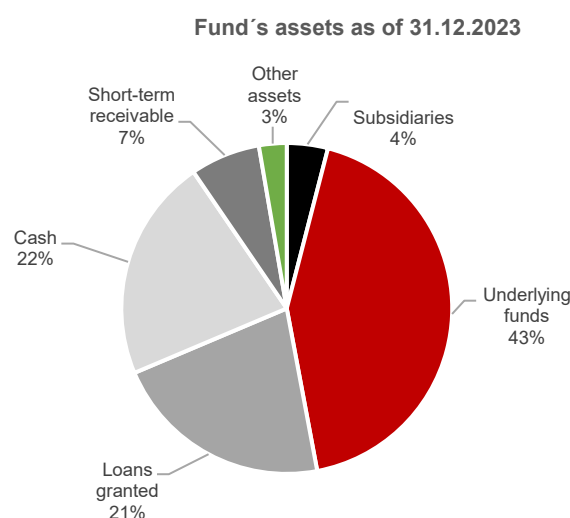
The volume of assets of EFTEN United Property Fund is 26,259 thousand euros as of 31.12.2023 (31.12.2022: 27,472 thousand euros), of which long-term investments make up 75% as of the end of December (31.12.2022: 67%).

Key financial indicators of the Fund	As of 31.12.2023 or 12 months of 2023	As of 31.12.2022 or 12 months of 2022
<i>€ thousands</i>		
Cash received for subscription of fund shares during the reporting period	0	9,863
Net asset value of the Fund at the end of the period	26,256	26,886
Fund's asset value per share, in euros (Net asset value at the end of the period : number of shares at the end of the period)	10.57	10.82
Increase/decrease in the net value of the Fund's share during the reporting period	-2.3%	2.7%
Profit/ Loss per share (comprehensive profit for the reporting period : average number of shares in the period)	-0.07	0.66
Result of the Fund	-179	1,439
Investments in subsidiaries	1,054	1,152
Investments in underlying funds	11,300	11,790
Short-term deposits	1,795	0
Loans granted	5,668	5,376

Investments

The Fund granted the subsidiary an additional loan in the total amount of 1,019 thousand euros in January and March 2023 in connection with the construction of the development infrastructure of Uus-Järveküla. The balance of loans granted to subsidiaries was a total of 5,668 thousand euros as of 31.12.2023 (31.12.2022: 5,376 thousand euros).

On 20.02.2023, the fund signed two guarantee contracts in the amount of 1,795 thousand euros with a term of 28.05.2025 as a guarantee for the construction of the infrastructure of Uus-Järveküla, which is backed by a term deposit agreement with an interest rate of 2.5% per annum and a term of 29.02.2024. In the case of real estate development, it is standard procedure to put a bank guarantee on the completion of the infrastructure. As of the end of 2023, the



infrastructure works guaranteed by the contract have been completed in the amount of almost 1.3 million euros. Upon handing them over, the guarantee contract will also be released to the corresponding extent.

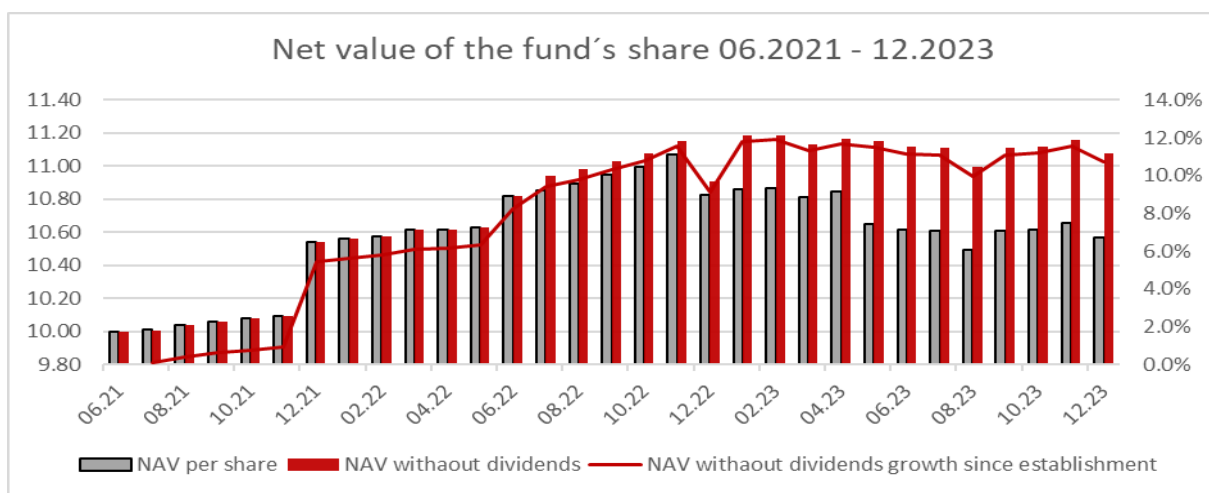
In June 2023, EFTEN United Property Fund increased its investment in the limited partnership fund EFTEN Residential Fund by 240 thousand euros in connection with the development projects of rental apartments in Riga and Vilnius.

Net value of the Fund

The net value of the EFTEN United Property Fund unit as of 31.12.2023 was 10.57 euros (31.12.2022: 10.82 euros). During this year, the net value of the fund has decreased by 2.3%. Without the income distribution to the investor, the NAV would have increased by 1.7%. In addition to income distribution, the decrease in the NAV is largely related to the drop in the stock market price of EFTEN Real Estate Fund AS, as a result of which the value of the investment in the balance sheet has decreased by 620 thousand euros as compared to 31.12.2022. If the fund's asset valuation rules allowed the value to traded shares to be reflected according to the net asset value of the fund, the net value of the EFTEN United Property Fund's share as of 31.12.2023 would be 10.68 euros, and it would have decreased by a total of 1.3% compared to 31.12.2022.

Since the foundation of the Fund, the net value of the unit has increased by 5.7%. The net asset value of the Fund was 26.256 million euros as of 31.12.2023 (31.12.2022: 26.886 million euros).

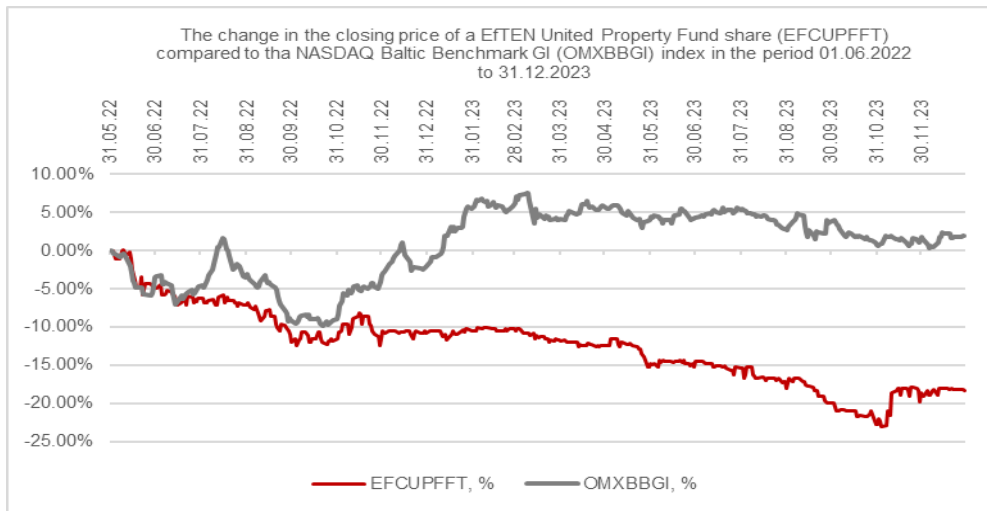
As of 31.12.2023, EFTEN United Property Fund has raised a total of 25.466 million euros of capital, of which 7.5 million euros are uninvested as of 12 months of 2023. All existing investments are performing well and do not currently appear to require higher capital injections than usual.



Trading statistics of EFTEN United Property Fund's shares are presented in the table below:

Statistics of EFCUPFFT	12 months	
	2023	31.05.2022-31.12.2022
Opening price	9.5	10.6
Closing price	8.7	9.5
Share price, lowest	8.1	9.2
Share price, highest	9.6	10.8
Traded shares, thousands	285	221
Turnover, million euros	2.576	2.213
Market capitalization as of 31.12, million euros	21.610	23.597
P/B (share closing price / equity per share)	0.82	0.88

The value of the Fund's share has fallen by 18.4% since listing, and the main Baltic market index Baltic Benchmark GI has risen by 2.0% during the same period.



Kristjan Tamla
 EFTEN Capital AS
 CEO

Signatures of the EfTEN United Property Fund's fund manager's management to 2023 IV quarter and 12 months report

The management of fund manager EfTEN Capital AS has prepared the report of EfTEN United Property Fund for the IV quarter of 2023 and 12 months, covering the period from 01.01.2023 to 31.12.2023, consisting of the Management Report, Financial Statements and the Fund's Investment Report.

Viljar Arakas

Maie Talts

Kristjan Tamla

Member of the Management Board

Member of the Management Board

Member of the Management Board

Tallinn, 7th February 2024

Financial Statements

Statement of the comprehensive income

	Notes	IV quarter		12 months	
		2023	2022	2023	2022
<i>€ thousands</i>					
Income					
Interest income	7	152	88	536	308
Dividend income	7	0	0	352	212
Net profit / loss from assets recognized in the fair value through the statement of comprehensive income	4,7	-194	239	-828	1,148
Investments in subsidiaries		-68	-381	-98	-199
Investments in underlying funds		-126	620	-730	1,346
Total income		-42	327	60	1,668
Expenses					
Operating expenses					
Management fees	8	-30	-28	-115	-96
Costs of administering the Fund		-5	-2	-34	-90
Other operating expenses		-15	-13	-90	-44
Total operating expenses		-50	-43	-239	-229
Operating profit / loss		-92	284	-179	1,439
Profit / loss before income tax		-92	284	-179	1,439
Net profit / loss for the reporting period		-92	284	-179	1,439
Total comprehensive profit / loss for the reporting period	6	-92	284	-179	1,439
Ordinary and diluted profit / loss per share (EUR)	6	-0.04	0.11	-0.07	0.66

Notes on pages 12-24 are an integral part of these financial statements.

Statement of financial position

	Notes	31.12.2023	31.12.2022
<i>€ thousands</i>			
ASSETS			
Current assets			
Cash and cash equivalents	3	5,731	8,769
Short-term deposits	3,7	1,795	0
Other receivables and accrued income	3	711	385
Total current assets		8,237	9,154
Non-current assets			
Financial assets at fair value through profit or loss	3,7	12,354	12,942
Investments in subsidiaries		1,054	1,152
Investments in underlying funds		11,300	11,790
Loans granted	3,7	5,668	5,376
Total non-current assets		18,022	18,318
TOTAL ASSETS		26,259	27,472
LIABILITIES			
Current liabilities	3	3	586
Total liabilities, excluding net asset value of the Fund attributable to shareholders		3	586
NET ASSET VALUE OF THE FUND			
Net asset value of the Fund attributable to shareholders	5	26,256	26,886
Total liabilities and net asset value of the Fund attributable to shareholders		26,259	27,472

Notes on pages 12-24 are an integral part of these interim financial statements.

Statement of changes in the net asset value of the Fund attributable to shareholders

	Notes	12 months	
		2023	2022
<i>€ thousands</i>			
Net asset value of the Fund as at the beginning of the period		26,886	16,379
Subscription of the shares		0	9,863
Profit distributions to shareholders		-452	-795
Total transactions with shareholders	5	-452	9,068
Increase in net asset value attributable to shareholders		-179	1,439
Total net asset value of the Fund attributable to shareholders as at 31.12	5	26 256	26,886
Number of shares outstanding at the end of the reporting period, pcs.		2,483,860	2,483,860
Net asset value per share at the end of the reporting period	5	10.57	10.82

Notes on pages 12-24 are an integral part of these interim financial statements.

Statement of cash flows

(direct method)

	Notes	IV quarter		12 months	
		2023	2022	2023	2022
<i>€ thousands</i>					
Cash flows from operating activities					
Acquisition of subsidiaries		0	0	0	-723
Sale of associates		0	583	0	1,504
Acquisition of shares in investment property funds	4	0	-997	-240	-4,651
Loans granted	8	0	0	-1,019	-2,876
Repayments of given loans	8	727	0	727	0
Dividends received		0	0	352	212
Interests received		39	9	202	9
Operating expenses paid		-53	-53	-230	-239
Total cash flows from operating activities		713	-458	-208	-6,764
Cash flows from investing activities					
Change in short-term deposits	3	0	0	-1,795	0
Total cash flows from investing activities		0	0	-1,795	0
Cash flows from financing activities					
Proceeds from subscription of shares		0	0	0	13,002
Dividends paid		0	0	-1,035	-212
Total cash flows from financing activities		0	0	-1,035	12,790
Total cash flows		713	-458	-3,038	6,026
Cash and cash equivalents at the beginning of the period					
		5,018	9,227	8,769	2,743
Change in cash and cash equivalents					
Cash and cash equivalents at the end of the period	3	5,731	8,769	5,731	8,769

Notes on pages 12-24 are an integral part of these interim financial statements.

Notes to the financial statements

Note 1 General information

The EFTEN United Property Fund (the Fund) was established on 26 April 2021 and commenced operations on 22 June 2021. The Fund is a contractual public closed-end investment fund. The objective of the Fund is to provide the holders of the fund's shares with the opportunity to participate in the development of the Baltic real estate market and real estate related infrastructure and technology companies through an actively managed investment portfolio. The Fund intends to have an investment portfolio diversified between real estate, various real estate related sub-sectors (including real estate related infrastructure companies) and real estate related financial instruments in the three Baltic States, considering capital layers with different risk level.

The Fund listed its shares on the Nasdaq Tallinn securities market on 31.05.2022.

EFTEN United Property Fund is managed by EFTEN Capital AS, A. Lauteri 5, Tallinn.

The financial statements reflect the Fund's business activities from 01.01.2023 to 31.12.2023.

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

These financial statements have been approved by the Management company on 31.01.2024.

Note 2 Summary of significant accounting policies

2.1 Basis for the report

The interim financial statements of EFTEN United Property Fund have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS EU). This consolidated interim report has been prepared in accordance with International Accounting Standard IAS 34: Interim Reporting. In preparing the interim report, the same accounting methods have been used as in the annual report for the financial year ended 31.12.2022. The interim report should be read in conjunction with the fund's latest published 2022 financial year report, prepared in accordance with International Financial Reporting Standards (IFRS). In the opinion of the management board, EFTEN United Property Fund's interim report for the IV quarter and 12 months of 2023 correctly and fairly reflects the financial performance of the fund in accordance with the principle of continuity. This interim report has not been audited or otherwise checked by auditors and contains only fund reports. The reporting currency is the euro. The interim accounting report is prepared in thousands of euros and all figures are rounded to the nearest thousand, unless otherwise indicated.

Note 3 Financial risk management

The Fund's investment policy

The Fund invests its assets to investment property and shares, bonds and loan agreements (direct investment) related to real estate and investment funds related to investment property (underlying funds). In addition, the fund's cash may be placed in credit institution's deposits and derivatives.

The Fund invests in the form of equity, equity participations and debt capital (debt securities), as well as through special purpose vehicles (SPVs) created for investment purposes and unquoted instruments.

For investments in underlying funds, the Fund gives preference to investment funds managed by EFTEN Capital. The Fund diversifies its investments across the three Baltic States (Estonia, Latvia and Lithuania) and across different sectors (commercial, residential and mixed-use investment property, infrastructure, etc.) and real estate-related sub-sectors (offices, logistics, retail, etc.).

The Fund invests in the form of debt capital (bonds, loans) with the aim of spreading the level of risk of investments between different layers of capital. As a general rule, the Fund holds such investments to maturity, i.e. the Fund does not aim to trade actively on the secondary market in the form of debt. The proportion of investments made in the form of debt capital shall not exceed 30% of the net asset value of the Fund when acquired.

The Fund may use leverage through borrowings or debt securities issued. At the time of leverage, it may amount to a maximum of 65% of the current value of the Direct Investment. Leverage is generally used at the level of SPVs. The Fund may grant loans to SPVs or provide guarantees or other security to ensure the performance of the SPVs' obligations.

The Fund's assets will be invested in derivatives only for the purpose of hedging the leverage and currency exposures associated with investment property.

The proportion of the net asset value of the Fund's assets attributable to a single investment (other than debt securities) may not exceed 20% at the time of acquisition and 30% at any other time.

The proportion of the net asset value of the Fund represented by an investment in the form of debt capital (debt securities issued, loans granted) made by a single person may not exceed 10% of the net asset value of the Fund at the time of acquisition and the proportion of the net asset value of the Fund represented by an investment in the form of debt capital made by a group may not exceed 15% of the net asset value of the Fund.

The Fund shall place funds in deposits with credit institutions in order to secure its day-to-day operations and future investment property. Depending on the nature of the investment property, the proportion of deposits from credit institutions may fluctuate significantly in the short term.

The investment restrictions and risk diversification requirements laid down in the Terms and Conditions shall not apply during the first two years of the Fund's operation.

As at 31.12.2023 and 31.12.2022, the Fund has the following financial assets and liabilities:

	Notes	31.12.2023	31.12.2022
<i>€ thousand</i>			
Financial assets –loans and receivables at amortised cost			
Cash and cash equivalents		5,731	8,769
Short term deposits ¹	7	1,795	0
Loans granted	7	5,668	5,376
Interest receivables	7	711	377
Other receivables and accrued income		0	8
Total financial assets - loans and receivables at amortised cost		13,905	14,530
Financial assets at fair value through profit or loss			
Investments in subsidiaries	4	1,054	1,152
Investments in underlying funds	4	11,300	11,790
Total financial assets at fair value through profit or loss	7	12,354	12,942
TOTAL FINANCIAL ASSETS		26,259	27,472
Financial liabilities at amortised cost			
Other current liabilities		3	586
Total financial liabilities at amortised cost		3	586
TOTAL FINANCIAL LIABILITIES		3	586

¹On 20.02.2023, the Fund signed two guarantee contracts in the amount of 1,795 thousand euros with a maturity of 28.05.2025 as a guarantee for the construction of the infrastructure of Uus-Järveküla, which is guaranteed by a fixed-term deposit agreement with an interest rate of 2.5% per year with a maturity of 29.02.2024.

The fair value of financial assets and financial liabilities carried at amortised cost in the table above does not differ materially from their fair value.

The Fund's investment policy mainly exposes it to the following risks:

1. Market risk
2. Concentration risk
3. Liquidity risk
4. Credit risk
5. Capital risk

3.1 Market risk

Refinancing risk and interest rate risk

The Fund invests in the real estate market of the Baltic States, which is why the Fund Manager estimates the risk related to the fluctuation of property prices in this region to be higher than usual. The real estate sector is cyclical, with changes in the macroeconomic environment of a country generally being the main driver. All the Baltic States (Estonia, Latvia and Lithuania) are small open economies (exports of goods and services represent a very significant part of the economy) whose development is largely dependent on changes in the macroeconomic environment of the same main trading partners. The cyclical fluctuations of small open economies can be much larger in amplitude than the global average. In sum, this means that the Baltic countries may have higher than average house price volatility and that house price movements in the three countries may be highly correlated, i.e. house prices in Estonia, Latvia and Lithuania are more likely than average to move in the same direction. For example, according to [Eurostat](#) data, residential property prices in the Baltic countries fell by around 40% in the global economic crisis of 2008-2010, while the average fall in residential

property prices in the European Union over the same period was around 5%. The materialisation of market risk (a simultaneous fall in Baltic real estate prices) could have a material adverse impact on the financial performance and return of the Fund.

Currency risk

The Fund does not consider currency risk to be a significant risk as all transactions are carried out in the functional currency, which is the euro, and the presentation currency is also the euro.

Refinancing risk and interest rate risk

In addition to equity, the Fund or the companies belonging to the fund often use debt capital (mainly bank loans) to make investment property. Loan capital agreements are generally for a fixed term, which means that the funds raised in the form of loan capital have to be refinanced at certain intervals (e.g. 5 years). The financial market in the Baltic States is banking-centric in nature. This means that banks are the main credit intermediaries, and the raising of debt or other forms of loan capital is limited. Dependence on a single financier may mean that the terms of the contract are less favourable to the Fund when refinancing funds raised in the form of debt, e.g. the cost of debt (interest rate) increases significantly and/or the volume of debt financing decreases.

Interest rate risk is the risk of changes in the future cash flows of financial instruments due to changes in market interest rates. Changes in market interest rates mainly affect the long-term floating rate debt obligations of the Fund and of the companies owned by the Fund. In order to hedge against the risk of rising interest rates, the companies in which the Fund has holdings have used interest rate swap contracts.

In accordance with the Fund's risk management policy, the Fund's manager monitors interest rate risk and sensitivity on a daily basis.

As of 31.12.2023, the 6-month EURIBOR rate is 3.9% (31.12.22: 2.7%) and the 1-month EURIBOR rate is 3.8% (31.12.22: 1.9%). Although EFTEN United Property Fund itself has no loan obligations, the increase in EURIBOR will affect the performance and cash flows of the underlying funds and the subsidiaries that have involved loan capital, as a result of which the periodic profit payments from the underlying funds and subsidiaries will likely decrease to some extent.

The realisation of refinancing and interest rate risk could have a material adverse effect on the Fund's financial performance and return.

3.2 Concentration risk

During the first years of the Fund's operation, some investments and/or cash flows from, for example, a tenant may constitute a large part of the Fund's portfolio and/or cash flows. As a result, unexpected negative developments with such an investment or tenant may have a material adverse effect on the Fund's financial performance and return in the first years of operation.

3.3 Liquidity risk

Liquidity risk is the risk that a fund may not have sufficient financial resources to meet its obligations in full when due or may only be able to meet its obligations under significantly less favourable conditions.

Investment acquisition and disposal risk

The Fund generally invests in assets that are not traded on a regulated market with low liquidity. In addition, the Baltic real estate market is characterised by a relatively small number of professional and highly leveraged investors. As a result, if the Fund wishes to liquidate its investments, it may not be able to find a buyer at the desired time and price. The realisation of liquidity risk may have a negative impact on the Fund's financial results and may reduce profits or lead to losses. During the first years of operation, the Management Company will focus primarily on building up the Fund's portfolio of investments, and it is therefore unlikely that liquidity risk will materialise during the Fund's first years of operation. The Fund will also have the capacity to enter into short-term borrowing arrangements to cover liquidity risk during the acquisition and disposal of investments. The Fund has not entered into any such loan agreements during the reporting period.

The table below illustrates the Fund's expected asset liquidity in the event of a liquidity risk materialisation.

As at 31.12.2023	Less than 7 days	7 days to 1 month	1-12 months	More than 12 months	Total
€ thousands					
Total assets	231	5,500	13,095	7,433	26,259

As at 31.12.2022	Less than 7 days	7 days to 1 month	1-12 months	More than 12 months	Total
€ thousands					
Total assets	8,769	0	11,790	6,913	27,472

As at 31.12.2023 the Fund's liabilities totalled 3 thousand euros (31.12.2022: 586 thousand euros).

In accordance with the Fund's risk management policy, the Fund manager monitors liquidity risk on a daily basis.

3.4 Credit risk

Credit risk is the potential loss that could result from the inability of a counterparty to a financial instrument to meet its obligations.

Counterparty risk

Resulting from the inability of the counterparty to a transaction involving the Fund's assets to meet its obligations under the transaction. The Fund is exposed to this type of risk in particular through:

- 1) direct investments in the form of debt (e.g. failure of the counterparty to make interest or principal payments);
- 2) claims against tenants of investment property owned by the Fund (or the SPV) (e.g. the counterparty's failure to make rental payments);
- 3) Fund assets held on deposit with credit institutions (e.g. insolvency of a credit institution). Often, these types of risks are linked to changes in the macroeconomic environment in the Baltic States - in the context of a general economic downturn, the counterparty's financial position deteriorates, and they are unable to cover their obligations to the Fund. At the same time, such risks may be 'counterparty specific' - individual companies become insolvent even in favourable macroeconomic conditions. In the early years of a Fund's operation, due to the lower diversification of the Fund's investments, the counterparty risks may be higher than would be expected for this type of fund, and the realisation of the risk may have a material adverse effect on the Fund's financial results and performance. The activity of the Management Company to prevent the loss of counterparty cash flows and to minimise such risk consists in the consistent monitoring and management of the (payment) behaviour of clients, counterparties, which allows the implementation of the necessary measures in an operational manner.

The maximum credit risk of the Fund is shown in the table below:

	31.12.2023	31.12.2022
<i>€ thousands</i>		
Cash and cash equivalents ¹	5,731	8,769
Short-term deposits (Note 7)	1,795	0
Loans granted (Note 7)	5,668	5,376
Other receivables (Note 7)	711	385
Total maximum credit risk	13,905	14,530

¹As of 31.12.2023 the Fund has recorded deposits with a maturity of less than 3 months in the total amount of 5,500 thousand euros among cash equivalents. The deposit bears interest at 3.7% per year. Both cash and cash equivalents are held in a bank with an Aa3 rating (according to Moody's long-term).

As of 31.12.2023, short-term deposits include two guarantee agreements set as collateral for a subsidiary's development project bank loan in the total amount of 1,795 thousand euros with a term of 28.05.2025, which is guaranteed by a fixed-term deposit agreement with an interest rate of 2.5% per year with a term of 29.02.2024.

Loans granted as of 31.12.2023 include loans granted to subsidiaries in the total amount of 5,668 thousand euros (31.12.2022: 5,376 thousand euros). The maturity of one loan in the amount of 2,149 thousand euros is 28.02.2027 and the loan bears interest at 4% per year. The maturity of the second loan in the amount of 3,519 thousand euros is 18.08.2025, and until 18.12.2024 this loan bears interest at 8% per year. From 19.12.2024, the loan interest rate is 15% per year.

The Fund measures credit risk and expected credit loss using probability of default, exposure to default and loss in default. When determining the expected credit loss, management takes into account both historical information and forward-looking information. Applying the requirements of IFRS 9, the expected credit loss is immaterial for the Fund and therefore no expected credit loss has been recorded in the financial statements.

According to the Fund's risk management policy, the fund manager monitors credit risk on a daily basis.

3.5 Capital risk

The risk of slow and/or low-profit investment of the funds received from the issue

The Fund invests the proceeds of the issue predominantly in instruments that are not traded on a regular market with low liquidity. This means that the Fund may take longer than expected to invest the proceeds of the issue or may not find profitable investment opportunities. In such a case, the proceeds of the issue will be held in deposits with a credit institution, where their long-term return is likely to be lower than if they had been invested in income-producing real estate assets. Therefore, if the Fund is unable to find attractive investment opportunities over a longer period of time after the new units are issued, unitholders may experience a lower return. The likelihood of the risk materialising depends in particular on two factors:

- (i) the size of the subscriptions for shares of the Fund during the offering period; and
- (ii) how active the Baltic property market is during the offering period. The risk of a slow and/or low-profit investment is higher the more units are subscribed to the Fund and the lower the activity in the Baltic property market.

The capital of the Fund consists of the net asset value of its assets, i.e. the money raised from the issue of shares and the income of the Fund. The Fund's capital changes periodically as new shares are issued. As at 31.12.2023 operation EFTEN United Property Fund issued 2,483,860 shares with a total cost of 25,466 thousand euros.

In accordance with the Fund's risk management policy, the Fund Manager monitors the Fund's capital through the net asset value of the Fund.

EfTEN United Property Fund listed the shares to trading on Nasdaq Tallinn on 31.05.2022 and all the shares are publicly tradable.

3.6 Risk related to military activities

In February 2022, Russia started a war in Ukraine. In this regard, most countries imposed extensive sanctions, which have a significant negative impact on the Russian economy. As far as the fund manager is aware, there are no tenants mainly related to business activities in Russia or Ukraine on the rental premises of the real estate objects owned by the fund. Therefore, the impact of the direct or so-called first round realization of the risk on the fund's financial results is small. In connection with the imposed sanctions, the effects of the so-called second round of risk realization may gradually appear over time - in particular, they may affect the fund through a decrease in investors' confidence in the economies of the Baltic states (thereby increasing the likelihood of the realization of market risk, refinancing and interest rate risk, as well as liquidity risk).

Note 4 Fair value of financial assets

The balance sheet value of the Fund's financial assets and liabilities generally corresponds to their fair value, taking into account differences in the valuation techniques used.

The Fund's investments in subsidiaries and underlying funds are valued at fair value. The Fund calculates the fair value of investments based on the following:

- The value of a security traded on a regulated market is its last published regulated market closing price on the balance sheet date.
- the assets and liabilities of the subsidiary at the balance sheet date, with a significant portion of the assets being properties carried at fair value. If the subsidiary does not value the properties included in its assets at fair value (mainly because the properties are being developed for sale and are therefore included in inventories), the Fund values the subsidiary's properties separately by engaging an independent valuer. Other assets of the subsidiary comprise cash and cash equivalents, trade receivables and other minor assets, and liabilities comprise trade payables, loan payables and other minor liabilities, the carrying amounts of which do not differ materially from their fair values, so that the inputs used to determine the fair value of investment property are the most significant in determining the fair value of the subsidiary as a whole.
- of the consolidated assets and liabilities of the underlying funds at the balance sheet date, where a significant portion of the assets are investment property measured at fair value by an independent valuer. The investment properties of the underlying funds are valued individually by Colliers International Advisors OÜ using the discounted cash flow method. The cash flow projections for all properties are updated in the fair value calculation and the discount rates and exit yields are differentiated according to the location of the properties, their technical condition and the risk level of the tenants. The carrying amounts of the remaining underlying assets and liabilities do not differ materially from their fair values, so the inputs used to determine the fair value of investment property are the most significant in determining the fair value of the underlying fund as a whole.

A subsidiary of the Fund owns the Uus-Järveküla development project, the fair value of which has been determined using the discounted cash flow method. The main inputs to the cash flows of the development project are the proceeds from the

sale of the properties, the costs associated with the sale and the construction costs. The cash flows of the project have been discounted using a discount rate of 10%.

The subsidiary's assets, liabilities and net assets at fair value are shown in the table below:

	Balance of subsidiary as of 31.12.2023	Adjustment to fair value	Fair value as of 31.12.2023	Balance of subsidiary as of 31.12.2022	Adjustment to fair value	Fair value as of 31.12.2022
Uus-Järveküla OÜ						
<i>€ thousands</i>						
Cash and cash equivalents	634	0	634	120	0	120
Inventory	18,101	719	18,820	5,247	603	5,850
Other current assets	349	0	349	33	0	33
Total current assets	19,084	719	19,803	5,400	603	6,003
Long-term financial investments	0	0	0	3	0	3
Total non-current assets	0	0	0	3	0	3
TOTAL ASSETS	19,084	719	19,803	5,403	603	6,006
Short-term borrowings	12	0	12	12	0	12
Other current liabilities	3,806	0	3,806	2,110	0	2,110
Total current liabilities	3,818	0	3,818	2,122	0	2,122
Long-term borrowings	15,063	0	15,063	3,208	0	3,208
Other non-current liabilities	667	0	667	346	0	346
Total non-current liabilities	15,730	0	15,730	3,554	0	3,554
TOTAL LIABILITIES	19,548	0	19,548	5,676	0	5,676
NET ASSETS	-464	719	255	-273	603	330

	31.12.2023	Adjustment to fair value	Fair value as of 31.12.2023	31.12.2022	Adjustment to fair value	Fair value as of 31.12.2022
Revenue	1,901	0	1,901	0	0	0
Net Profit / loss	-191	719	528	-199	603	404

	31.12.2023	31.12.2022
<i>€ thousands</i>		
The Fund's share in Uus-Järveküla OÜ	80%	80%
Acquisition cost of the Fund's investment	2	2
Fair value of the Fund's investment	204	263
Profit- / loss on change in fair value in period	-59	-365

The property investments of the underlying funds of EFTEN United Property Fund are valued in all Baltic countries by an independent appraiser, Colliers International Advisors OÜ. The following assumptions have been used in the valuation of the fair value of the investment property held by the underlying funds as at 31.12.2023:

Underlying fund or subsidiary	The Fund's share	Fair value of the underlying fund or subsidiary	Consolidated annual rental income	Discount rate	Exit yield
<i>€ thousands</i>					
EFTEN Real Estate Fund 5 trust fund	36.47%	5,125	1,866	9.3%	6.3%
EFTEN Real Estate Fund AS	2.02%	4,146	30,904	8.1%-10.7%	6.5%-8.8%
EFTEN Kinnisvarafond II AS	0.71%	999	20,187	8.5%-10.1%	7.0%-8.2%
EFTEN Residential Fund trust fund	3.58%	1,030	1,719	6.5%-8.9%	5.5%-6.25%
Subsidiary EFTEN M7 UAB	100.00%	850	480	9.7%	8.0%
Total		12,150	55,156		

Assumptions as of 31.12.2022:

Underlying fund or subsidiary	The Fund's share	Fair value of the underlying fund or subsidiary	Annual rental income	Discount rate	Exit yield
<i>€ thousands</i>					
EFTEN Real Estate Fund 5 trust fund	36.47%	5,196	1,708	8.4%	6.0%
EFTEN Kinnisvarafond AS	3.81%	4,766	16,241	7.8%-11.0%	6%-8%
EFTEN Kinnisvarafond II AS	0.71%	1,034	19,360	8.3%-9.45%	6.5%-7.75%
EFTEN Residential Fund trust fund	3.14%	794	1,166	6.7%-8.8%	5.0%-6.0%
Subsidiary EFTEN M7 UAB	100.00%	889	466	8.8%	7.8%
Total		12,679	38,941		

The table below shows the impact of the discount rate, the exit yield and the change in sales proceeds used in the estimates on the value of the underlying funds in the Fund's balance sheet.

As at 31.12.2023:

Fair value sensitivity analysis of investment properties	Fair values on the Fund's balance sheet	Effect of a change in the discount rate		Effect of change in Exit yield		Effect of change in revenue	
		+0.5 pp	-0.5pp	+0.5 pp	-0.5pp	+10%	-10%
Underlying fund or subsidiary							
EFTEN Real Estate Fund 5 trust fund	5,125	-197	201	-540	616	1,014	-1,032
EFTEN Real Estate Fund AS ¹	4,146	-140	144	-294	354	797	-780
EFTEN Kinnisvarafond II AS	999	-35	36	-80	91	204	-204
EFTEN Residential Fund trust fund	1,030	-31	31	93	110	168	-169
Subsidiary EFTEN M7 UAB	850	-110	120	-230	260	640	-630
Total	12,150	-512	532	-1,050	1,431	2,823	-2,815

As at 31.12.2022:

Fair value sensitivity analysis of investment properties	Fair values on the Fund's balance sheet	Effect of a change in the discount rate		Effect of change in Exit yield		Effect of change in revenue	
		+0.5 pp	-0.5pp	+0.5 pp	-0.5pp	+10%	-10%
Underlying fund or subsidiary							
EFTEN Real Estate Fund 5 trust fund	5,196	-208	215	-598	711	1,047	-1,047
EFTEN Kinnisvarafond AS	4,766	-147	150	-334	382	829	-830
EFTEN Kinnisvarafond II AS	1,034	-37	38	-91	105	214	-215
EFTEN Residential Fund trust fund	794	-16	16	-52	63	85	-86
Subsidiary EFTEN M7 UAB	889	-120	120	-250	280	660	-660
Total	12,679	-527	539	-1,324	1,541	2,835	-2,837

During the 12 months of 2023, the Fund suffered a total loss of 828 thousand euros from the change in the fair value of subsidiaries and underlying funds (2022: profit of 1,148 thousand euros).

Name	Acquisition cost 31.12.2023	Fair value 31.12.2023	Gain on change in fair value 12 months 2023	Acquisition cost 31.12.2022	Fair value 31.12.2022	Gain/loss from change in fair value 12 months 2022
<i>€ thousands</i>						
Subsidiaries						
Uus-Järveküla OÜ	2	204	-59	2	263	-365
EFTEN M7 UAB	723	850	-39	723	889	166
Total subsidiaries	725	1,054	-98	725	1,152	-199
Underlying funds						
EFTEN Real Estate Fund AS ¹	4,497	4,146	-620	4,497	4,766	255
EFTEN Kinnisvarafond II AS	963	999	-36	963	1,034	31
EFTEN Real Estate Fund 5 trust fund	4,157	5,125	-70	4,158	5,196	1,015
EFTEN Residential Fund trust fund	967	1,030	-4	727	794	45
Total underlying funds	10,584	11,300	-730	10,345	11,790	1,346
Total securities	11,309	12,354	-828	11,070	12,942	1,148

¹ EFTEN Kinnisvarafond AS merged with EFTEN Real Estate Fund AS. The merger took effect on 28.02.2023.

Additional information on investments is provided in Note 3.

In June 2023, EFTEN United Property Fund increased its investment in the amount of 240 thousand euros in the trust fund EFTEN Residential Fund in connection with the development projects of rental houses in Riga and Vilnius.

During the reporting period, the Fund has not sold or pledged its securities investments.

Fair value

The following is an analysis of assets at fair value by valuation technique. Valuation techniques are defined as follows:

Level 1 - exchange prices on a traded market;

Level 2 - assets and liabilities directly or indirectly linked to prices set in a traded market;

Level 3 - prices in a non-trading market.

As of 31.12.2023 the Fund owns one asset that belongs to the Level 1 group (participation in the listed company EFTEN Real Estate Fund). As of 31.12.2022, the Fund did not own any assets at fair value that would belong to the Level 1 group when determining the value. All other investments of the Fund in subsidiaries and underlying funds are recorded at fair value and belong to the Level 3 group according to the valuation method.

	31.12.2023	31.12.2022
<i>€ thousands</i>		
Level 1	4,146	0
Level 3	8,208	12,942
Total	12,354	12,942

Note 5 Net asset value of the Fund

The Fund's shares are freely tradable on the Nasdaq Tallinn stock exchange from 31.05.2022. As of 31.12.2023 on EFTEN United Property Fund has issued a total of 2,483,860 units with a total cost of 25,466 thousand euros (31.12.2022: the same). Due to the fund's relatively large proportion of uninvested capital and the listing of units on the Nasdaq Tallinn Stock Market, EFTEN United Property Fund does not plan to issue new shares in the near future.

Since founding the Fund has issued shares as follows:

Month	Issue price per share	Number of shares issued	Balance of issued shares at the end of the period	Cash received from the issue of shares
30.06.21	10.00	271,797	271,797	2,718
31.07.21	10.00	140,171	411,968	1,405
31.08.21	10.01	105,854	517,822	1,076
30.09.21	10.04	381,484	899,306	3,850
31.10.21	10.06	223,149	1,122,456	2,261
30.11.21	10.08	120,010	1,242,465	1,154
31.12.21	10.09	311,097	1,553,562	3,139
31.01.22	10.54	99,211	1,652,774	1,046
28.02.22	10.56	72,200	1,724,973	762
31.03.22	10.58	97,242	1,822,216	1,046
30.04.22	10.61	1,644	1,823,860	0
31.05.22	10.61	660,000	2,483,860	7,009
Kokku		2,483,860		25,466

In 12 months of 2023, the Fund received a total of 352 thousand euros from dividend income and a total of 202 thousand euros from interest and 727 from the loan of the subsidiary. 452 thousand euros of the received income were paid out to the Fund's investors in June 2023.

The net value of the Fund's share as of 31.12.2023 was 10.57 euros (as of 31.12.2022: 10.82 euros). The net asset value of the Fund was 26,256 thousand euros as of 31.12.2023 (as of 31.12.2022: 26,886 thousand euros).

Note 6 Earnings per share

	IV quarter		12 months	
	2023	2022	2023	2022
Growth in net asset value attributable to shareholders, € thousand	-92	284	-179	1,439
Weighted average number of shares during the period, pcs.	2,483,860	2,483,860	2,483,860	2,166,204
Earnings per share, EUR	-0.04	0.11	-0.07	0.66

Note 7 Segment reporting

SEGMENT'S RESULTS

12 months 2023	Commercial property	Residential property	Property development	Unallocated	Total
<i>€ thousands</i>					
Net gain/loss on assets at fair value through profit or loss	-765	-4	-59	0	-828
Dividend income	341	11	0	0	352
Interest income	114	0	305	117	536
Total income	-310	7	246	117	60
Growth in net asset value attributable to shareholders	-310	7	246	-122	-179

SEGMENT'S ASSETS

As at 31.12.2023	Commercial property	Residential property	Property development	Unallocated	Total
<i>€ thousands</i>					
Financial assets at fair value (note 3)	11,120	1,030	0	204	12,354
Loans granted (note 3)	2,149	0	3,519	0	5,668
Interest receivables (note 3)	114	0	582	15	711
Short-term deposits (note 3)	0	0	1,795	0	1,795
Total investments	13,383	1,030	5,896	219	20,528
Net debt (cash minus total liabilities)					5,728
Other current assets					0
Net asset value					26,256

As at 31.12.2022	Commercial property	Residential property	Property development	Unallocated	Total
<i>€ thousand</i>					
Financial assets at fair value (note 3)	11,885	794	263	240	12,942
Loans granted (note 3)	2,876	0	2,500	3,519	5,376
Interest receivables (note 3)	100	0	277	278	377
Total investments	14,861	794	3,040	4,037	18,695
Net debt (cash minus total liabilities)					8,183
Other current assets					8
Net asset value					26,886

During the reporting periods, the business segments did not transact with each other. The main income of the Fund was obtained in the 12 months of 2023 from dividends and interest received from subsidiaries and underlying funds.

Note 8 Related party transactions

EFTEN United Property Fund counts as related parties:

- Persons holding more than 10% of the paid-up capital of the Fund;
- a subsidiary of EFTEN United Property Fund;
- EFTEN Capital AS (the fund manager).
- The management of EFTEN Capital AS and companies controlled by the management.

During the reporting period, the Fund purchased management services from EFTEN Capital AS in the amount of 115 thousand euros (2022 12 months: 96 thousand euros). The Fund did not buy from other related parties or sell other goods or services to related parties during the reporting period.

During the reporting period, the Fund granted loans to subsidiaries totaling 5,668 thousand euros (31.12.2022: 5,376 thousand euros) and received interest income from the loans in the amount of 381 thousand euros in 12 months (2022 12 months: 299 thousand euros). The base currency of the loan is the euro.

As of 31.12.2023, the fund's management and the companies controlled by the fund's management owned 39,796 EFTEN United Property Fund shares (31.12.2022: 39,789). The management of the Fund includes the board members of the management company EFTEN Capital AS, the head of retail business and the head of investments.

EFTEN United Property Fund does not pay any fees to the management of the Fund. The management receives fees from the fund management company EFTEN Capital AS.

Fund's investment report as at 31.12.2023

Subsidiaries

As at 31.12.2023

Name	Location	Participation in investment	Acquisition cost	Fair value	Share of the net value of the fund
<i>€ thousands</i>					
Subsidiaries					
Uus-Järveküla OÜ	Tallinn	80.0%	2	204	0.8%
EFTEN M7 UAB	Vilnius	100.0%	723	850	3.2%
Total subsidiaries			725	1,054	4.0%

As at 31.12.2022

Name	Location	Participation in investment	Acquisition cost	Fair value	Share of the net value of the fund
<i>€ thousands</i>					
Subsidiaries					
Uus-Järveküla OÜ	Tallinn	80.0%	2	263	1.0%
EFTEN M7 UAB	Vilnius	100.0%	723	889	3.3%
Total subsidiaries			725	1,152	4.3%

Funds

As at 31.12.2023

Name	Type	Country of origin	Fund management company	Share in the fund 31.12.2023	Acquisition cost	Average share acquisition cost	Total market value	Market value the per share Fund's	Share in net asset value
<i>€ thousands</i>									
Underlying funds									
EFTEN Real Estate Fund 5 usaldusfond	Trust fund	Estonia	EFTEN Capital AS	36.47%	4,157	4,157	5,125	5,125	19.5%
EFTEN Real Estate Fund AS ¹	Equity fund	Estonia	EFTEN Capital AS	2.02%	4,497	0.0206	4,146	0.0190	15.8%
EFTEN Kinnisvarafond II AS	Equity fund	Estonia	EFTEN Capital AS	0.71%	963	0.0148	999	0.0154	3.8%
EFTEN Residential Fund trust fund	Trust fund	Estonia	EFTEN Capital AS	3.58%	967	967	1,030	1030	3.9%
Total underlying funds					10,584		11,300		43.0%
Total securities					11,309		12,354		47.1%

¹ EFTEN Kinnisvarafond AS merged with EFTEN Real Estate Fund AS. The merger took effect on 28.02.2023

As at 31.12.2022

Name	Type	Country of origin	Fund management company	Share in the fund 31.12.2022	Acquisition cost	Average share acquisition cost	Total market value	Market value the per share Fund's	Share in net asset value
<i>€ thousands</i>									
Underlying funds									
EFTEN Real Estate Fund 5 trust fund	Trust fund	Estonia	EFTEN Capital AS	36.47%	4,158	4,158	5,196	5,196	19.3%
EFTEN Kinnisvarafond AS	Equity fund	Estonia	EFTEN Capital AS	3.81%	4,497	0.0030	4,766	0.0031	17.7%
EFTEN Kinnisvarafond II AS	Equity fund	Estonia	EFTEN Capital AS	0.71%	963	0.0148	1,034	0.0159	3.8%
EFTEN Residential Fund trust fund	Trust fund	Estonia	EFTEN Capital AS	3.14%	727	727	794	794	3.0%
Total underlying funds					10,345		11,790		43.9%
Total securities					11,070		12,942		48.1%

All funds whose shares and participation EFTEN United Property Fund owns disclose their net worth on a monthly basis.

Loans granted**As at 31.12.2023**

Borrower	Borrower's country of origin	Maturity	Interest rate	Contractual loan amount	Loan balance 31.12.2023	Share in the Fund's assets' market value
<i>€ thousands</i>						
EFTEN M7 UAB	Lithuania	28.02.2027	4%	2,876	2,149	8.2%
Uus-Järveküla OÜ	Estonia	18.08.2025	8% until 18.12.2024 15% from 19.12.2024	3,519	3,519	13.4%
Total loans granted				6,395	5,668	21.6%

As at 31.12.2022

Borrower	Borrower's country of origin	Maturity	Interest rate	Contractual loan amount	Loan balance 31.12.2022	Share in the Fund's assets' market value
<i>€ thousands</i>						
EFTEN M7 UAB	Lithuania	28.02.2027	4%	2,876	2,876	10.7%
Uus-Järveküla OÜ	Estonia	18.08.2025	8% until 18.12.2024 15% from 19.12.2024	2,500	2,500	9.3%
Total loans granted				5,376	5,376	20.0%

Other assets**As at 31.12.2023**

Name	Market value	Share of the net value of the Fund
<i>€ thousands</i>		
Interest receivable	711	2.7%
Total other assets	711	2.7%

As at 31.12.2022

Name	Market value	Share of the net value of the Fund
<i>€ thousands</i>		
Interest receivable	377	1.4%
Other short-term receivables	8	0.0%
Total other assets	385	1.4%

Deposits

As at 31.12.2023

Credit institution	Type	Country of origin	Rating of the Credit institution and name of the rating agency	Maturity date	Interest rate	Amount	Share in the Fund's net asset value
<i>€ thousands</i>							
Swedbank Estonia	On demand deposit	Estonia	Moody's Aa3	On demand	-	231	0.9%
Swedbank Estonia	Term deposit	Estonia	Moody's Aa3	29.01.2024	3.7%	5,500	20.9%
Swedbank Estonia	Term deposit	Estonia	Moody's Aa3	29.02.2024	2.5%	1,795	6.8%
Hoised kokku						7,526	28.7%
TOTAL ASSETS						26,259	100.01%

As at 31.12.2022

Credit institution	Type	Country of origin	Rating of the Credit institution and name of the rating agency	Maturity date	Interest rate	Amount	Share in the Fund's net asset value
<i>€ thousands</i>							
Swedbank Estonia	On demand deposit	Estonia	Moody's Aa3	On demand	-	8,769	32.6%
TOTAL ASSETS						27,472	102.18%

As at 31.12.2023

Fund liabilities	-3	-0.01%
NET ASSET VALUE OF THE FUND	26,256	100.00%

As at 31.12.2022

Fund liabilities	-586	-2.18%
NET ASSET VALUE OF THE FUND	26,886	100.00%