Consolidated Annual Report 2024

Usaldusfond EfTEN Real Estate Fund 4

Commercial register number: 14588404

Beginning of financial year: 01.01.2024

End of financial year: 31.12.2024

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MANAGEMENT REPORT

Fund manager's comment on EfTEN Real Estate Fund 4 annual report

In 2024, the Fund focused on managing existing buildings. The main focus was on finding new tenants for the Jauna Teika office complex and Bergi warehouse in Latvia. Of the Baltic capitals, Riga has the lowest demand for office space, and buildings focused on larger tenants are under particular pressure.

Overview of financial results

EfTEN Real Estate Fund 4 (hereinafter referred to as the "Fund") consolidated sales revenue for 2024 totalled 25.482 million euros (2023: 25.945 million euros), a decrease of 2% compared to 2023. Net rental income (NOI) totalled 24.006 million euros in 2024 (2023: 24.785 million euros), also a decrease of 3% over the year.

	2024	**2023**
€ million		
Rental revenue, other fees from investment properties	25.482	25.945
Expenses related to investment properties, incl. marketing costs	-1.476	-1.160
Net rental income	**24.006**	**24.785**
Net rental income margin	*94%*	*96%*
Interest expense and interest income	-8.830	-7.976
Net rental revenue less finance costs and income	**15.176**	**16.809**
Management fees	-2.080	-2.062
Other income and expenses	-0.683	-0.664
Profit before change in the value of investment property, change in the success fee liability and income tax expense	**12.413**	**14.083**

The weighted average interest rate on the Fund's bank loans was 4.73% as of 31.12.2024 (31.12.2023: 5.68%). The debt service coverage ratio (DSCR) of the loan portfolio was 1.7 at the end of 2024 (2023: the same).

The Fund's assets as of 31.12.2024 were 338.152 million euros (31.12.2023: 335.650 million euros), including the fair value of investment properties accounting for 94% of the assets (31.12.2023: 93%).

	31.12.2024	**31.12.2023**
€ million		
Investment properties	318.050	313.600
Other non-current assets	0.942	0.245
Current assets, excluding cash	4.669	3.625
Total assets	338.152	335.650
Net debt (cash and deposits minus short-term and long-term bank loans)	-138.523	-136.173
Net asset value (NAV)	160.867	162.350

Key financial ratios

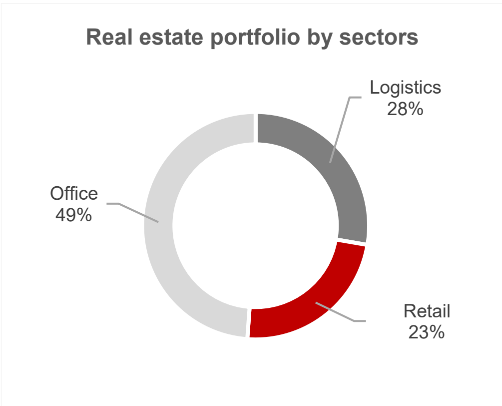
12 months	31.12.2024	31.12.2023
ROE, % (net profit of the period / average equity of the period) x 100	7.0	0.9
ROA, % (net profit of the period / average assets of the period) x 100	3.4	0.4
ROIC, % (net profit of the period / average invested capital of the period[1]) x 100	8.0	1.0
Revenue (€ thousand)	25,482	25,945
Rental income (€ thousand)	24,696	25,304
EBITDA (€ thousand)	21,340	22,140
EBITDA margin, %	84%	85%
EBIT (€ thousand)	22,970	10,220
Comprehensive income (€ thousand)	11,315	1,454
Liquidity ratio (current assets / current liabilities)	0.8	0.9
DSCR (EBITDA/ (interest expenses + scheduled loan payments)	1.7	1.7

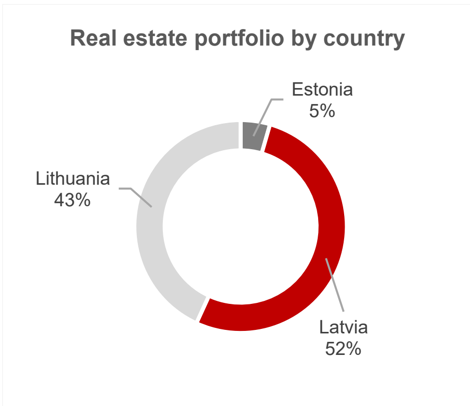
[1] The average invested capital for the period is the average involved capital of the EfTEN Real Estate Fund 4.

Investment property portfolio

The Fund invests in commercial investment properties with a strong and long-term tenant base. As of the end of 2024, the Fund has 9 (31.12.2023: same) commercial investment properties, the fair value of which at the balance sheet date is 318.050 million euros (2023: 313.600 million euros) and the acquisition cost is 321.836 million euros (2023: 319.113 million euros).

As of 31.12.2024, the Group's investment property portfolio is divided by sectors and countries as follows:





Investment property	Location	Group's ownership	Acquisition cost, € thousands	Fair value, in € thousands¹	Net leasable area	Projected annual net rental income, € thousands	Direct Yield¹	Primary net yield²	Occupancy, %	Average length of rental agreements	Number of tenants
Dominante logistics centre	Riga, Latvia	100	17,376	15,480	37,698	1,566	9.0%	10.1%	99	3.4	6
SBA logistics and production centre	Klaipeda, Lithuania	100	28,556	31,000	44,048	2,274	8.0%	7.3%	100	10.9	1
Bergi logistics centre	Riga, Latvia	100	30,221	25,370	49,978	1,250	4.1%	4.9%	64	2.8	3
Arginta logistics centre	Vilnius, Lithuania	100	15,458	16,250	16,301	1,195	7.7%	7.4%	100	6.3	1
Total logistics			**91,611**	**88,100**	**148,025**	**6,285**	**6.9%**	**7.1%**	**87**	**6.3**	**11**
Ryo shopping centre	Panevėžys, Lithuania	100	48,468	55,850	23,710	4,767	9.8%	8.5%	100	3.1	101
River Mall shopping centre	Kaunas, Lithuania	100	18,348	18,800	9,818	1,584	8.6%	8.4%	100	6.5	35
Total retail			**66,816**	**74,650**	**33,528**	**6,351**	**9.5%**	**8.5%**	**100**	**4.0**	**136**
Kadrioru business centre	Tallinn, Estonia	100	16,890	14,240	6,530	1056	6.3%	7.4%	97	1.9	25
River Hall business centre	Kaunas, Lithuania	100	14,410	15,360	8,786	1106	7.7%	7.2%	100	3.8	17
Jauna Teika office quarter	Riga, Latvia	100	132,109	125,700	59,105	6,155	4.7%	4.9%	77	3.5	76
Total office	**Office**		**163,409**	**155,300**	**74,420**	**8,317**	**5.1%**	**5.4%**	**82**	**3.3**	**118**
Total real estate portfolio			**321,836**	**318,050**	**255,973**	**20,953**	**6.5%**	**6.6%**	**87**	**4.3**	**265**

[1] The direct yield on investment property is the ratio of the actual net rental income (calculated for 12 months) to the acquisition cost of investment property and subsequent capitalized expenses as of 31.12.2024.

[2] The primary net yield on investment properties is the ratio of the actual net rental income (calculated for 12 months) to the fair value of investment properties as of 31.12.2024.

As of 31.12.2024, the fund has a total of 265 tenants. 50.9% of the rental agreements concluded as of the balance sheet date are the contractual income from 15 clients.

Tenant	Share of consolidated rental income
Innovo logistika, UAB	9.4%
TRIALTO LATVIA SIA	5.6%
ARGINTA Group, UAB	4.9%
TEIKUMS SIA	4.5%
DNB Bank ASA Latvijas filiāle	3.7%
Cabot Latvia SIA	3.3%
HIS MAJESTY THE KING IN RIGHT OF CANADA, as represented by the Minister of National Defence	3.1%
Maxima LT, UAB	3.0%
Orkla Latvija SIA	2.5%
Norwegian Air Resources Latvia SIA	2.4%
Hakonlita, UAB	2.0%
Tech Mahindra Limited Latvijas filiāle ĀKF	1.9%
HALLGRUPPEN BALTICS SIA	1.5%
Hurtigruten Estonia OÜ	1.5%
Felit, UAB	1.5%
Others	49.1%

Valuation of investment properties

The Group regularly evaluates investment properties twice a year - in June and December. The investment property appraiser of the Group is Colliers International Advisors OÜ. The Group's investment properties are valued individually using the discounted cash flow method. The cash flow forecasts of all objects are updated when finding the fair value, and the discount rates and exit yields are differentiated depending on the location of the objects, the technical condition and the risk level of the tenants.

The total value of investment properties increased by 0.5% in 2024 as a result of revaluations (2023: value decreased by 4.6%) and the Group received a profit of 1.727 million euros from the change in the fair value of investment properties (in 2023, the loss was 14.424 million euros). The fair value of investment properties increased in all business segments mainly as a result of a decrease in the discount rate used to discount the cash flows of investment properties and more optimistic cash flow forecasts. While in 2023 the discount rates were in the range of 8.3% to 10.5%, in the valuations carried out at the end of 2024 they were in the range of 8.0% to 11.25%. Cash flow forecasts improved mainly in shopping centres and logistics centres.

Net asset value

The Fund's net asset value as of 31.12.2024 is 160.867 million euros (31.12.2023: 162.350 million euros). The Fund has raised a total of 141.002 million euros in capital as of the end of 2024 (31.12.2023: the same).

The Fund has a total of 35 investors. The owners of more than 10% of the Fund are listed in the table below:

Investor	31.12.2024
Swedbank Latvian pension funds	21.7%
EBRD	20.0%
SEB pension funds	14.9%
LHV pension funds	13.6%
Swedbank Estonia pension funds	12.7%

The Fund pays out to investors to the extent that it complies with the limited partnership agreement. Periodic payments are based on dividends and interest received from subsidiaries. Subsidiaries pay dividends and interest in such a way that, after disbursements, the financial indicators of the subsidiaries meet the requirements of the special terms of the loan agreements and liquidity is provided for both working capital and additional investments. In 2024, the Fund paid out 12.798 million euros (2023: 7.768 million euros) to investors from the earned profit. The Fund plans to make payments to investors from the profit of 2024 in the total amount of 8.148 million euros.

Governance

The EfTEN Real Estate Fund 4 was registered in the commercial register in October 2018, after which the Fund started its operations.

In 2024, one (regular) general meeting of investors was held and the annual report for 2023 was approved. There were no extraordinary investor meetings in 2024.

According to the management agreement and the Fund's partnership agreement, the Fund's management company is EfTEN Capital AS. EfTEN Capital AS has been issued an alternative fund manager's license by the Financial Supervision Authority.

The Management Board of the Fund's general partner (EfTEN Neljas GP OÜ) consists of two members: Viljar Arakas and Tõnu Uustalu. There were no changes in the board during the reporting period. The Management Board of the general partner supervises the activities of the management company related to the Fund and the activities of the depositary to the extent and pursuant to the procedure prescribed in the depositary agreement, as well as performs other tasks arising from the partnership agreement.

Ensuring the environmental sustainability of the Group

An important part of the long-term strategy of the EfTEN Real Estate Fund 4 is sustainable asset management, implementing environmental, social and governance (ESG) measures. The Fund considers it important to reduce negative environmental impact, strengthen social responsibility and ensure transparent and accountable management.

Environmental measures include improving energy efficiency, using renewable energy, optimizing waste management and monitoring greenhouse gas (GHG) emissions. In the social area, the Fund focuses on ensuring tenant satisfaction and engagement. At the management level, an ESG committee has been established, the Fund participates in the assessment of the Global Real Estate Sustainability Benchmark (GRESB) and ensures transparent reporting. Since 2019, the Fund has consistently collected, analysed and improved the quality and availability of consumption data to ensure reliable and accurate reporting. The Sustainability Report will be published starting from 2019.

The Fund promotes the sustainable management of commercial real estate by using green leases and measuring sustainability performance through energy performance certificates (EPC) and BREEAM (The Building Research Establishment Environmental Assessment Method) certification levels. The Fund aims to ensure asset value preservation and cost-effective management.

Each investment is thoroughly evaluated and vetted before an investment decision is made. Final investment decisions are made by the Fund's investment managers only after all necessary due diligence has been completed.

The achievement of the objectives is assessed through sustainability metrics and levels of energy efficiency and sustainability certificates. Improving the sustainability metrics of assets reduces the investment management footprint and ensures cost-effective day-to-day management of the Fund's assets. The Fund collects the data necessary to measure environmental and social characteristics directly.

We consider the European Union's goal of achieving carbon neutrality by 2050 and are consistently working towards achieving this goal.

Information on compliance with SFDR regulations is disclosed in the Note to this report (page 40). The Fund's sustainable investment principles are available on the Fund's website www.eften.ee.

Key sustainability indicators of the portfolio

The ESG 2024 report will be published in the first half of 2025, providing a comprehensive overview of the portfolio's sustainability activities. In the GRESB 2023 assessment, the Fund achieved a score of 92/100, earning the highest 5-star rating for the second year in a row, confirming the Fund's strong sustainability performance. The priority for 2024 was to maintain a high score in the next assessment.

All of the Fund's real estate investments are covered by BREEAM certificates and energy performance certificates, and in 2024, the renewal of several BREEAM certificates began with the aim of achieving a higher level than before.

Portfolio energy performance certificates and BREEAM certificates as of 31.12.2024

			BREEAM	
Investment properties	**Location**	**Energy label**	**Type**	**Level**
Arginta logistics centre	Lithuania	A/B/B	In Use	Pass*
Bergi logistics centre	Latvia	B	In Use	Good
Dominante logistic centre	Latvia	B	In Use	Good
Jauna Teika office complex	Latvia	A/B	In Use	Very Good
Kadrioru business centre	Estonia	D	In Use	Good
River Hall business centre	Lithuania	A	New Construction	Good*
River Mall shopping centre	Lithuania	B	In Use	Very Good*
Ryo shopping centre	Lithuania	B	In Use	Very Good
SBA logistics and production centre	Lithuania	A	In Use	Very Good*

* Current level - certificate renewal started in 2024.

In 2024, electricity generated by solar panels accounted for 23% of the portfolio's total electricity consumption. In addition to the River Mall shopping centre, the River Hall business centre and the Arginta logistics centre, solar energy consumption was also started at the Ryo shopping centre from January 2024. During the reporting period, electric car chargers were installed at several of the Fund's properties and the transition to LED lighting continued to reduce energy consumption. To support biodiversity, 2 beehives were installed at the River Mall shopping centre and the River Hall business centre in Lithuania in 2024.

The following is a summary of key consumption data for the Group's investment properties portfolio by country and segment.

Consumption data by country	**Net rental space**	**Share in net rental space**	**Energy consumption[1]**		**Share of total energy consumption**	**Water consumption**		**Share of total water consumption**
In 2024	**m2**		**MWh**	**kWh / m2**		**m3**	**l/m2**	
Estonia	6,530	3%	1,786	274	6%	3,836	587	7%
Latvia	146,740	57%	11,201	76	39%	24,130	164	47%
Lithuania	102,644	40%	15,829	154	55%	23,257	227	45%
Total	**255,914**	**100%**	**28,816**	**113**	**100%**	**51,222**	**200**	**100%**

Consumption data by segment	**Net rental space**	**Share in net rental space**	**Energy consumption[1]**		**Share of total energy consumption**	**Water consumption**		**Share of total water consumption**
In 2024	**m2**		**MWh**	**kWh / m2**		**m3**	**l/m2**	
Logistics	147,993	58%	10,010	68	35%	10,790	73	21%
Retail	33,509	13%	8,688	259	30%	17,007	508	33%
Office	74,412	29%	10,119	136	35%	23,425	315	46%
Total	**255,914**	**100%**	**28,816**	**113**	**100%**	**51,222**	**200**	**100%**

[1]Energy consumption includes electricity (incl solar energy), gas and district heating.

The total greenhouse gas (GHG) emissions from the energy consumption of the Group's investment properties were 3,924 tonnes of CO_2 equivalent in 2024. We calculate emissions based on the emission factors of The International Energy Agency (IEA).

The Group's greenhouse gas emissions were helped by the use of solar energy, which accounted for 17% of total energy consumption in 2024.

Greenhouse gas emissions by country	GHG emissions	
In 2024	**tCO2e**	**Share of total volume**
Estonia	905	23%
Latvia	1,608	41%
Lithuania	1,411	36%
Total	**3,924**	**100%**

Greenhouse gas emissions by segment	GHG emissions	
In 2024	**tCO2e**	**Share of total volume**
Logistics	1,193	30%
Retail	577	15%
Office	2,153	55%
Total	**3,924**	**100%**

Other information

Financial risks

Information regarding the Group's financial instruments and financial risk mitigation goals, as well as risks related to changes in interest rates, is provided in Note 17 of the consolidated financial statements.

The structure of the consolidation group is presented in Note 1 of the consolidated financial statements.

FINANCIAL STATEMENTS OF THE CONSOLIDATION GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2024	2023
€ thousands			
Revenue	4,5	25,482	25,945
Cost of services sold	6	-814	-744
Marketing costs	7	-662	-416
Net rental income	**4**	**24,006**	**24,785**
General and administrative expenses	8	-2,899	-2,858
Gain / loss from revaluation of investment properties	13	1,727	-14,424
Success fee change	16	0	2,585
Other operating income and expense		136	132
Operating profit	**4**	**22,970**	**10,220**
Interest income		311	162
Interest expenses	9	-9,141	-8,138
Profit before income tax		**14,140**	**2,244**
Income tax expense	10	-2,825	-790
Net profit for the reporting period		**11,315**	**1,454**
Comprehensive income for the reporting period	**4**	**11,315**	**1,454**

The notes on pages 12-34 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2024	31.12.2023
€ thousands			
ASSETS			
Cash and cash equivalents	11	14,491	18,180
Short-term deposits		1,582	0
Receivables and accrued income	12	2,804	3,493
Prepaid expenses		283	132
Total current assets		**19,160**	**21,805**
Non-current receivables		0	63
Investment property	4,13	318,050	313,600
Property, plant and equipment		942	181
Intangible assets		0	1
Total non-current assets		**318,992**	**313,845**
TOTAL ASSETS		**338,152**	**335,650**
LIABILITIES AND EQUITY NET VALUE			
Borrowings	14	22,668	22,512
Payables and prepayments	15	2,698	2,247
Total current liabilities		**25,366**	**24,759**
Borrowings	14	132,411	131,514
Other non-current liabilities	15	3,857	3,987
Deferred income tax liability	10	15,651	13,040
Total non-current liabilities		**151,919**	**148,541**
TOTAL LIABILITIES		**177,285**	**173,300**
Total net asset value of the Fund owned by limited and equity partners		**160,867**	**162,350**
TOTAL LIABILITIES AND TOTAL NET ASSETS		**338,152**	**335,650**

The notes on pages 12-34 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2024	2023
€ thousands			
Cash flows from operating activities			
Net profit		**11,315**	**1,454**
Adjustments of net profit:			
Interest income		-311	-162
Interest expenses		9,141	8,138
Gain/loss on revaluation of investment property	13	-1,727	14,424
Change in success fee liability	16	0	-2,585
Depreciation and impairment losses	6,8	97	81
Income tax expense	10	2,825	790
Total adjustments with non-cash changes		**10,025**	**20,686**
Cash flow from operations before changes in working capital		**21,340**	**22,140**
Change in receivables and prepayments related to operating activities		327	-795
Change in liabilities and prepayments related to operating activities		185	-455
Net cash flow generated from operating activities		**21,852**	**20,890**
Cash flows from investing activities			
Acquisition of property, plant and equipment		-110	-51
Acquisition of investment property	13	-2,768	-1,644
Acquisition of subsidiaries	3	0	656
Acquisition of other investments		-1,349	-247
Sale of other investments		15	0
Interest received		307	145
Net cash flow generated from investing activities		**-3,905**	**-1,141**
Cash flows from financing activities			
Loans received	14	4,000	6,500
Scheduled loan repayments	14	-3,756	-5,013
Capital lease principal payments		-34	0
Interest paid		-13,704	-8,873
Capital reduction	18	0	-6,435
Dividends paid	18	-8,142	-6,954
Income tax on dividends paid	10	0	-720
Net cash flow generated from financing activities		**-21,636**	**-21,495**
TOTAL CASH FLOW		**-3,689**	**-1,746**
Cash and cash equivalents at the beginning of the period	**11**	**18,180**	**19,926**
Change in cash and cash equivalents		-3,689	-1,746
Cash and cash equivalents at the end of the period	**11**	**14,491**	**18,180**

The notes on pages 12-34 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS OF THE FUND

	2024	2023
€ thousands		
Net asset value of the Fund owned by limited and general partners at the beginning of the period	**162,350**	**175,100**
Capital returns	0	-6,435
Net change in net assets	**0**	**-6,435**
Transfer of dividends and interest to the Fund's investors	-12,798	-7,769
Comprehensive income for the reporting period	11,315	1,454
Net asset value of the Fund owned by limited and general partners at the end of the period	**160,867**	**162,350**

Additional information on capital contributions is provided in Note 18.

The notes on pages 12-34 are an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

EfTEN Real Estate Fund 4 (hereinafter also referred to as the 'Fund') is a real estate fund established in October 2018 that invests in cash-generating commercial real estate.

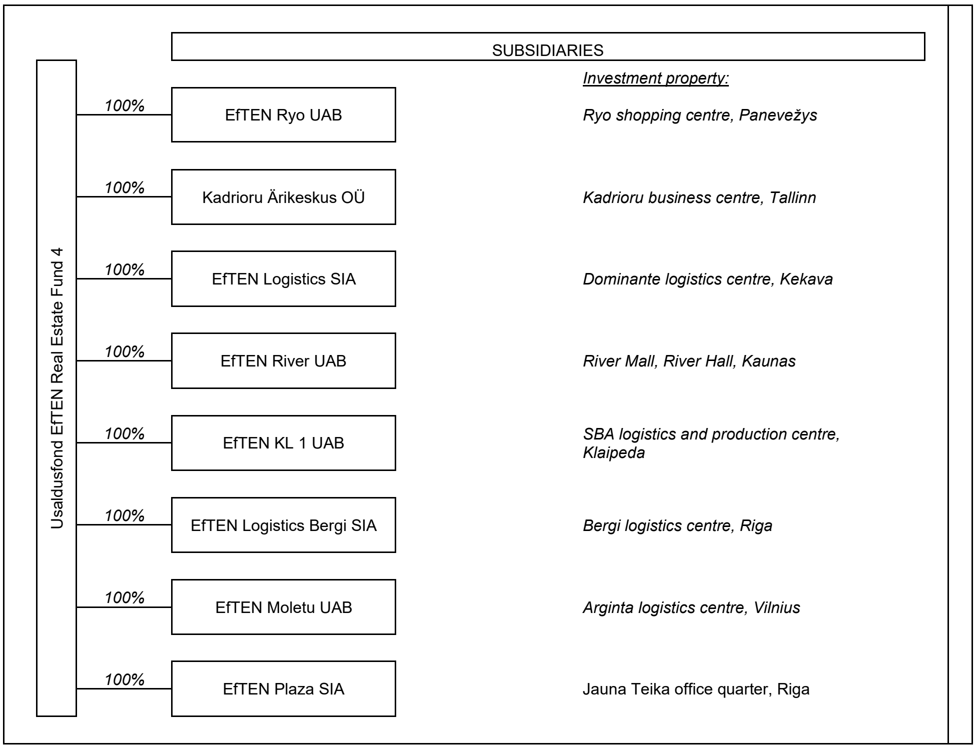
The Fund is a closed-ended, alternative investment fund. The Fund is guided by a core and core plus investment strategy. The investment region of the EfTEN Real Estate Fund 4 is the Baltic States.

The Fund's investment activities are managed by EfTEN Capital AS. The general partner of the Fund is EfTEN Neljas GP OÜ.

The consolidated annual financial statements of Usaldusfond EfTEN Real Estate Fund 4 for the financial year ended 31.12.2024 were signed by the Management Board on 6 March 2025.

The Fund is a company registered in Estonia and operating in Estonia.

The structure of Usaldusfond EfTEN Real Estate Fund 4 as of 31.12.2024 is as follows (see also Note 3):



2 Statement of compliance and general basis for the preparation of the consolidated accounts

According to the Investment Funds Act the consolidated financial statements of the Fund are prepared in accordance with accounting policies and disclosures set out in International Financial Reporting Standards (IFRS) as adopted by the European Commission, taking into account the procedure for determining the net asset value of the fund provided for in the regulation established on the basis of subsection 54 (11) of the Investment Funds Act and other specifications set out in the above Regulation. The requirements provided for in the Accounting Act have also been considered

Usaldusfond EfTEN Real Estate Fund 4 and its subsidiary's consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

The annual financial statements of the Group are presented in thousands of euros.

The financial statements have been prepared using the acquisition cost method, unless otherwise stated (for example, investment property is recorded at fair value).

In the preparation of financial statements, the accounting entity is presumed to be carrying on its activities as a going concern.

2.1 Changes in accounting policies and presentation

1.2.1 Application of new or revised standards and interpretations

From January 1, 2024, the following new or revised standards and interpretations became mandatory for the Group:

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate.

The above-mentioned changes did not have a significant impact on the Group's financial statements.

Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1

These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

The above-mentioned changes did not have a significant impact on the Group's financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements

In response to concerns of the users of financial statements about inadequate or misleading disclosure of financing arrangements, in May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require disclosure about entity's supplier finance arrangements (SFAs). These amendments require the disclosures of the entity's supplier finance arrangements that would enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The purpose of the additional disclosure requirements is to enhance the transparency of the supplier finance arrangements. The amendments do not affect recognition or measurement principles but only disclosure requirements.

The above-mentioned changes did not have a significant impact on the Group's financial statements.

The standards will come into force in the following reporting periods and standards not yet adopted

(effective to reporting periods beginning on or after January 1, 2025; not yet adopted by the European Union)

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7

On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

(a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;

(b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;

(c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and

(d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group will analyse and disclose the impact of the said change after its implementation.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;

- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, management-defined performance measures); and

- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its ‘operating profit or loss’. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

The Group will analyse and disclose the impact of the said change after its implementation.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

The International Accounting Standard Board (IASB) has issued a new IFRS Accounting Standard for subsidiaries. IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries’ financial statements while maintaining the usefulness of the information for users of their financial statements. Subsidiaries using IFRS Accounting Standards for their own financial statements provide disclosures that maybe disproportionate to the information needs of their users. IFRS 19 will resolve these challenges by:

- enabling subsidiaries to keep only one set of accounting records – to meet the needs of both their parent company and the users of their financial statements;

- reducing disclosure requirements – IFRS 19 permits reduced disclosure better suited to the needs of the users of their financial statements.

The Group will analyse and disclose the impact of the said change after its implementation.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28

These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. In 2015, the IASB decided to postpone the effective date of these amendments indefinitely.

The Group will analyse and disclose the impact of the said change after its implementation.

2.2 *Summary of material accounting principles*

Management's critical estimates and judgements

The presentation of consolidated financial statements in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee Interpretations as adopted by the European Union requires management to make estimates and judgments that affect the recognition and measurement of assets and liabilities at the balance sheet date, the presentation of contingent assets and liabilities and their probability of realization, and income and expenses of the reporting period.

Although estimates and underlying assumptions are reviewed on an ongoing basis and they are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances, actual results may differ from the estimates.

Information about management's critical judgements and estimates that have a material effect on the amounts reported in the financial statements is provided below:

Estimation uncertainty

The estimates made by management are based on historical experience and the information that has become available by the date of preparation of the financial statements. Therefore, there is a risk with the assets and liabilities presented at the balance sheet date, and the related revenue and expenses, that the estimates applied need to be revised in the future. The key sources of estimation uncertainty that have a significant risk of causing material restatements to the financial statements are described below.

a) <u>Determination of the fair value of investment property</u>

Investment properties are valued at their fair value as of each balance sheet date. The Group's investment properties are valued by Colliers International Advisors OÜ. The Group's independent valuer values the investment properties individually using the discounted cash flow method. All of the Group's investment properties generate (or will generate upon completion) rental income, which is why the method used best reflects the fair value of the investment property compared to alternatives (such as the comparative method). Cash flow forecasts for all properties have been updated when determining fair value, and discount rates and exit yields have been differentiated depending on the location, technical condition and risk level of the properties. While in 2023 the discount rates for the Fund's real estate portfolio ranged from 8.3% to 10.5%, in the valuations carried out at the end of 2024 they ranged from 8.0% to 11.25%. Exit yields remained unchanged compared to the end of 2023 and were between 7.0% and 8.5%. Cash flow forecasts improved mainly in shopping centres and logistics centres.

b) <u>Business combinations and acquisition of assets</u>

Purchases of real estate are generally treated as acquisitions of assets. The management estimates that there is no business combination if the property has individual tenants, the Fund does not acquire any assets or rights other than the property and does not employ any past employees. The Fund does not acquire the business process management know-how of the real estate object but manages all the acquired objects centrally.

Investment company

The management of the Group has assessed its activities to meet the definition of an investment company and considers that EfTEN Real Estate Fund 4 AS does not meet the definition of an investment company as it has the characteristics of a real estate company rather than a pure investment company. Although investors in EfTEN Real Estate Fund 4 AS expect both capital appreciation and operating profit from their capital investment, the Group also carries a significant amount of development risk in its investments, which is typical of a typical real estate company. An investment firm should also make direct investments in companies that are measured at fair value in accordance with IFRS 10. For the parent company of the Group, fair value measurement is indirect - the fair value is the value of assets held in subsidiaries, resulting in the fair value of the subsidiary not necessarily being the ultimate market price of the subsidiary. The Group also estimates its financial performance based on rental income, profit margins, volume of assets and other financial indicators of the real estate business, which cannot be measured solely by the fair value of the subsidiary.

Segment reporting

The Group allocates raised capital and available resources for investments in accordance with the Group's investment policy, analysing the reasonable allocation of risks by real estate sector.

In disclosing information on segments, the Group adheres to the principles of grouping used in the Group's internal accounting and reporting. Independent business segments are sub-sectors of commercial real estate, which differentiate from one another by type of rented space and have different yield rates (rental income per sqm, acquisition price of one sqm. capitalisation rates).

The Group's three business segments and geographical segments are presented in the following table:

	Estonia	Latvia	Lithuania
Office	Kadrioru business centre, Tallinn	Jauna Teika office quarter, Riga	River Hall business centre, Kaunas
Logistics		Dominante logistics centre, Kekava	SBA logistics and production centre, Klaipeda
		Bergi logistics centre, Riga	Arginta logistics centre, Vilnius
Retail			Ryo shopping centre, Panevežys
			River Mall shopping centre, Kaunas

The main indicators used by the management in making business decisions is sales revenue, net operating income (net sales less the cost of sales and marketing costs), EBITDA and operating profit. It is also important to monitor the volume of property investments by segments. The Group analyses all indicators monthly.

Investments in subsidiaries in the separate balance sheet of the parent company

In the separate balance sheet of the parent company (presented in Note 20), the investments in subsidiaries are measured at fair value.

Revenue recognition

The Group's revenue includes rental income, administrative fees, marketing fees and the profit of mediating utility and administrative expenses (revenues are offset against related expenses).

Lease income from operating leases is recognised on a straight-line basis over the lease term. If the Group agrees with the tenants during the lease-free period, the said expense is also recognised on a straight-line basis over the lease term, reducing rental income.

Administrative fees and marketing fees are recognised in the period in which the control over the services is transferred to the customer, i.e., during the service period.

Some management fees may include different service components. In this case, the Group assesses whether they give rise to several implementation obligations. If such different implementation obligations exist, then the total transaction fee is allocated to each obligation to execute based on a separate selling price. If there is no separate selling price, it is derived from the expected cost-plus margin.

The Group acts as an agent for resale of utility and administrative expenses, and therefore such income is not shown in gross amount but is offset by the related expense.

Financial assets

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets without a significant financing component the Company applies a simplified approach permitted by IFRS 9 and measures the allowance for impairment losses at expected lifetime credit losses from initial recognition of the receivables.

As of 31 December 2024, and 31 December 2023, all the Company's financial assets were classified in this category:

- cash and cash equivalents;
- short-term deposits;
- trade receivables.

Investment property

Investment property is land and buildings that are held or developed to earn rental income or for capital appreciation rather than for use in the production or supply of goods or services for administrative purposes. In addition, investment property includes properties, which are held over an extended period for an undetermined future use.

An investment property is initially recognised in the balance sheet at cost, including any directly attributable expenditure (e.g., notary fees, property transfer taxes, professional fees for legal services, and other transaction costs without which the transaction would not have taken place). After initial recognition, investment property is measured at fair value at each balance sheet date.

The fair value of investment property is determined based on the valuation performed by qualified appraisers. In determining the fair value, the method of discounted cash flows is used. In order to calculate the present value of a property's future cash flows, the appraiser has to forecast the property's future rental income (including rent per 1 square meter and the occupancy rate) and operating expenses. Depending on the terms of the lease (whether and how easily the lease can be terminated by the lessee), the appraiser will base the projections on either the property's existing cash flows or the market's current average cash flows for similar properties. The present value of the future net cash flow is found by applying a discount rate, which best reflects the current market assessments of the time value of money and the risks specific to the asset. The discount rate is selected based on the market's average capital structure, not asset structure. The discounted cash flow method is used to determine the value of investment properties that generate stable rental income.

Financial liabilities

All financial liabilities (trade payables, borrowings, accrued expenses and other current and non-current liabilities) are initially measured at cost that also includes all directly attributable expenditure incurred in the acquisition. Subsequent measurement is at amortised cost. Exceptions are financial liabilities acquired for the purpose of resale that are measured in fair value.

Success fee liability

EfTEN Real Estate Fund 4, EfTEN Capital AS and EfTEN Neljas GP OÜ (a 100% subsidiary of EfTEN Capital AS) have entered into an agreement, according to which EfTEN Capital AS has the right to receive performance fees for amounts exceeding investors' contributions and preferred returns (8% of contributions per year). 80% of investors' contributions and disbursements exceeding the rate of preferred return are paid to investors and 20% to EfTEN Capital AS. The Fund recognizes a potential contingent performance fee liability at each balance sheet date, considering the contributions made by the group, the profit earned and the net asset value of the group at the balance sheet date. The potential calculation of the performance fee liability is based on the assumption that the Fund, together with its subsidiaries, can be sold for at least the amount of the Group's net asset value. The performance fee obligation is paid to the Management Company after all the initially paid-in capital and preferred return have been returned to the Fund's investors.

Period costs from the change in performance fee are recognized in the Group's operating profit (see also Note 16).

Income tax

Subsidiaries registered in Estonia

According to the Income Tax Act, a company's profit for the reporting year is not taxed in Estonia, but rather the profit distributions (dividends) paid out. The tax rate for (net) dividends is 22/78. The income tax on the payment of dividends is recognized as an expense in the income statement when the dividends are declared (liability arises).

Due to the nature of the taxation system, a company registered in Estonia does not incur deferred income tax assets or liabilities, except for a possible deferred income tax liability from the company's investments in subsidiaries, associates and joint ventures and branches.

Latvian subsidiaries

In Latvia, from 1 January 2018, profits generated after 2017 will be taxed at a tax rate of 20/80. The transitional rules of the Act allow for a reduction in profits payable on dividends if the company has unused tax losses or certain provisions as of 31 December 2017.

As a result of the implementation of the Income Tax Act in force since 2018, there are no longer any differences between the tax accounting and carrying amounts of assets and liabilities in Latvia and therefore no deferred income tax assets or liabilities are recognized for Latvian subsidiaries. All deferred income tax assets and liabilities assumed in previous periods were derecognised in 2017 and the corresponding income tax expense / income was recognized in the income statement.

Lithuanian subsidiaries

In Lithuania, a company's net profit is subject to income tax at a rate of 15% (from 01.01.2025: 16%). Taxable income is calculated from the corporate profits before income tax, which is adjusted in accordance with requirements of local income tax laws in addition to income and expense additions permitted in the income tax returns.

For Lithuanian subsidiaries, a deferred tax asset or liability is recognized for the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the balance sheet date. Deferred income tax assets are recognized in the balance sheet only when it is probable that future taxable profits will be available against which the deferred tax assets can be utilized.

Recognition of deferred tax liability in consolidated financial statements

The Group's deferred tax liability arises for companies located in countries where profits are taxed.

The Group's deferred income tax liability also arises from investments in Estonian and Latvian subsidiaries and associates, unless the Group is able to control the timing of the reversal of taxable temporary differences and it is unlikely that they will reverse in the near future. Examples of reversals of taxable temporary differences are the payment of dividends, the sale or liquidation of an investment, and other transactions. As the Group controls the dividend policies of its subsidiaries, it is also able to control the timing of the reversal of temporary differences associated with that investment. If the parent has decided not to distribute the profit of the subsidiary in the near future, it does not recognize a deferred income tax liability. If the parent estimates that the dividend will be paid in the near future, the deferred income tax liability is measured at the amount of the planned dividend payment, provided that there are sufficient funds and equity to distribute the profit in the near future. In measuring a deferred tax liability, the Group uses tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the temporary differences reverse.

Paid-in capital

The Fund's investors have made an investment obligation to the Fund and the maximum amount of the obligations is set out in Note 16. Pursuant to the agreement between the Fund and investors (partnership agreement), the Fund requires investors to pay the investment obligation as required by submitting a written application to investors. The Fund's investors (limited partners) are liable to the Fund with the maximum investment obligation and, in accordance with the Commercial Code, are liable for the obligations assumed by the Fund up to the maximum amount of the investment obligation. The Management Company (general partner) has also assumed the maximum investment obligation, but pursuant to the Commercial Code, the general partner is liable to the Fund with all its assets. Investors' contributions (limited partners and general partners) are recorded as a liability in the financial statements, as upon liquidation of the Fund there is an obligation to return their proportionate share of the Fund's net assets, investors' contributions to the Fund are not registered as capital and investors' liabilities to the Fund are not identical.

3 Subsidiaries

Company's name	Country of domicile	Investment property	Equity, € thousands		Group's ownership, %	
			31.12.2024	31.12.2023	31.12.2024	31.12.2023
Parent company						
Usaldusfond EfTEN Real Estate Fund 4	Estonia					
Subsidiaries						
EfTEN Ryo UAB	Lithuania	Ryo shopping centre, Panevežys	32,754	32,724	100	100
Kadrioru Ärikeskus OÜ	Estonia	Kadrioru business centre, Tallinn	2,937	521	100	100
EfTEN River UAB	Lithuania	River Mall, River Hall, Kaunas	18,608	17,704	100	100
EfTEN Logistics SIA	Latvia	Dominante logistics centre, Kekava	4,855	4,653	100	100
EfTEN KL 1 UAB	Lithuania	SBA logistics and production centre, Klaipeda	6,281	6,391	100	100
EfTEN Logistics Bergi SIA	Latvia	Bergi logistics centre, Riga	2,869	3,572	100	100
EfTEN Moletu UAB	Lithuania	Arginta logistics centre, Vilnius	8,155	7,486	100	100
EfTEN Plaza SIA	Latvia	Jauna Teika office complex, Riga	11,324	9,736	100	100
JT Offices SIA (EfTEN Plaza SIA subsidiary)[1]	Latvia	Jauna Teika office complex, Riga	-	134,447	100	100

[1]01.05.2024 EfTEN Plaza SIA and JT Offices SIA merged.

All subsidiaries are engaged in the acquisition and leasing of investment properties. The shares of none of the subsidiaries are listed on the stock exchange. The Fund did not acquire any new subsidiaries in 2024.

4 Segment reporting

SEGMENT RESULT

	Office		Logistics		Retail		Non-allocated		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
€ thousands										
Revenue (Note 5), incl.	**10,801**	**11,034**	**6,632**	**7,300**	**8,049**	**7,611**	**0**	**0**	**25,482**	**25,945**
Estonia	1,197	1,168	0	0	0	0	0	0	1,197	1,168
Latvia	8,329	8,646	3,165	3,906	0	0	0	0	11,494	12,552
Lithuania	1,275	1,220	3,467	3,394	8,049	7,611	0	0	12,791	12,225
Operating income, net, incl.	**10,505**	**10,820**	**6,102**	**6,985**	**7,399**	**6,980**	**0**	**0**	**24,006**	**24,785**
Estonia	1,105	1,082	0	0	0	0	0	0	1,105	1,082
Latvia	8,176	8,537	2,634	3,591	0	0	0	0	10,810	12,128
Lithuania	1,224	1,201	3,468	3,394	7,399	6,980	0	0	12,091	11,575
Operating profit, incl.	**9,940**	**206**	**6,097**	**490**	**7,123**	**7,137**	**-190**	**2,387**	**22,970**	**10,220**
Estonia	945	-596	0	0	0	0	-190	2,387	755	1,791
Latvia	7,289	321	1,675	-708	0	0	0	0	8,964	-387
Lithuania	1,706	481	4,422	1,198	7,123	7,137	0	0	13,251	8,816
EBITDA, incl.	**9,263**	**9,551**	**5,326**	**6,252**	**6,941**	**6,535**	**-190**	**-198**	**21,340**	**22,140**
Estonia	963	936	0	0	0	0	-190	-198	773	738
Latvia	7,113	7,525	2,171	3,148	0	0	0	0	9,284	10,673
Lithuania	1,187	1,090	3,155	3,104	6,941	6,535	0	0	11,283	10,729
Operating profit									**22,970**	**10,220**
Net financial expense									-8,830	-7,976
Profit before income tax expense									**14,140**	**2,244**
Income tax expense (Note 10)									-2,825	-790
NET PROFIT FOR THE FINANCIAL PERIOD									**11,315**	**1,454**

SEGMENT ASSETS

	Office		Logistics		Retail		Total	
As at the end of the year	2024	2023	2024	2023	2024	2023	2024	2023
€ thousands								
Investment property								
Estonia	14,240	14,240	0	0	0	0	14,240	14,240
Latvia	125,700	123,560	40,850	40,810	0	0	166,550	164,370
Lithuania	15,360	14,790	47,250	45,950	74,650	74,250	137,260	134,990
Total investment property (Note 13)	**155,300**	**152,590**	**88,100**	**86,760**	**74,650**	**74,250**	**318,050**	**313,600**
Other non-current assets							942	245
Net debt (liabilities minus cash)							-162,794	-155,120
Other short-term assets							4,669	3,625
NET ASSETS							**160,867**	**162,350**

There were no transactions between the business segments in 2024 and 2023. The Group's main income is derived from investment properties located in the same countries as the subsidiary holding the investment property.

9.4% of the Group's consolidated rental income in 2024 is from Innovo Logistika UAB (monotenant in the SBA logistics centre in Lithuania) and 5.6% from Trialto Latvia SIA (anchor tenant in the Dominante logistics centre in Kekava). The remaining tenants' share of consolidated income is less than 5%.

5 Revenue

Areas of activity	**2024**	**2023**
€ thousands		
Rental income from office premises (Note 13)	10,612	10,776
Rental income from retail premises (Note 13)	7,644	7,291
Rental income from logistics premises (Note 13)	6,440	7,237
Other sales revenue	786	641
Total revenue by areas of activity (Note 4)	**25,482**	**25,945**

Revenue by geographical area	2024	2023
€ thousands		
Estonia	1,197	1,168
Latvia	11,494	12,552
Lithuania	12,791	12,225
Total revenue by geographical area (Note 4)	**25,482**	**25,945**

6 The cost of services sold

Cost of services sold	2024	2023
€ thousands		
Repair and maintenance of rental premises	-426	-407
Property insurance	-18	-14
Land tax and property tax	-103	-93
Utility costs for vacant premises	-1	-8
Depreciation of property, plant and equipment	-29	-4
Improvement costs	-21	-6
Wages and salaries, incl. taxes (Note 19)	-205	-205
Other costs	-7	-7
Allowance for doubtful accounts	-4	0
Total cost of service sold (Note 13)	**-814**	**-744**

7 Marketing costs

Marketing costs	2024	2023
€ thousands		
Commission expenses on rental premises	-303	-56
Advertising, promotional events	-359	-360
Total marketing costs	**-662**	**-416**

8 General and administrative expenses

General and administrative expenses	2024	2023
€ thousands		
Management services (Note 19)	-2,080	-2,062
Office expenses	-43	-58
Wages and salaries, incl. taxes (Note 19)	-78	-71
Consulting expenses, legal services, accounting services, evaluation services, audit	-516	-469
Regulator costs	-83	-87
Other general and administrative expenses	-31	-34
Depreciation	-68	-77
Total general and administrative expenses	**-2,899**	**-2,858**

9 Other financial costs

Other financial costs	2024	2023
€ thousands		
Interest costs, incl	-9,141	-8,138
Interest expenses on loans	-9,121	-8,138
Interest expenses on lease payments	-20	0
Total other financial costs	**-9,141**	**-8,138**

10 Income tax

	2024	2023
€ thousands		
Deferred income tax expense on dividends	-350	0
Deferred income tax expense from Lithuanian companies	-2,260	-592
Lithuanian corporate income tax expense on profits	-215	-198
Total income tax expense (Note 4)	**-2,825**	**-790**

As of 31.12.2024 and 31.12.2023, the Group has deferred income tax liabilities in the following amounts:

	Deferred income tax liability related to investment properties	Deferred income tax liability related to dividends	Total
€ thousands			
Balance as at 31.12.2022	**11,917**	**1,251**	**13,168**
Change in deferred income tax liability through profit or loss in 2023	592	0	592
Income tax paid on dividends	0	-720	-720
Balance as at 31.12.2023	**12,509**	**531**	**13,040**
Change in deferred income tax liability through profit or loss in 2024	2,260	0	2,260
Expected income tax expense	0	351	351
Balance as at 31.12.2024	**14,769**	**882**	**15,651**

11 Cash and cash equivalents

	31.12.2024	31.12.2023
€ thousands		
Demand deposits	5,522	14,616
Overnight deposits[1]	7,108	2,263
Deposits with a maturity of less than 3 months[2]	1,860	1,300
Cash on hand	1	1
Total cash and cash equivalents (Note 17)	**14,491**	**18,180**

[1]Overnight deposits carry interest at a floating rate. As of 31.12.2024, the interest rate was between 1.375% - 2.516% per annum.

[2]There is a deposit with a term of less than 3 months in two subsidiaries: EfTEN KL1 UAB in the amount of 460 thousand euros, interest rate as of 31.12.2024 2.98% per annum, maturity date 30.03.2025 and EfTEN Logistics SIA in the amount of 1,400 thousand euros, interest rate as of 31.12.2024 3.10% per annum, maturity date 11.03.2025.

12 Receivables and accrued income

Current receivables and accrued income

	31.12.2024	31.12.2023
€ thousands		
Trade receivables	2,637	2,535
Allowance for doubtful accounts	-4	0
Total trade receivables (Note 17)	**2,633**	**2,535**
Other current receivables	23	689
Total other current receivables	**23**	**689**
Interests	21	3
Other accrued income	127	266
Total accrued income	**148**	**269**
Total receivables and accrued income (Note 17)	**2,804**	**3,493**

13 Investment property

As of 31.12.2024, the Group has made investments in the following investment properties:

Name	Location	Net rental area (m2)	Year of construction	Date of acquisition	Acquisition cost	Market value as of 31.12.2024	Increase in value	Share of market value of the Fund's asset
€ thousands								
Office								
Kadrioru business centre	Tallinn, Estonia	6,530	2015	12.2018	16,890	14,240	-16%	4%
River Hall business centre	Kaunas, Lithuania	8,786	2018	08.2019	14,410	15,360	7%	5%
Jauna Teika office complex	Riga, Latvia	59,105	2008/2016 2017/2019	02.2022	132,109	125,700	-5%	37%
Total office		**74,420**			**163,409**	**155,300**	**-5%**	**46%**
Logistics								
Dominante logistics centre	Riga, Latvia	37,698	2007	01.2020	17,376	15,480	-11%	5%
SBA logistics and production centre	Klaipeda, Lithuania	44,048	2020	12.2020	28,556	31,000	9%	9%
Bergi logistics centre	Riga, Latvia	49,978	2008	01.2021	30,221	25,370	-16%	8%
Arginta logistics centre	Vilnius, Lithuania	16,301	2007/2018	03.2021	15,458	16,250	5%	5%
Total logistics		**148,025**			**91,611**	**88,100**	**-4%**	**26%**
Retail								
Ryo shopping centre	Panevėžys, Lithuania	23,710	2005/2015	12.2018	48,468	55,850	15%	17%
River Mall shopping centre	Kaunas, Lithuania	9,818	2012/2019	08.2019	18,348	18,800	2%	6%
Total retail		**33,528**			**66,816**	**74,650**	**12%**	**22%**
Total		**255,973**			**321,836**	**318,050**	**-1%**	**94%**

During the reporting periods in 2024 and 2023, the following changes have taken place in the Group's real estate investments:

	Total investment property
Balance as at 31.12.2022	**326,250**
Capitalized improvements	1,774
Gain/loss from change in fair value	-14,424
Balance as at 31.12.2023 (Note 4)	**313,600**
Capitalized improvements	2,723
Gain/loss from change in fair value	1,727
Balance as at 31.12.2024 (Note 4)	**318,050**

The Group's income statement and balance sheet include the following income and expenses and balances related to investment properties:

As of 31 December, or per year	2024	2023
Rental income from investment properties (Note 5)	24,696	25,304
Costs directly related to the management of investment properties (Note 6)	-814	-744
Outstanding amounts from the acquisition of investment properties (Note 15)	8	53
Book value of investment properties pledged as collateral for loan liabilities (Note 14)	318,050	313,600

All real estate investments that generate rental income for the Group are pledged as collateral for long-term bank loans.

The lease agreements concluded between Group subsidiaries and the tenants comply with the terms of the uninterruptible operating lease agreements. Revenue from these leases is distributed as follows:

Payments under non-cancellable operating leases	31.12.2024	31.12.2023
€ thousands		
up to 1 year	22,904	21,810
2-5 years	62,785	52,706
Over 5 years	31,882	35,471
Total	**117,571**	**109,987**

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 the investment properties reported in the Group's financial statements as of 31.12.2024 and 31.12.2023 has been determined using the discounted cash flow method. The following assumptions have been used to determine the fair value:

In 2024:

Sector	Fair value	Evaluation method	Estimated rental income per year	Discount rate	Exit yield	Average rental price €/m2
€ thousands						
Office	155,300	Discounted cash flows	11,002	8.0%-9.55%	7.0%-7.25%	12.9
Logistics	88,100	Discounted cash flows	7,217	9.25%-11.25%	7.0%-8.5%	4.1
Retail	74,650	Discounted cash flows	7,246	9.95%-10.5%	8.0%-8.5%	18.4
Total	**318,050**		**25,465**			

In 2023:

Sector	Fair value	Evaluation method	Estimated rental income per year	Discount rate	Exit yield	Average rental price €/m2
€ thousands						
Office	152,590	Discounted cash flows	12,719	8.3%-9.7%	7.0%-7.25%	14.6
Logistics	86,760	Discounted cash flows	6,484	9.7%-10.5%	7.0%-8.5%	3.7
Retail	74,250	Discounted cash flows	6,991	10.1%	8.0%-8.5%	17.8
Total	**313,600**		**26,194**			

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 on the basis of 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 31.12.2024 to the most important valuation assumptions:

Sector	Fair value	Sensitivity to management estimate		Sensitivity to discount rate and exit yield			
		Revenue +10%	Revenue -10%	Discount rate +50bp	Discount rate -50bp	Exit yield +50bp	Exit yield -50bp
€ thousands							
Office	155,300	17,110	-17,110	-3,200	3,290	-7,900	9,100
Logistics	88,100	9,610	-9,610	-1,730	1,780	-3,970	4,550
Retail	74,650	8,680	-8,690	-1,450	1,470	-2,850	3,200
TOTAL	**318,050**	**35,400**	**-35,410**	**-6,380**	**6,540**	**-14,720**	**16,850**

As of 31.12.2023

Sector	Fair value	Sensitivity to management estimate		Sensitivity to discount rate and exit yield			
		Revenue +10%	Revenue -10%	Discount rate +50bp	Discount rate -50bp	Exit yield +50bp	Exit yield -50bp
€ thousands							
Office	152,590	20,510	-20,500	-3,190	3,290	-7,800	9,090
Logistics	86,760	9,510	-9,500	-1,720	1,770	-3,920	4,500
Retail	74,250	8,570	-8,570	-1,440	1,460	-2,840	3,190
TOTAL	**313,600**	**38,590**	**-38,570**	**-6,350**	**6,520**	**-14,560**	**16,780**

Level three inputs have been used in finding the fair value of all the Group's investment properties.

14 Borrowings

As of 31.12.2024, the Group has the following borrowings:

Lender	Country of lender	Loan amount as per agreement	Loan balance as at 31.12.24	Contract term	Interest rate as at 31.12.24	Loan collateral	Value of collateral	Loan balance's share of the Fund's net asset value
Swedbank	Estonia	9,200	7,702	28.02.25	4.46%	Mortgage - Kadrioru business centre	14,240	4.8%
Swedbank	Lithuania	24,048	22,926	27.11.28	4.96%	Mortgage - RYO shopping centre	55,850	14.3%
Citadele	Lithuania	15,000	15,000	01.11.26	5.56%	Mortgage - SBA logistics and production centre	31,000	9.3%
SEB	Latvia	14,000	11,918	04.11.25	5.21%	Mortgage - Bergi logistics centre	25,370	7.4%
Luminor	Lithuania	7,536	7,285	30.03.27	5.02%	Mortgage - Arginta logistics centre	16,250	4.5%
SEB	Latvia	75,000	71,809	11.10.26	4.79%	Mortgage -Jauna Teika office quarter	125,700	44.6%
Rietumu	Latvia	6,500	6,316	14.08.28	6.00%	Mortgage -Dominante logistics centre	15,480	3.9%
Swedbank	Lithuania	13,855	11,640	30.06.29	4.95%	Mortgage - River shopping centre	34,160	7.2%
Total		**165,139**	**154,596**				**318,050**	**96.1%**

As of 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	Value of collateral	Loan balance's share of the Fund's net asset value
Swedbank	Estonia	9,200	7,941	25.02.25	5.47%	Mortgage - Kadrioru business centre	14,240	4.9%
Swedbank	Lithuania	24,048	19,888	27.11.28	5.97%	Mortgage - RYO shopping centre	55,810	12.3%
Citadele	Lithuania	15,000	15,000	01.11.26	6.60%	Mortgage - SBA logistics and production centre	30,270	9.2%
SEB	Latvia	14,000	12,377	04.11.25	6.16%	Mortgage - Bergi logistics centre	25,390	7.6%
Luminor	Lithuania	7,848	7,593	30.03.24	6.49%	Mortgage - Arginta logistics centre	15,680	4.7%
SEB	Latvia	75,000	72,711	11.10.26	5.66%	Mortgage -Jauna Teika office quarter	123,560	44.8%
Rietumu	Latvia	6,500	6,486	14.08.28	6.00%	Mortgage -Dominante logistics centre	15,420	4.0%
Swedbank	Lithuania	16,100	12,357	17.07.24	6.42%	Mortgage - River shopping centre	33,230	7.6%
Total		**167,696**	**154,353**				**313,600**	**95.1%**

Short-term borrowings	**31.12.2024**	**31.12.2023**
€ thousands		
Repayments of long-term bank loans in the next period [1]	22,721	22,626
Discounted contract fees for bank loans	-113	-114
Short-term lease liabilities	60	0
Total short-term borrowings	**22,668**	**22,512**

[1] Repayments of long-term bank loans in the next period as of 31.12.2024 include the balance of loan obligations of two subsidiaries expiring within the next 12 months in the amount of 19,620 thousand euros. The LTVs of the expiring loan agreements are 47% and 54% and the investment properties have a stable strong rental cash flow, therefore, in the opinion of the Group's management, there will be no obstacles to extending the loan agreements.

Long-term borrowings	**31.12.2024**	**31.12.2023**
€ thousands		
Total long-term borrowings	**155,079**	**154,026**
incl. current portion of borrowings	22,668	22,512
incl. non-current portion of borrowings, incl.	132,411	131,514
Bank loans	131,875	131,727
Long-term lease liabilities	673	0
Discounted contract fees on bank loans	-137	-213

Bank loans are divided as follows according to repayment date:

Repayments of bank loans by maturity	31.12.2024	31.12.2023
€ thousands		
Up to 1 year	22,721	22,626
2-5 years	131,875	131,727
Total repayments of bank loans	**154,596**	**154,353**

Cash flows of borrowings	2024	2023
€ thousands		
Balance at the beginning of period	**154,026**	**152,578**
Bank loans received	4,000	6,500
Annuity payments on bank loans	-3,756	-5,013
Lease liabilities	733	0
Change of discounted contract fees	76	-39
Balance as at the end of period	**155,079**	**154,026**

Additional information on loan liabilities is also provided in Note 17.

15 Payables and prepayments

<u>**Short-term payables and prepayments**</u>

	31.12.2024	31.12.2023
€ thousands		
Payables to suppliers from fixed asset transactions (Note 13)	8	53
Other payables to suppliers	463	430
Total payables to suppliers (Note 17)	**471**	**483**
Other debts	26	38
Total other debts	**26**	**38**
Value added tax	484	482
Corporate income tax	18	23
Personal income tax	1	1
Social tax	1	2
Land tax and property tax	73	74
Other tax liabilities	5	4
Total tax liabilities	**582**	**586**
Payables to employees (Note 17)	7	8
Interest liabilities (Note 17)	151	141
Tenant security deposits (Note 17)	962	503
Other accrued liabilities (Note 17)	344	287
Total accrued expenses	**1,464**	**939**
Other prepaid income	155	201
Total prepayments	**155**	**201**
Total payables and prepayments (Note 17)	**2,698**	**2,247**

<u>**Long-term payables**</u>

	31.12.2024	31.12.2023
€ thousands		
Tenants' security deposits (Note 17)	3,857	3,987
Total other long-term payables	**3,857**	**3,987**

16 Success fee liability

As of 31.12.2024, the Group has calculated the success fee liability as follows:

	31.12.2024	31.12.2023
€ thousands		
Balance at the beginning of the period	0	2,585
Change in success fee liability	0	-2,585
Balance at end of period	**0**	**0**

Usaldusfond EfTEN Real Estate Fund 4, EfTEN Capital AS and EfTEN Neljas GP OÜ (a 100% subsidiary of EfTEN Capital AS) have entered into a trust fund agreement, according to which EfTEN Capital AS has the right to receive success fees for amounts exceeding investors' contributions and preferred returns (8% of contributions per year). 80% of investors' contributions and disbursements exceeding the rate of preferred return are paid to investors and 20% to EfTEN Capital AS. The fund recognizes a potential contingent success fee liability at each balance sheet date, considering the contributions made by the group, the profit earned and the net asset value of the group at the balance sheet date. The potential calculation of the success fee liability assumes that the Fund, together with its subsidiaries, can be sold for at least the amount of the Group's net asset value. The success fee obligation is paid to the Management Company after all the initially paid-in capital and preferred return have been returned to the Fund's investors.

17 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.

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	31.12.2024	31.12.2023
€ thousands			
Financial assets – loans and receivables measured at amortised cost			
Cash and cash equivalents	11	14,491	18,180
Short-term deposits		1,582	0
Trade receivables	12	2,633	2,535
Total financial assets measured at amortised cost		**18,706**	**20,715**
Financial liabilities measured at amortised cost			
Borrowings	14	155,079	154,026
Trade payables	15	471	483
Tenant security deposits	15	4,819	4,490
Interest payables	15	151	141
Accrued expenses	15	351	295
Total financial liabilities measured at amortised cost		**160,871**	**159,435**
Total financial liabilities		**160,871**	**159,435**

The fair value of such financial assets and financial liabilities that are measured at amortised cost, presented in the table provided above, does not materially differ from their fair value.

Risk management of the Group is based on the principle that risks must be assumed in a balanced manner, by taking into consideration the rules established by the Group and by applying risk mitigation measures according to the situation, thereby achieving stable profitability of the Group and growth in the value of shareholder assets. In making new investments, extensive evaluation is undertaken on the solvency of potential customers, duration of lease contracts, possibility of replacing tenants and the risk of increases in the interest rates. The terms and conditions of financing agreements are adjusted to match the net cash flow of each property, ensuring the preservation of sufficient unrestricted cash for the Group and growth even after the financial liabilities have been met.

In investing the Group's assets, the risk expectations of the Group's investors are taken as a basis, therefore, excessive risk-taking is unacceptable and suitable measures need to be applied for the mitigation of risks.

The Group defines financial risk as the risk arising from investments, including the market, liquidity and credit risks, which may impact the company's financial capacity and investment value.

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 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 31.12.2024, 96% of the Group's loan agreements are concluded on a floating interest basis, of which 64% (31.12.2023: 73%) are linked to 3-month EURIBOR and 32% to 1-month EURIBOR (31.12.2023: 23%) and 4% of the loan agreements carry a fixed interest of 6%. The 3-month EURIBOR fluctuated in 2024 at the level of 2.678% to 3.970%. The margins of floating interest loan agreements ranged from 1.6% to 2.65% at the end of 2024 (31.12.2023: the same). A 0% floor has been set for the Group's loan portfolio to protect against negative EURIBOR, i.e. in the event of a negative EURIBOR, the loan margin on these loan obligations will not decrease.

As of 31.12.2024, the weighted average interest rate of the Group's loan portfolio was 4.73% (31.12.2023: 5.68%). No special terms of any loan agreement were breached in 2024 due to interest rate increases.

Liquidity risk

Liquidity risk arises from potential changes in the financial position, reducing the Group's ability to meet its liabilities in due time and in a correct manner. Above all, the Group's liquidity is 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 so that when making real estate investments, no more than 70% of the acquisition cost of the investment is involved in external capital and the Group's debt coverage ratio is greater than 1.2. As of 31.12.2024, the Group's interest-bearing liabilities accounted for 49% of the rental income-generating investment properties (31.12.2023: the same) and the debt coverage ratio was 1.7 (2023: the same).

The financing policy of the Group specifies that loan agreements for raising debt are entered into on a long-term basis, also taking into consideration the maximum duration of the lease agreements on these properties. The table below summarises the information on the maturities of the Group's financial liabilities (undiscounted cash flows):

As of 31.12.2024	Under 1 month	2-4 months	5 to 12 months	2 to 5 years	over 5 years	Total
€ thousands						
Interest-bearing liabilities	316	8,572	13,834	131,874	0	**154,596**
Interest payments	662	1,921	4,935	10,002	0	**17,520**
Interest payables	151	0	0	0	0	**151**
Trade payables	471	0	0	0	0	**471**
Tenant security deposits	205	245	513	2,248	1,609	**4,819**
Accrued expenses	351	0	0	0	0	**351**
Total financial liabilities	**2,156**	**10,738**	**19,282**	**144,124**	**1,609**	**177,908**

As of 31.12.2023	Under 1 month	2-4 months	5 to 12 months	2 to 5 years	over 5 years	Total
€ thousands						
Interest-bearing liabilities	288	8,435	13,904	131,726	0	**154,353**
Interest payments	789	2,316	5,558	15,799	0	**24,462**
Interest payables	141	0	0	0	0	**141**
Trade payables	483	0	0	0	0	**483**
Tenant security deposits	54	136	314	2,358	1,629	**4,490**

Accrued expenses	295	0	0	0	0	**295**
Total financial liabilities	**2,050**	**10,887**	**19,776**	**149,883**	**1,629**	**184,224**

Report of working capital

	31.12.2024	31.12.2023
€ thousands		
Cash and cash equivalents (Note 11)	14,491	18,180
Receivables and accrued income (Note 12)	2,804	3,493
Prepaid expenses	283	132
Total current assets	**17,578**	**21,805**
Short-term portion of long-term liabilities (Note 14)	-22,668	-22,512
Short-term payables and prepayments (Note 15)	-2,698	-2,247
Total current liabilities	**-25,366**	**-24,759**
Total working capital	**-7,788**	**-2,954**

The Group's working capital is negative as of 31.12.2024 due to two loans expiring in 2024 in the total amount of 19,620 thousand euros. The expiring loans are secured by investment properties with strong rental cash flow and the LTVs of the loans is 47% and 54%, therefore the Fund management sees no obstacles to extending the loans upon their expiry.

Credit risk

Credit risk refers to the risk arising from the inability of counterparties to fulfil their obligations to the Group. The Group is exposed to credit risk due to its business activities (mainly claims against buyers) and transactions with financial institutions, including money in accounts and through deposits.

The Group’s activity in preventing reduction of cash flows due to credit risk and minimising such risk lies in the daily monitoring and guiding of clients’ payment behaviour, so that appropriate measures could be applied on a timely basis. In addition, agreements with customers generally provide payment of rent at the beginning of the calendar month, giving sufficient time for monitoring the customers' payment discipline and ensuring existence of sufficient liquidity on bank accounts at the date of annuity payment of financing contracts. For hedging the risk, the Group has entered into a contract with one anchor tenant under which the tenant's financial institution has underwritten rental payments during the entire rent period. Most rent contracts also include the obligation to pay guarantee funds that entitle the Group to cover debts incurred in case of the tenant's insolvency.

The Group’s companies generally only enter into rental contracts with parties that have been determined to be eligible for credit. The corresponding analysis of customers is carried out before entering into a rental contract.

If it becomes evident that there is a risk of a tenant becoming insolvent, the Group assesses each receivable individually and decides whether the receivables should be classified as doubtful. In general, receivables that have exceeded the payment term by more than 180 days are classified as doubtful, except in cases where the Group has sufficient certainty as to the collectability of the receivable or there is a payment schedule in place for the payment of the receivables.

Accounts receivables are illustrated by the table below:

	31.12.2024	31.12.2023
€ thousands		
Not due	1,650	1,773
Past due, incl.	**987**	**762**
Up to 30 days	373	522
30-60 days	157	194
Over 60 days	457	46
Allowance for doubtful accounts	-4	0
Total trade receivables (Note 12)	**2,633**	**2,535**

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

	31.12.2024	31.12.2023
€ thousands		
Cash and cash equivalents (Note 11)	14,491	18,180
Short-term deposits	1,582	0
Trade receivables (Note 12)	2,633	2,535
Total maximum credit risk	**18,706**	**20,715**

The bank account balances presented as part of the cash and cash equivalents of the Group are divided according to the credit ratings of banks (Moody's long-term) as follows:

Rating	31.12.2024	31.12.2023
€ thousands		
Aa3	11,952	15,464
A2	118	940
Baa1	562	116
Unrated	1,858	1,659
Total	**14,490**	**18,179**

Capital management

The aim of the Group in capital management is to ensure the Group's going concern status to provide an investment return to shareholders and maintain an optimal capital structure. The group considers loan obligations received as capital and the net value of the Fund's assets belonging to trust and general partners.

The Fund invests in subsidiaries whose main cash flow is from investment properties and raises new capital to make investments. The Fund invests both directly in the equity of subsidiaries and provides loans to subsidiaries for investments. The required amount of capital is calculated for each investment individually, considering the volume of net cash flows of a specific investment. Upon acquisition of subsidiaries, the Fund invests not less than 40% of the value of the subsidiary's assets in its equity. After the investment has been made, the EBITDA of any real estate generating cash flow of the subsidiary may not be less than 120% of the loan annuity payments.

In 2024, the Fund repaid to investors dividends received from subsidiaries in the amount of 8,142 thousand euros (2023: 6,954 thousand euros) and interest of 4,656 thousand euros (2023: 814 thousand euros).

According to the Fund's management, the existing investment portfolio allows for a total of 8,148 thousand euros in payouts to investors from the profit earned in 2024.

Fair value

The valuation methods used to analyse 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 31.12.2024 or 31.12.2023, the Group had no assets measured at fair value that would include within Level 1 of the fair value hierarchy. All the Group's investment properties are measured at fair value and according to the valuation method are included within Level 3 of the fair value hierarchy. All the Group's borrowings and the derivative contracts entered into to mitigate the interest risk are classified as Level 2.

18 Paid-in capital

Financial liability agreements have been concluded between the Group and the Group's investors, according to which the investors pay a total of 147,438 thousand euros in capital contributions to the Group for the purpose of making investments. As of the end of 2024, all capital from investors has been raised for the purpose of making investments. In 2024, investors were paid out of the profits earned by subsidiaries in the amount of 12,798 thousand euros (2023: 7,768 thousand euros). In November 2023, capital in the amount of 6,435 thousand euros was returned to the Fund's investors. The Group's consolidated retained earnings as of 31.12.2024 were 19,865 thousand euros (31.12.2023: 21,348 thousand euros).

The owners of more than 10% of the Fund are listed in the table below:

Investors	31.12.2024	31.12.2023
Swedbank Latvia pension funds	21.7%	21.7%
EBRD	20.0%	20.0%
SEB pension funds	14.9%	14.9%
LHV pension funds	13.6%	13.6%
Swedbank Estonia pension funds	12.7%	12.7%

19 Related party transactions

The Group considers the following as related parties:

- Management Board members and companies owned by the Management Board members of Usaldusfond EfTEN Real Estate Fund 4;

- Employees and companies owned by the employees of Usaldusfond EfTEN Real Estate Fund 4;

- General partner EfTEN Neljas GP OÜ;

- EfTEN Capital AS (Fund Manager).

The Group purchased management services from EfTEN Capital AS in 2024 in the amount of 2,080 thousand euros (2023: 2,062 thousand euros), (see Note 8). The Group did not purchase or sell any other goods or services from or to other related parties in 2024 or 2023.

The Group had 11 employees in 2024 (2023: 12 employees), for whom a total of 283 thousand euros (2023: 276 thousand euros) was calculated together with the related taxes (see Note 6.8). No remuneration was calculated or paid to the members of the Group's Management Board in 2024 or 2023. The members of the Group's Management Board work for EfTEN Capital AS, a company providing management services to the Group, and the costs related to the activities of the Management Board members are included in the management services.

20 Parent company separate financial statements

Pursuant to the Estonian Accounting Act, the separate unconsolidated primary financial statements of the consolidating entity (parent company) must be disclosed in the notes to the consolidated financial statements. The primary financial statements of the parent company have been prepared in accordance with the same accounting policies as used in the preparation of the consolidated financial statements. The accounting policies for subsidiaries have been changed in the parent's separate financial statements as annexed to the consolidated financial statements in accordance with the requirements of IAS 27 Consolidated and Separate Financial Statements.

In the separate primary financial statements of the parent company, which are presented in the notes to these consolidated financial statements, investments in subsidiaries are accounted for using the fair value method.

COMPREHENSIVE INCOME

	2024	2023
€ thousands		
Revenue	2,080	2,062
Gross profit	**2,080**	**2,062**
General and administrative expenses	-2,270	-2,260
Change in success fee liability	0	2,585
Operating profit/-loss	**-190**	**2,387**
Profit/loss from subsidiaries	2,896	-11,023
Financial income and expenses	8,609	10,090
Profit before income tax	**11,315**	**1,454**
Net profit for the year	**11,315**	**1,454**
Comprehensive income for the year	**11,315**	**1,454**

STATEMENT OF FINANCIAL POSITION

	31.12.2024	31.12.2023
€ thousands		
ASSETS		
Current assets		
Cash and cash equivalents	450	1,595
Receivables and accrued income	20,198	11,801
Total current assets	**20,648**	**13,396**
Non-current assets		
Shares in subsidiaries	87,783	82,787
Non-current receivables	55,065	66,175
Total non-current assets	**142,848**	**148,962**
TOTAL ASSETS	**163,496**	**162,358**
LIABILITIES AND TOTAL NET ASSETS		
Current liabilities		
Borrowings	7	8
Total current liabilities	**7**	**8**
Non-current liabilities		
Loan liabilities	2,500	0
Non-current debts	122	0
Total non-current liabilities	**2,622**	**0**
TOTAL LIABILITIES	**2,629**	**8**
Total net asset value of the Fund owned by limited and general partners	**160,867**	**162,350**
TOTAL LIABILITIES AND TOTAL NET ASSETS	**163,496**	**162,358**

STATEMENT OF CASH FLOWS

	2024	2023
€ thousands		
Cash flow from business		
Net profit	**11,315**	**1,454**
Net profit adjustments:		
Interest income and interest expenses	-2,967	-3,137
Gain/loss on change in fair value of subsidiaries	-2,896	11,024
Dividends received	-5,642	-6,954
Change in success fee liability	0	-2,585
Total adjustments	**-11,505**	**-1,652**
Cash flow from operations before changes in working capital	**-190**	**-198**
Change in other trade receivables and payables	-1	0
Net cash flow generated from operating activities	**-191**	**-198**
Net cash flow generated from investing activities		
Loans granted	-1,000	0
Repayments of given loans	0	6,435
Dividends received	5,642	6,954
Interest received	4,702	856
Net cash generated from investing activities	**9,344**	**14,245**
Cash flows from financing activities		
Loans received	2,500	0
Interest paid	-4,656	-814
Dividends paid	-8,142	-6,954
Capital returns	0	-6,435
Net cash generated from investing activities	**-10,298**	**-14,203**
NET CASH FLOW	**-1,145**	**-156**
Cash and cash equivalents at the beginning of the period	**1,595**	**1,751**
Change in cash and cash equivalents	-1,145	-156
Cash and cash equivalents at the end of the period	**450**	**1,595**

STATEMENT OF CHANGES IN THE FUND'S NET ASSETS

	2024	2023
€ thousands		
Net asset value of the Fund owned by limited and general partners at the beginning of the period	**162,350**	**175,100**
Capital contributions	0	-6,435
Net change in net assets	**0**	**-6,435**
Transfer of dividends and interest	-12,798	-7,768
Net profit for the year	11,315	1,454
Net asset value of the Fund owned by limited and general partners at the end of the period	**160,867**	**162,350**

The adjusted statement of changes in the unconsolidated net asset value of the Fund (to take account of the requirements established in the Commercial Code) is as follows:

	31.12.2024	31.12.2023
€ thousands		
Net asset value of the Fund owned by limited and general partners of the parent company at the end of the period	160,867	162,350
Value of subsidiaries in the parent company's separate balance sheet (minus)	-87,783	-82,787
Value of subsidiaries calculated using the equity method (plus)	87,783	82,787
Total	**160,867**	**162,350**

Independent Auditor's Report

To the unitholders of Usaldusfond EfTEN Real Estate Fund 4

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Usaldusfond EfTEN Real Estate Fund 4 and its subsidiaries (together the "Group") as at 31 December 2024, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of comprehensive income for the year ended 31 December 2024;
- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in net assets of the fund for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Reporting on other information including the Management report

The Management Board is responsible for the other information. The other information comprises the Management report, distribution of revenue according to the Estonian Classification of Economic Activities and Note: Environmental and/or social characteristics of the Fund (but does not include the consolidated financial statements and our auditor's report thereon).

Translation note:

This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Our opinion on the consolidated financial statements does not cover the other information, including the Management report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management report, we also performed the procedures required by the Auditors Activities Act. Those procedures include considering whether the Management report is consistent, in all material respects, with the consolidated financial statements and is prepared in accordance with the requirements of the Accounting Act.

Based on the work undertaken in the course of our audit, in our opinion:
- the information given in the Management report for the financial year for which the consolidated financial statements are prepared is consistent, in all material respects, with the consolidated financial statements; and
- the Management report has been prepared in accordance with the requirements of the Accounting Act.

If, based on the work we have performed on the Management report and other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement in the Management report or in this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management Board and those charged with governance for the consolidated financial statements

The Management Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Translation note:

This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

AS PricewaterhouseCoopers

Original report is signed in Estonian language.

Rando Rand
Auditor's certificate no. 617

6 March 2025
Tallinn, Estonia

Translation note:

This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Signatures of the Management on the consolidated annual report for 2024

We hereby confirm the accuracy of the information provided in the 2024 annual report of Usaldusfond EfTEN Real Estate Fund 4.

/digitally signed/

____

Viljar Arakas

Member of the Management Board of EfTEN Neljas GP OÜ

/digitally signed/

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Tõnu Uustalu

Member of the Management Board of EfTEN Neljas GP OÜ

Distribution of revenue according to the Estonian Classification of Economic Activities

	EMTAK code	2024	Sales Revenue %	Main activity
€ thousands				
Fund management	66301	2,080	100%	yes

ANNEX: Environmental and/or social characteristics of the Fund

Product name: **Usaldusfond EfTEN Real Estate Fund 4** **Legal entity identifier:** **N/A**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?	
☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective:** ___%	☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 96% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by this financial product met?

Usaldusfond EfTEN Real Estate Fund 4 (hereinafter referred to as the Fund) includes several performance indicators and benchmarks in the Fund's documentation. This covers pre-acquisition sustainability performance assessment, sustainable portfolio management for assets acquired and/or (re)developed and reporting to investors. More specifically, the Fund is focused on long-term improvement of green lease management and cost-effective improvement of asset sustainability performance which is measured by life-time improvements in EPC ratings and BREEAM certificates. Currently, the whole portfolio meets the characteristics promoted in the Fund's documentation.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

How did the sustainability indicators perform?

The fund has completed its investment phase with a full portfolio of sustainability data available. The Fund's sustainability indicator performance is measured annually by participating in the Global Real Estate Sustainability Benchmark (GRESB) assessment. For 2024 data the assessment will take place in Q3 2025 and the results will be made available to the investors of the Fund. Currently the portfolio is 100% covered with EPC ratings (average: rating A) and 100% covered with BREEAM In

Use or BREEAM New Construction certificates (''Very Good''/''Good'') and holds a GRESB score of 92/100, i.e 5-star GRESB rating.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

The Fund's objectives are Fund life-time improvements of asset environmental and sustainability performance where cost-effectively possible and feasible, while contributing to climate change mitigation and adaptation to the maximum extent possible. Objective fulfillment will be measured by sustainability indicators, sustainability and energy performance certification levels.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

When accounting for avoidance of significant harm to any environmental or social objectives, the Fund relies on the EU Taxonomy "do no significant harm" test for real estate investments. As such, the Fund considers "do no significant harm" conditions fulfilled if the asset's climate mitigation criteria substantially align with the Taxonomy principles.

How were the indicators for adverse impacts on sustainability factors taken into account?

The Fund does not currently account for principal adverse impacts on sustainability factors due to limited data of underlying investments. As the Fund's investment portfolio matures and data becomes available, principal adverse impacts will be reconsidered and accounted for.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

All Fund investments are real estate investments that remain under direct control of the Fund and the Fund's management company.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

What were the top investments of this financial product?

The Fund currently holds 9 assets.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 01.01.2024-31.12.2024

Largest investments	Sector	% Assets	Country
Jauna Teika	***Real Estate***	***40%***	***Latvia***
Ryo Shopping Center	***Real Estate***	***18%***	***Lithuania***
SBA Logistics	***Real Estate***	***10%***	***Lithuania***
Bergi Logistics	***Real Estate***	***8%***	***Latvia***
River Mall Shopping Center	***Real Estate***	***6%***	***Lithuania***
Moletu Logistics	***Real Estate***	***5%***	***Lithuania***
Dominante Logistics	***Real Estate***	***5%***	***Latvia***

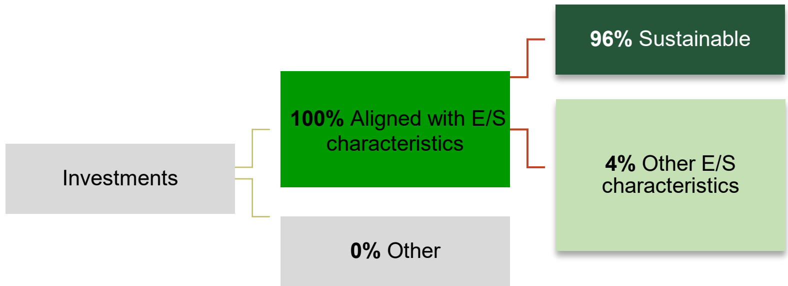
River Hall Office Building	***Real Estate***	***5%***	***Lithuania***
Kadrioru Office Building	***Real Estate***	***4%***	***Estonia***

What was the proportion of sustainability-related investments?

All of the Fund's investments follow the criteria established in the Fund's documentation, including eligibility for promoted sustainability related activities. The Fund does not have a minimum level of sustainable investments.

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?



Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **Aligned with E/S characteristics** covers:
- The sub-category **Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

In which economic sectors were the investments made?

100% of the Fund's investments were made into commercial real estate with a split between office, retail and logistics properties.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

Currently, 0% of the Fund's investments are fully aligned with the EU Taxonomy and therefore 0% of the Fund's investments' turnover, capital expenditure and operational expenditure can be allocated to Taxonomy-aligned activities.

What was the share of investments made in transitional and enabling activities?

No investments were made in transitional and enabling activities.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

The Fund does not have a previous reference period for EU Taxonomy alignment comparison purposes.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

Currently, 96% of the Fund’s investments are considered sustainable with an environmental objective not aligned with the EU Taxonomy. As alignment with the EU Taxonomy was not a prerequisite for investment, assets will instead be assessed and improved over time to allow alignment in the future.

What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

No other investments were made.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

During the reference period, electric vehicle (EV) chargers were installed at several of the Fund's assets, and Fund continued the transition to LED lighting. In buildings where applicable, BREEAM certifications were reviewed and updated. To support biodiversity, beehives were installed at River Mall and Hall. The Fund's 2023 sustainability data was assessed through GRESB, achieving a score of 92/100 (5 stars). The priority for 2024 was to maintain a high GRESB score in the next assessment. A separate, detailed ESG report will be published in the first half of 2025.