Annual report 2024

Usaldusfond EfTEN Special Opportunities Fund

Commercial registration number: 16853035

Beginning of financial period: 02.11.2023

End of financial period: 31.12.2024

Address: A. Lauteri 5, 10114 Tallinn

Email address: info@eften.ee

Website address: www.eften.ee

Table of contents

MANAGEMENT REPORT

The EfTEN Special Opportunities Fund (hereinafter also 'EfTEN Special Opportunities Fund' or 'the Fund') is a closed-end alternative fund established in November 2023 that invests in real estate projects with a financing gap. The Fund's total capital is up to 75 million euros, with capital commitment agreements amounting to 40.16 million euros as of 31.12.2024. The Fund's main investors are the European Bank for Reconstruction and Development (EBRD) (36.8% stake), SEB Estonian and Latvian pension funds (36.8% stake), Swedbank Estonian pension funds (13.32% stake) and LHV pension funds (7.47% stake).

By the end of 2024, the Fund's investors had invested a total of 12.6 million euros in the EfTEN Special Opportunities Fund.

In its first year of operation, the Fund made three financial investments totalling 12.5 million euros. In June, the Fund made its first investment of 2 million euros, purchasing bonds for the junior financing of the acquisition of the Švitrigailos office building in Vilnius. The interest rate on the bonds is 12.5% per annum. In December, two new projects were financed:

- Tech:Zity (3 million euros), one of Europe's largest technology hubs, with an annual interest rate of 12.5% on bonds.
- Releven (7.5 million euros), a multifunctional real estate development, where the annual interest rate on the loan is 12.1%.

Financial results

The Fund earned 223 thousand euros in interest income from loans, bonds, and bank deposits during its first reporting period. The Fund's expenses totalled 134 thousand euros, including legal services for new investment projects (92 thousand euros) and management fees (26 thousand euros). The Fund's net profit in the first reporting period totalled 89 thousand euros.

	02.11.2023-31.12.2024
€ thousands	
Interest income	223
Management fees	-26
Other general expenses	-108
Net profit	**89**

In 2024, the Fund made three long-term financial investments, issuing a loan of 7.5 million euros and acquiring bonds worth 5 million euros from two issuers. The Fund's assets amounted to 12,719 thousand euros at the end of the year.

	31.12.2024
€ thousands	
Loans granted	7,500
Bonds	5,000
Interest receivable	84
Cash	135
Total assets	12,719
Net asset value (NAV)	12,709
Capital contributions, cumulative	12,620
Total investment obligation of investors	40,160
Investors' remaining investment obligation	27,540

The Fund's key financial ratios are presented in the table below:

12 months	31.12.2024
ROE, % (net profit for the period / weighted average net asset value of the fund for the period) * 100	2.3
ROA, % (net profit for the period / weighted average assets for the period) * 100	2.2
ROIC, % (net profit for the period / weighted average invested capital for the period[1]) * 100	2.3
IRR (internal rate of return on capital per year)	8.7%
Liquidity ratio (current assets / current liabilities)	13.5

The fund has a total of 24 investors as of 31.12.2024. Owners of more than 10% of the Fund are listed in the table below:

Investor	31.12.2024
European Bank for Reconstruction and Development (EBRD)	36.8%
Pension fund SEB aktīvais plāns	16.3%

Management

EfTEN Special Opportunities Fund Usaldusfond was registered in the Commercial Register in November 2023, after which the Fund began its operations.

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

The management board of the Fund’s general partner, EfTEN SOF 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 of the Fund supervises the activities of the management company related to the Fund and the activities of the depository to the extent and in accordance with the procedure prescribed in the depositary agreement, as well as performs tasks arising from the partnership agreement.

Applying sustainability principles to investing

Information regarding compliance with SFDR regulations is disclosed in the Note on page 21 of this report and the Fund's sustainable investment principles are disclosed on the Fund's website www.eften.ee.

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

	Notes	02.11.2023-31.12.2024
€ thousands		
Income		
Interest income using the effective interest rate method	3	223
Total income	**3**	**223**
Operating expenses		
Management fee	4	-26
Other general expenses	5	-108
Total operating expenses		**-134**
Operating profit		**89**
Net profit for the reporting period		**89**
Total comprehensive income for the reporting period		**89**
Increase in the Fund's net asset value attributable to limited and general partners		**89**

STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2024	02.11.2023
€ thousands			
ASSETS			
Cash and cash equivalents	6,8	135	0
Total current assets		**135**	**0**
Loan receivables	7,8	7,500	0
Bonds	7,8	5,000	0
Long-term interest receivables	7,8	84	0
Total non-current assets		**12,584**	**0**
TOTAL ASSETS		**12,719**	**0**
LIABILITIES AND NET ASSET VALUE			
Trade payables	8	10	0
Total current liabilities		**10**	**0**
TOTAL LIABILITIES		**10**	**0**
Net asset value of the Fund attributable to limited and general partners		**12,709**	**0**
TOTAL LIABILITIES AND TOTAL NET ASSETS		**12,719**	**0**

The notes on pages 6-16 are an integral part of the financial statements.

STATEMENT OF CASH FLOWS

	Notes	02.11.2023-31.12.2024
€ thousands		
Cash flows from operating activities		
Increase in the Fund's net asset value attributable to limited and general partners		**89**
Adjustments of net profit:		
Interest income	3	-223
Total adjustments with non-cash changes	**3**	**-223**
Cash flow from operations before changes in working capital		**-134**
Change in liabilities and prepayments related to operating activities		9
Loans granted	7	-7,500
Acquired bonds	7	-5,000
Interest received from loans	7	56
Interest received from bonds	7	79
Total cash flows from operating activities		**-12,490**
Cash flows from investing activities		
Other interest received		5
Total cash flows from investing activities		**5**
Cash flows from financing activities		
Capital contributions	9	12,620
Total cash flows from financing activities		**12,620**
TOTAL CASH FLOWS		**135**
Cash and cash equivalents at the beginning of period	**6**	**0**
Change in cash and cash equivalents		135
Cash and cash equivalents at end of period	**6**	**135**

STATEMENT OF CHANGES IN NET ASSETS OF THE FUND

	02.11.2023-31.12.2024
€ thousands	
Net asset value of the Fund attributable to limited and general partners as of 02.11.2023	**0**
Capital contributions (Note 9)	12,620
Net change in capital	**12,620**
Comprehensive income for the reporting period	89
Net asset value of the Fund attributable to limited and general partners as of 31.12.2024	**12,709**

The notes on pages 6-16 are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The EfTEN Special Opportunities Fund (hereinafter referred to as the 'Fund') is a closed-end alternative fund established in November 2023 that invests in real estate projects with a financing gap. The Fund's investment region is the Baltic States.

The Fund's investment activities are managed by EfTEN Capital AS. The fund's general partner is EfTEN SOF GP OÜ.

The financial statements of the EfTEN Special Opportunities Fund for the extended financial year for the period 02.11.2023 to 31.12.2024 has been signed by the Management Board on 27 February 2025. The first annual report of the Fund has been prepared for the extended period.

The Fund has been established for a fixed term. The Fund's term is five years from its registration date, expiring on 01.11.2028. The Fund is a company registered and operating in Estonia.

2 Confirmation of compliance and general principles for preparing the report

According to the Investment Funds Act and the Regulation of the Minister of Finance no. 8 Requirements for the Fund's Financial Statements to be Disclosed (adopted on 18.01.2017) the 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.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The principal accounting policies applied in the preparation of the report are described in more detail below. The annual financial statements of the Fund are presented in thousands of euros.

The financial statements have been prepared using the acquisition cost method, unless otherwise stated.

2.1 Changes in accounting principles 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 Fund:

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 amendments had no impact on the Fund'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 new disclosure requirements are effective for annual periods beginning on or after 1 January 2024.

The above-mentioned amendments had no impact on the Fund's financial statements.

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

(effective for reporting periods beginning on or after 1 January 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 Fund will analyse and disclose the impact of this change after 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 Fund will analyse and disclose the impact of this change after 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 Fund will analyse and disclose the impact of this change after 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 Fund will analyse and disclose the impact of this change after implementation.

2.2 *Summary of material accounting principles*

Management’s critical estimates and judgements

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

Although management continuously reviews its judgments and estimates and they are based on historical experience and the best available knowledge of probable future events, actual results may differ from those estimates.

The most critical management judgements that have a material effect on the information reported in the financial statements primarily concern impairments on loans granted and bonds acquired (see Note 8), which are reported in accordance with IFRS 9.

The Fund's management has assessed the Fund's business model for classifying the various financial assets. The business objective of both issued loans and purchased bonds is to collect contractual cash flows. Contractual cash flows include only interest payments calculated on the principal and outstanding principal, including interest cash flows as a compensation for the time value of money, credit risk, liquidity risk and covering, among other things, administrative expenses and profit margin. All financial assets recognised meet this criterion and are therefore recognised at amortised cost. In addition, management also makes estimates regarding the inputs to the expected credit loss model for financial assets. Management's estimates are constantly reviewed based on historical experience and other factors, including expectations of future events that are considered reasonable under the circumstances. Changes in estimates may have a material impact on the financial statements of the period in which the estimates were changed. Management believes that the underlying assumptions are appropriate and that the financial statements prepared on their basis fairly reflect the financial position and financial performance of the company.

Revenue recognition

The Fund receives interest income from loans, purchased bonds and funds in bank accounts or deposits. Interest income is recognized using the effective interest rate method. The effective interest rate is the interest rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument to its net carrying amount.

Cash and cash equivalents

Cash and cash equivalents are cash and short-term (with a maturity of up to 3 months from the date of acquisition) highly liquidity investments that, based on the actual maturity of the transaction, can be converted into a known amount of cash within up to three months and whose market value is subject to an insignificant risk of changes. Such assets include cash and bank accounts, cash on demand and deposits with a maturity of up to three months.

Financial assets

(1) Classification

The Fund classifies financial assets into the following measurement categories:
- those that are measured at fair value (either through profit or loss or through other comprehensive income)
- those that are recorded at amortized cost.

As of 31.12.2024, the Fund records loan receivables and bonds at amortized cost.

The classification depends on the Fund's business model for managing financial assets and the contractual terms of the cash flows.

(2) Recognition and derecognition

Purchases and sales of financial assets that occur under normal market conditions are recognized on the trade date, i.e. the date on which the Fund commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial asset expire or are transferred and the Fund transfers substantially all risks and rewards. Regular purchases and sales of financial assets are recognized on the trade date, the date on which the Fund commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial asset expire or are transferred and the Fund has transferred substantially all risks and rewards of ownership.

(3) Measurement

Financial assets are initially recognised at fair value plus transaction costs directly attributable to the acquisition of the financial asset, except for financial assets at fair value through profit or loss. Transaction fees for financial assets at fair value through profit or loss are recognised as an expense in the income statement.

Debt instruments

The subsequent measurement of debt instruments depends on the company's business model for managing financial assets and the contractual cash flows of the financial asset.

All debt instruments of the Fund are classified in the amortized cost measurement category.

Assets held to collect contractual cash flows and whose cash flows are solely principal and interest on the principal amount outstanding are measured at amortized cost. Interest income from these assets is recognized in finance income using the effective interest rate method. Upon derecognition, any resulting gain or loss is recognized in other income/expenses in the income statement.

As of December 31, 2024, all financial assets of the Fund were classified in the following categories:

- cash and cash equivalents;
- notes receivable;
- bonds;

Equity instruments

The Fund has no investments in equity instruments as of the reporting date.

(4) depreciation

The Fund assesses the expected credit losses on debt instruments at amortized cost and fair value through other comprehensive income based on future information. The applied impairment methodology depends on whether there has been a significant increase in credit risk.

Credit risk has increased significantly when the credit risk of a debt instrument has increased significantly compared to its initial assessment. This means that both quantitative and qualitative risk indicators – such as a decline in solvency, a deterioration in credit rating, or other significant changes in financial condition indicate that the risk profile of the instrument has changed significantly.

Definition of default and credit-impaired assets

The Fund defines the status of a financial instrument as defaulted and it fully meets the definition of credit-impaired if the asset meets one or more of the criteria described below.

Quantitative criteria

The borrower has violated the materiality threshold criterion for 90 consecutive days.

Qualitative criteria

The following are circumstances that may indicate that the client is unable to pay the debt in full:

• there are indications of an improbability of payment, indicating that the borrower is in significant financial difficulty;

• restructuring has taken place due to economic difficulties;

• the contract has been terminated.

The above criteria have been applied to all financial instruments of the Fund and are consistent with the definition of default used in internal credit risk management. The definition of default has been used throughout the Fund's calculation of expected credit losses for the PD (probability of default), EAD (exposure at default) and LGD (loss given default) models. A client-based approach is used to apply default status.

The measurement of expected credit losses takes into account: (i) an unbiased and probability-weighted amount that assesses a range of possible outcomes, (ii) the time value of money, and (iii) reasonable and supportable information about past events, current conditions, and future economic conditions that is available at the end of the reporting period without undue cost or effort.

The Fund uses a three-stage model for all debt instruments at amortized cost, which considers the change in credit quality since initial recognition.

- Stage 1 – includes financial assets for which the credit risk has not increased since initial recognition. The expected credit loss is the portion of the expected credit loss over the entire contractual period that arises from the potential failure to perform the obligation within the next 12 months or until the end of the contract, if shorter (12-month expected credit loss).

- Stage 2 – includes financial assets whose credit risk has increased significantly since initial recognition, but for which there are no objective reasons to consider them as uncollectible. Expected credit losses are measured based on expected credit losses over the expected contractual life.

- Stage 3 – includes financial assets that have decreased in value (for example, 90 days past due, debtor is in payment difficulties, it is probable that the debtor will enter bankruptcy or restructuring proceedings, non-performing receivable). Expected credit losses are measured over the entire expected contractual period.

As of the balance sheet date, the Fund has three debt instruments, all of which are secured by mortgages, which significantly reduces the credit risk of these receivables. The assessment of expected credit loss (ECL) focuses on situations where credit risk indicators (both quantitative and qualitative) indicate a significant change in the risk profile. In the case of the Fund's debt instruments, a strong collateral mechanism provides sufficient security, therefore, a separate assessment of expected credit loss is not considered significant by the Fund's management.

The Fund implements a risk management policy based on regular assessment of credit risk and collateral value. This ensures that even in the event of potential payment defaults, there is sufficient risk protection, which reduces the need to allocate additional expected credit phases.

Debt instruments carried at amortized cost are carried at net value in the fund's statement of financial position, considering expected credit losses. For loan assets, a provision for expected credit losses is established and recognised as a liability in the Fund's statement of financial position.

For contractual assets that do not have a significant financing component, the Fund applies the simplified approach permitted by IFRS 9 and considers the allowance for receivables as the expected credit loss for the life of the receivables upon initial recognition. The Fund uses an allowance matrix where the allowance is calculated based on receivables with different maturity periods.

Financial liabilities

All financial liabilities are initially measured at cost, which includes all directly attributable costs of acquisition. Subsequent measurement is carried out using the amortised cost method.

The amortized cost of short-term financial liabilities is generally equal to their nominal value, which is why short-term financial liabilities are measured in the balance sheet at the amount payable.

A financial liability is classified as current if it is due to be settled within 12 months of the balance sheet date or if the Fund does not have an unconditional right to defer settlement of the liability for more than 12 months from the balance sheet date. Borrowings that are due to be settled within 12 months of the balance sheet date but are refinanced into long-term debt after the balance sheet date but before the approval of the annual accounts are classified as current.

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Income tax

The Fund is registered as a trust under the Investment Funds Act. The trust fund is a tax-transparent company under the Income Tax Act, therefore the trust fund is not considered to be liable for income tax. Tax transparency means that the income received is attributed directly to the Fund's investors.

Paid-up capital

The investors of the Fund have undertaken an investment obligation to the Fund and the maximum amount of the obligations undertaken is set out in Note 9. In accordance with the agreement between the Fund and the investors (partnership agreement), the Fund requires the investors to pay the investment obligation as necessary, by submitting a written request to the investors. The investors of the Fund (limited partners) are liable to the Fund with the maximum investment obligation undertaken and, in accordance with the Commercial Code, are liable for the obligations undertaken by the Fund up to the maximum amount of the investment obligation. The management company (general partner) has also undertaken the maximum investment obligation, but pursuant to the Commercial Code, the general partner is liable to the Fund with all of its assets. The contributions of investors (limited partners and general partners) are recognised in the annual financial statements as part of net assets.

3 Interest income

	02.11.2023-31.12.2024
€ thousands	
Interest income from loans (Note 7)	55
Interest income from bonds (Note 7)	163
Interest income from cash and cash equivalents	5
Total interest income	**223**

4 Management fee

In accordance with the management agreement and partnership agreement concluded with EfTEN Capital AS (the fund manager), the Fund management company provides management services to the Fund, the basis of which is the Fund's invested capital. In addition, the Fund manager is entitled to receive a performance fee on amounts exceeding investors' contributions and the preferred return (10% of contributions per year). Of the payouts exceeding investors' contributions and the preferred return rate, 75% is paid to investors and 25% to EfTEN Capital AS. The Fund recognizes a potential contingent performance fee liability at each balance sheet date, considering the contributions made to the Fund (invested capital), earned profit and the Fund's net asset value as of the balance sheet date. The performance fee liability is paid to the Fund manager after all the initially paid-in capital and the preferred return have been returned to the Fund's investors.

In 2024, the total management service purchased from the Fund manager was 26 thousand euros. The Fund's return was 8.7% as of 31.12.2024, therefore the performance fee reserve has not been included in this report.

5 Other general expenses

	02.11.2023-31.12.2024
€ thousands	
Legal services	-92
Consulting expenses	-10
Depository fees, securities account fees	-3
Accounting service	-2
Other general expenses	-1
Total other general expenses	**-108**

6 Cash and cash equivalents

	31.12.2024
€ thousands	
Demand deposits	135
Total cash and cash equivalents (Note 8)	**135**

7 *Long-term financial assets*

Loans granted

As of 31.12.2024

Borrower	Country of borrower	Due date	Interest rate	Contractual loan amount	Loan balance 31.12.2024	Share of the fund's net asset value
€ thousands						
KŪB "Releven Prime Properties"	Lithuania	20.06.2028	Fixed 12.12%	7,500	7,500	59.0%
Total loans				**7,500**	**7,500**	**59.0%**

In 2024, interest income from loans was recognised in the amount of 55 thousand euros. All interest income recognised in 2024 was received in the reporting year and the Fund had no interest receivables related to loans as of 31.12.2024.

The loans granted are secured by a second-ranking mortgage in favor of the Fund on the property at Vilnius, Lvivo g. 59. The fair value of the property, according to the latest calculations made by an independent appraiser, is 34 million euros. The value of the collateral also covers the value of the second-ranking mortgage.

Bonds

Issuer	Country of issuer	Due date	Interest rate	Contractual loan amount	Loan balance 31.12.2024	Share of the fund's net asset value
€ thousands						
ZeroSum Mixed Fund II UTIISIUAB	Lithuania	20.08.2028	Fixed 12.50%	2,000	2,000	15.7%
Project Lilium, UAB	Lithuania	03.12.2028	Fixed 12.50%	3,000	3,000	23.6%
Total bonds				**5,000**	**5,000**	**39.3%**

In 2024, interest on bonds was recognised in the amount of 163 thousand euros, of which 79 thousand euros were received in accordance with the contracts in the reporting year. The remaining accrued but uncollected interest receivables as of 31.12.2024 in the amount of 84 thousand will be received upon maturity in accordance with the provisions of the contract (see also Notes 3 and 8).

The ZeroSum Mixed Fund II UTIISIUAB bonds are secured by a 3rd-ranking mortgage in favor of the Fund on real estate in Vilnius at Švitrigailos St. 11B, Švitrigailos St. 11H, Švitrigailos St. 11L, the fair value of which, according to the latest independent appraiser, is 26.3 million euros. The value of the collateral also covers the value of the 3rd-ranking mortgage. In addition, the bonds are secured by a deposit that guarantees 6 months of interest payments in the total amount of 60 thousand euros.

The Project Lilium, UAB bonds are secured by a 3rd-ranking mortgage in favor of the fund on six real estate properties and infrastructure facilities in Vilnius, the fair value of which, according to the latest valuations, is 26.97 million euros. The value of the collateral also covers the value of the 3rd-ranking mortgage. In addition, the bonds are secured by a deposit, which guarantees 6 months of interest payments in the total amount of 94 thousand euros.

All cash flows from non-current financial assets meet the SPPI (Solely Payments of Principal and Interest) criteria and are therefore recorded using the amortized cost method. The Fund analyses compliance with the SPPI criteria as follows:

- Does the contract provide for changes in the principal amounts of loans and bonds;
- Does the contract provide for conditions for interest rate changes;
- Does the contract establish conditions for early repayment of loans;
- Do the contracts contain derivatives;
- Are there any other conditional changes arising from the contract;
- Do the contracts entail payments other than interest and principal;
- Do the contracts allow for the restructuring of loans and bonds;
- Are there any legal or regulatory requirements that may affect the cash flows of loans and bonds;
- Is the fund's business model to collect contractual cash flows.

The fund management estimates that all loans and bonds issued meet the SPPI criteria.

The fair value of the loans and bonds issued as of 31.12.2024 does not differ significantly from their carrying amount, as the market interest rates of similar loans used to discount the loan cash flows do not differ significantly from their contractual interest rates.

All loans and bonds issued are in fair value level group 3 (based on the company's own estimates and models).

8 Financial instruments, management of financial risks

Fund's investment policy

The Fund's objective is to finance and acquire high-yield real estate in the Baltics.

The Fund focuses on investments in the commercial and residential real estate sector. Investments are made, for example, through the purchase, subscription or acquisition of shares, preferred shares, options, warrants and other participation rights in real estate companies. The Fund may also invest in convertible loans, convertible bonds or other securities (including debt instruments) or provide loans, which may be secured or unsecured, senior or subordinated, or a combination thereof. All loans and debt instruments must have a risk and return similar to that of shares.

The aim of the Fund is to achieve full or at least partial control of the invested assets. If the structure of the transaction requires it, the partnership has the right to make direct investments in real estate.

At least 80% of the market value of the Fund's assets is invested in real estate or real estate-related securities. No single investment may exceed 25% of the Fund's total capital at the end of the Fund's investment period. The Fund does not invest more than 20% of its capital in deposits with credit institutions, money market instruments or other liquid low-risk instruments for cash flow management purposes.

Financial instruments

The table below shows the breakdown of the fund's financial assets and financial liabilities by type of financial instrument.

Carrying amounts of financial instruments

	Notes	31.12.2024
€ thousands		
Financial assets - loans and receivables measured at amortized cost		
Cash and cash equivalents	6	135
Loans granted	7	7,500
Bonds	7	5,000
Interest receivables	7	84
Total financial assets measured at amortized cost		**12,719**
Financial liabilities measured at amortized cost		
Trade payables		10
Total financial liabilities measured at amortized cost		**10**
Total financial liabilities		**10**

The fair value of the financial assets and financial liabilities presented in the table above, which are carried at amortized cost, does not differ significantly from their fair value (cash and cash equivalents are held in a bank with a high credit rating; the borrowers and bond issuers are financially sound and all debt instruments are secured by mortgages).

The Fund's risk management is based on the principle that risks must be taken in a balanced manner, considering the rules established by the Fund and implementing risk mitigation measures according to the situation, thereby achieving stable profitability and an increase in the value of investors' assets. When making new investment decisions, the solvency of future clients is carefully assessed, the client's financial statements and cash flows are analysed, suitable collateral is set as collateral for loan and bond claims, requirements applicable to clients' deposit accounts are established in the amount of 3-6 months of interest payments, and after making an investment, the clients' financial situation and creditworthiness are regularly monitored. If the Fund involves external capital for investments, the principal and interest payments are adjusted to correspond to the net cash flow of a specific investment object, which ensures the preservation of sufficient free cash for the Fund and its growth even after fulfilling financial obligations.

The investment of the Fund's assets is based on investors' risk expectations, therefore excessive risk-taking is unacceptable and appropriate measures must be applied to manage risks.
The Fund defines financial risk as the risk arising from investments, including market, liquidity, and credit risks, which may impact the company's financial capacity and investment value.

Market risk

Market risk is the risk of changes in the fair value of financial instruments due to changes in market prices. The main factor affecting these financial instruments is interest rate risk.

Interest rate risk

Interest rate risk is the risk of changes in future cash flows of financial instruments resulting from changes in market interest rates. Changes in market interest rates mainly affect future loans granted by the Fund, where lower interest rates may reduce the income from the investment.

As of 31.12.2024, all loans and bonds issued by the Fund bear fixed interest, therefore changes in market interest rates will not have an impact on financial assets.

Liquidity risk

Liquidity risk arises from a potential change in financial condition that would reduce the Fund's ability to service its obligations in a timely and correct manner. The following circumstances in particular affect the Fund's liquidity:

- Decrease in interest income or volatility in receipts, which reduces the fund's ability to generate positive net cash flows;
- Customer payment difficulties;
- Difference in the maturities of assets and liabilities and flexibility in changing them;
- Marketability of long-term assets;
- Volume and pace of investment activity;
- Decrease in collateral value;
- Financing structure.

The Fund's financing policy stipulates that loan agreements for attracting external capital are concluded on a long-term basis, considering the terms of financial investments.

Maturity of financial assets

As of 31.12.2024	**Less than 1 month**	**2-4 months**	**5 to 12 months**	**2 to 5 years**	**over 5 years**	**Total**
€ thousands						
Loans granted	0	0	0	7,500	0	**7,500**
Bonds	0	0	0	5,000	0	**5,000**
Interest receivables	0	0	0	84	0	**84**
Total financial assets	**0**	**0**	**0**	**12,584**	**0**	**12,584**

The maturity of all financial liabilities is less than 1 month.

Working capital report

	31.12.2024
€ thousands	
Cash and cash equivalents (Note 8)	135
Total current assets	**135**
Trade payables	-10
Total current liabilities	**-10**
Total working capital	**125**

Credit risk

Credit risk is the risk arising from the inability of counterparties to transactions to meet their obligations to the Fund. The Fund is exposed to credit risk as a result of its business activities and transactions with financial institutions, including through cash on accounts and deposits.

The Fund's activities to prevent a decrease in cash flows resulting from credit risk and to minimize such risk consist of daily monitoring and directing customers' payment behaviour, which enables the prompt implementation of necessary measures.

The basis for credit risk management is the Fund's credit policy. The main objective of the credit policy is to achieve a return on the fund's assets from its business activities that ensures investor profitability, while adhering to the principles of conservatism and risk diversification and taking moderate risks that are assessable and manageable. The Fund's main assets exposed to credit risk are as follows:

- cash and cash equivalents (including notes to credit institutions, Note 6);
- loans and advances to customers (Note 7).

Expected credit loss (ECL) measurement

The assessment of credit claims is based on a three-stage expected credit loss (ECL) model that considers changes in credit quality since the initial recognition of the loan. According to the IFRS 9 standard, financial assets are divided into three stages based on the number of days past due, the financial condition of the customer and other changes in the quality of the claim:

- whether for a working requirement (performing, stage 1),
- for a claim with a deterioration in quality (under-performing, significant increase in credit risk, stage 2) or
- non-performing claim (stage 3).

For Stage 1 claims, the discount rate is calculated based on 12-month expected credit losses. For Stage 2 and Stage 3 claims, the discount rate is calculated based on the expected credit losses over the life of the contract. For Stage 3 claims, the discount is calculated assuming default. The expected loss is calculated as the product of the probability of default (PD), the loss rate (LGD) and the expected exposure at default (EAD) discounted to today. Loan losses are estimated by taking into account future loan and interest payment receipts, as well as expected receipts from the sale of collateral, sale of the loan claim or future recovery of solvency, by discounting the financial asset at the original effective interest rate, which results in the recoverable amount of the loan.

All financial investments of the Fund are classified as Stage 1 as of 31.12.2024 and the 12-month expected credit loss amount is insignificant.

Significant increase in credit risk

A significant increase in credit risk is considered to be the presence of one or more of the criteria below:

- if the client has been in debt for more than 30 days at least once in the last three months or repeatedly in the last year;
- if the customer's claim has been restructured due to payment difficulties or has been restructured repeatedly due to payment difficulties during the term of the contract;
- the client has significant payment defaults towards other creditors.

If it becomes apparent that there is a risk of the client becoming insolvent, the Fund assesses each claim individually and decides to write off the claims as unlikely to be collected. In general, claims that are more than 180 days past due are assessed as unlikely to be collected in full, unless the fund has sufficient certainty that the claim will be collected or a payment schedule has been agreed for the collection of the claims.

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

	31.12.2024
€ thousands	
Cash and cash equivalents (Note 6)	135
Loans (Note 7)	7,500
Bonds (Note 7)	5,000
Interest receivables (Note 7)	84
Total maximum credit risk	**12,719**

The balances of bank accounts included in the Fund's cash and cash equivalents are rated Aa3 by Moody's long-term banks.

Capital management

The Fund's objective in managing capital is to ensure the Fund's ability to continue as a going concern, to ensure investors a return on their investment and to maintain an optimal capital structure. The Fund considers the net asset value of the Fund's assets owned by limited and general partners as capital.

The required capital volume is calculated individually for each investment, considering the volume of net cash flows of a specific investment. The Fund management monitors capital adequacy on a daily basis, analysing the volume of the fund's net assets and periodic changes.

9 Fund capital contributions

The EfTEN Special Opportunities Fund usaldusfond was established on 02.11.2023. The first contributions to the fund were made immediately before the Fund's first investment, in June 2024, therefore, when the Fund's opening balance sheet was prepared (02.11.2023), the paid-in capital has not yet been reflected in the balance sheet.

During the reporting period, the Fund's investors made capital contributions to the Fund in the total amount of 12,620 thousand euros. No capital disbursements were made during the reporting period.

As of 31.12.2024, financial liability agreements have been concluded between the Fund and the Fund's investors, according to which the investors will pay a total of 40,160 thousand euros to the Fund for making investments, i.e. as of the end of the reporting period, it is possible to raise another 27,540 thousand euros of capital from investors.
Owners of more than 10% of the Fund are listed in the table below:

Investor	**31.12.2024**
European Bank for Reconstruction and Development (EBRD)	36.8%
Pension fund SEB aktīvais plāns	16.3%

10 Related party transactions

EfTEN Special Opportunities Fund usaldusfond considers related parties:

- EfTEN Special Opportunities Fund usaldusfond employees and employee-owned companies;

- General partner EfTEN SOF GP OÜ;

- General partner EfTEN SOF GP OÜ board members and their related companies;

- persons who own more than 10% of the Fund's paid-in capital

- EfTEN Capital AS (Fund manager).

The Fund purchased management services from EfTEN Capital AS in the reporting period in the amount of 26 thousand euros (see Note 4) and accounting services in the amount of 2 thousand euros (see Note 5). EfTEN Special Opportunities Fund did not purchase or sell any other goods or services from other related parties.

The Fund had no employees during the reporting period.

Independent Auditor's Report

To the unit holders of Usaldusfond EfTEN Special Opportunities Fund

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Usaldusfond EfTEN Special Opportunities Fund (the "Fund") as at 31 December 2024, and the Fund´s financial performance and cash flows for the year then ended (2 November 2023 – 31 December 2024) in accordance with International Financial Reporting Standards as adopted by the European Union.

What we have audited

The Fund's financial statements comprise:
- the statement of comprehensive income for the year then ended 31 December 2024;
- the statement of financial position as at 31 December 2024;
- the statement of cash flows for the year then ended;
- the statement of changes in net assets of the fund for the year then ended; and
- the notes to the 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 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 Fund 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 and Note environmental and/or social characteristics (but does not include the financial statements and our auditor's report thereon).

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

Translation note:

This version of the 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.

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 financial statements

The Management Board is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Board is responsible for assessing the Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 financial statements.

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

Translation note:

This version of the 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.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

AS PricewaterhouseCoopers

Original report is signed in Estonian language

Rando Rand
Auditor’s certificate no. 617

27 February 2025
Tallinn, Estonia

Translation note:

This version of the 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 TO ANNUAL REPORT 2024

We hereby confirm the accuracy of the information provided in the annual report of the EfTEN Special Opportunities usaldusfond for the financial year ended 31 December 2024.

/digitally signed/

____

Viljar Arakas

Member of the Management Board of EfTEN SOF GP OÜ

/digitally signed/

____

Tõnu Uustalu

Member of the Management Board of EfTEN SOF GP OÜ

ANNEX: Environmental and/or social characteristics of the Fund

Product name: Usaldusfond EfTEN Special Opportunities Fund **Legal entity identifier: N/A**

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

●● [ ] **Yes**	●○ [x] **No**
[ ] It made **sustainable investments with an environmental objective:** ___%	[x] It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 100% 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	[x] 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**

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.

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

Usaldusfond EfTEN Special Opportunities Fund (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 the long-term improvement of green lease management and the cost-effective enhancement of asset sustainability performance, which is measured over the asset's lifetime by 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 is in its investment phase with a limited portfolio that does not yet merit the full extent of performance measurement. Preparations are being made to validate and measure detailed indicators relevant to the Fund's promoted characteristics. The certification of the Švitrigailos office building is in progress, with the aim of achieving BREEAM In-Use level "Very Good". For Tech Zity, the objective is to achieve BREEAM In-Use level "Very Good". For the buildings under development by Releven, the goal is to achieve BREEAM New Construction level "Very Good" for residential building and "Excellent" level for commercial building.

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 3 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
Releven development	***Real Estate***	***60%***	***Lithuania***
Tech Zity development	***Real Estate***	***24%***	***Lithuania***
Švitrigailose office building	***Real Estate***	***16%***	***Lithuania***

What was the proportion of sustainability-related investments?

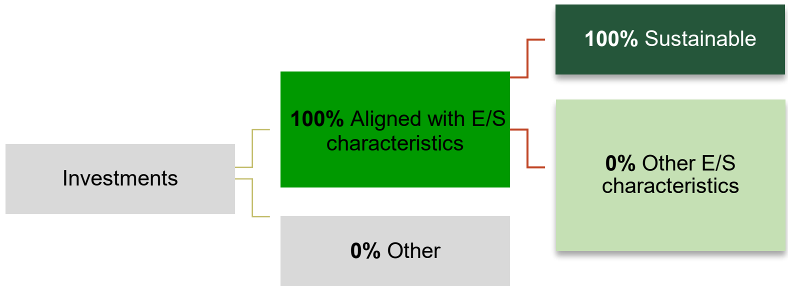
All of the Fund's investments follow the criteria established in the Fund's documentation, including eligibility for promoted sustainability related activities. The Fund does not have a minimum level of sustainable investments.

Asset allocation describes the share of investments in specific assets.

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.

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.

In which economic sectors were the investments made?

The Fund's investments were 100% made to the real estate sector, including both existing buildings and developments.

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.

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

Currently, 24% of the Fund's investments are directed to real estate development, where investments are aligned with the EU Taxonomy.

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

24% of the Fund's investments are directed to real estate development, where investments will be made in the following years, taking into account 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, 76% 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?

The Fund is currently in its investment stage and as such is focused on sourcing potential investments to fulfill its mandate. During this time every acquired asset is assessed and if necessary, initial capital expenditures for improvements of the asset or amendments to the asset’s tenant portfolio are made. The Švitrigailos office building started the certification process in 2024, which aims to achieve the BREEAM In-Use "Very Good" rating.