



Consolidated Annual Report 2024

EfTEN Real Estate Fund 5 usaldusfond

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MANAGEMENT REPORT

Fund manager's comment on EFTEN Real Estate Fund 5 annual report

The EFTEN Real Estate Fund 5 usaldusfond is an investment property fund that invests in commercial investment property that generates cash flow, established in November 2021. In 2024, the Fund made two new investments: in August, the Fund acquired the UNA shopping mall in Vilnius, and in December, the Fund invested in EFTEN Kristiine OÜ to acquire an 11.236% stake and provide a loan to the company. A total of 13.2 million euros was invested in the UNA shopping mall, and a total of 7 million euros of capital raised from investors was invested in the acquisition of the EFTEN Kristiine OÜ stake. By the end of 2024, the entire raised capital was invested.

Financial overview

The consolidated sales revenue of EFTEN Real Estate Fund 5 (hereinafter referred to as the "Fund") in 2024 was a total of 2.7 million euros (2023: 1.8 million euros). The consolidated net rental income (NOI) of the Fund totalled 2.6 million euros in 2024 (2023: 1.7 million euros). The consolidated net profit of the Fund totalled 2.5 million euros (2023: net loss was 0.2 million euros).

	2024	2023
€ millions		
Rental revenue, other fees from investment properties	2.690	1.765
Expenses related to investment properties, incl. marketing costs	-0.128	-0.072
Net rental income	2.562	1.693
<i>Net rental income margin</i>	95%	96%
Interest expense and interest income	-0.992	-0.668
Net rental income minus interest expense and interest income	1.570	1.025
Management fees	-0.230	-0.162
Other income and expenses	-0.152	-0.071
Profit before change in the value of investment property and non-current financial investment and income tax expense	1.188	0.792

The volume of the Fund's assets as of 31.12.2024 were 66.8 million euros (31.12.2023: 27.6 million euros), including the fair value of investment property, which accounted for 85% of the volume of the assets (31.12.2023: 97%).

	31.12.24	31.12.2023
€ millions		
Investment property	56.600	26.670
Other non-current assets	8.823	0.055
Current assets, excluding cash	0.185	0.078
Total assets	66.753	27.630
Net debt (cash and deposits minus short-term and long-term bank loans)	-27.452	-11.881
Net asset value (NAV)	36.099	14.053
Capital contributions, cumulatively	32.900	13.000
Capital returns, cumulatively	-1.600	-1.600
Unrestricted capital	0.000	19.900

Key financial ratios

Per 12 months	31.12.2024	31.12.2023
ROE, % <i>(net profit of the period / average equity of the period) x 100</i>	10.1	-1.4
ROA, % <i>(net profit of the period / average assets of the period) x 100</i>	5.4	-0.7
ROIC, % <i>(net profit of the period / average invested capital of the period) x 100¹</i>	11.9	-1.5
Revenue (€ thousand)	2,690	1,765
Rental income (€ thousand)	2,688	1,765
EBITDA (€ thousand)	2,193	1,473
EBITDA margin, %	82%	83%
EBIT (€ thousand)	1,971	441
Comprehensive income/loss (€ thousand)	2,536	-192
Liquidity ratio (current assets / current liabilities)	0.1	1.6
DSCR (EBITDA/(interest expenses + scheduled loan payments))	1.2	1.3

Investment property portfolio

The Group invests in commercial investment property. As of the end of 2024, the Group has 2 (31.12.2023: 1) commercial investment properties, the fair value of which on the balance sheet date is 56.600 million euros (2023: 26.670 million euros) and the acquisition cost is 55.644 million euros (2023: 27.689 million euros). The Group regularly evaluates the investment properties twice a year – in June and December. The Group's investment property appraiser is Colliers International Advisors OÜ.

As of 31.12.2024, the Fund's subsidiaries have made the following real estate investments:

Investment property	Location	Group's ownership	Acquisition cost, € thousands	Fair value of investment property € thousands ¹	Net leasable area	Projected annual net rental income, in € thousands	Direct yield ¹	Primary net yield ²	Utilization, %	Average length of rental agreements	Number of tenants
UNA shopping centre	Vilnius, Lithuania	100	30,116	30,000	16,287	2,099	7.0%	7.0%	99	6.7	35
Total retail			30,116	30,000	16,287	2,099	7.0%	7.0%	99	6.7	35
Saltoniskiu office building	Vilnius, Lithuania	100	25,528	26,600	8,449	1,574	6.2%	5.9%	87	2.4	13
Total office	Office		25,528	26,600	8,449	1,574	6.2%	5.9%	87	2.4	13
Total investment property portfolio			55,644	56,600	24,736	3,673	6.6%	6.5%	95	4.7	48

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

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

The Group's independent valuer, Colliers International, carried out a standard valuation process in June and December 2024. Compared to 2023, the discount rates used in the valuations have decreased from 9.3% to 9.15% and the exit yields have increased from 6.25% to 6.35%-7.10%. The decrease in discount rates is related to the decrease in EURIBOR in 2024. The Group incurred a total loss of EUR 0.2 million from the impairment of investment property in 2024.

EFTEN Real Estate Fund 5 invested in Kristiine shopping centre in Tallinn in December 2024 through the acquisition of EFTEN Kristiine OÜ stake. The fair value of EFTEN Kristiine OÜ stake increased to 5.287 million euros by the end of the year, i.e. by 1.781 million euros due to the fair value assessment of Kristiine centre carried out by Colliers International.

Net asset value

The net asset value of the Fund as of 31.12.2024 is 36.10 million euros (31.12.2023: 14.05 million euros).

The Fund has 16 investors as of 31.12.2024. The owners of more than 10% of the Fund are listed in the table below:

Investor	31.12.2024
EFTEN United Property Fund	36.47%
LHV pension funds	27.96%
Swedbank pension funds	16.11%

Other information

Financial risks

Information regarding the Group's financial instruments and financial risk mitigation objectives, as well as risks related to changes in interest rates, is provided in Note 16 of the consolidated annual accounts.

The structure of the consolidation group is presented in Note 1 of the consolidated annual accounts.

Management

Usaldusfond EFTEN Real Estate Fund 5 was registered in the commercial register in November 2021, after which the fund started its operations.

According to the management agreement and the Fund's partnership agreement, the Fund's manager 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 Viies GP OÜ) consists of 2 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.

Applying sustainability principles to investing

Information regarding compliance with the SFDR regulation is disclosed in the Note on page 34 of this report, and the Fund's sustainable investment principles are disclosed on the Fund's website at www.eften.ee.

FINANCIAL STATEMENTS OF THE CONSOLIDATION GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2024	2023
<i>€ thousands</i>			
Revenue	4,5	2,690	1,765
Cost of services sold	6	-98	-36
Marketing costs	7	-30	-36
Net rental income	4	2,562	1,693
General and administrative expenses	8	-409	-233
Loss from revaluation of investment properties	13	-209	-1,019
Other operating income and expenses		27	0
Operating profit	4	1,971	441
Interest income		36	1
Interest expenses	9	-1,028	-669
Gain on change in fair value of non-current financial investments	4	1,781	0
Profit/loss before income tax	4	2,760	-227
Income tax expense	10	-224	35
Net profit/loss for the financial year		2,536	-192
Comprehensive income/loss for the financial year	4	2,536	-192

The notes on pages 9-29 are integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2024	31.12.2023
<i>€ thousands</i>			
ASSETS			
Cash and cash equivalents	11	1,145	827
Receivables and accrued income	12	182	76
Prepaid expenses		3	2
Total current assets		1,330	905
Non-current receivables	12	3	3
Loans granted	12	3,494	0
Other non-current financial investments	14	5,287	0
Investment property	4,13	56,600	26,670
Property, plant and equipment		39	52
Total non-current assets		65,423	26,725
TOTAL ASSETS		66,753	27,630
LIABILITIES AND EQUITY NET VALUE¹			
Borrowings	15	12,757	442
Payables and prepayments	16	327	140
Total current liabilities		13,084	582
Borrowings	15	15,815	12,261
Other non-current liabilities	16	435	288
Deferred income tax liability	10	1,320	446
Total non-current liabilities		17,570	12,995
TOTAL LIABILITIES		30,654	13,577
Total net asset value of the Fund owned by limited and general partners		36,099	14,053
TOTAL LIABILITIES AND EQUITY NET VALUE		66,753	27,630

The notes on pages 9-29 are integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2024	2023
€ thousands			
Cash flows from operating activities			
Net profit/loss		2,536	-192
<i>Adjustments of net profit/loss:</i>			
Interest income		-36	-1
Interest expenses	9	1,028	669
Gain/loss on revaluation of investment property	13	209	1,019
Gain/loss from change in fair value of non-current financial investments	14	-1,781	0
Depreciation, amortization and impairment	6,8	13	13
Income tax expense	10	224	-35
Total adjustment with non-cash changes		-343	1,665
Cash flow from operations before changes in working capital		2,193	1,473
Change in receivables and prepayments related to operating activities		24	-19
Change in liabilities and prepayments related to operating activities		2	-17
Total cash flows from operating activities		2,219	1,437
Cash flows from investing activities			
Acquisition of investment property	13	-29	-469
Acquisition of subsidiaries	3	-11,975	0
Acquisition of other financial investments		-3,506	0
Loans granted		-3,494	0
Interest received		23	1
Total cash flows from investing activities		-18,981	-468
Cash flows from financing activities			
Loans received	15	16,500	0
Loan repayments upon refinancing		-17,073	0
Scheduled loan repayments	15	-611	-437
Interest paid		-1,427	-666
Capital contributions		19,900	0
Dividends paid	18	-209	0
Total cash generated from financing activities		17,080	-1,103
TOTAL CASH FLOW		318	-134
Cash and cash equivalents at the beginning of period	11	827	961
Change in cash and cash equivalents		318	-134
Cash and cash equivalents at the end of period	11	1,145	827

The notes on pages 9-29 are integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS OF THE FUND

	2024	2023
<i>€ thousands</i>		
Net asset value of the Fund owned by limited and general partners at the beginning of the period	14,053	14,245
Capital contributions	19,900	0
Net change in equity	19,900	0
Transfer of dividends and interest to fund investors	-390	0
Comprehensive profit/loss for the financial year	2,536	-192
Net asset value of the Fund owned by limited and general partners at the end of the period	36,099	14,053

Additional information on capital contributions is provided in Note 18.

The notes on pages 9-29 are integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

EFTEN Real Estate Fund 5 usaldusfond (hereinafter also referred to as the 'Fund') is a real estate fund established in November 2021 that invests in cash-generating commercial real estate.

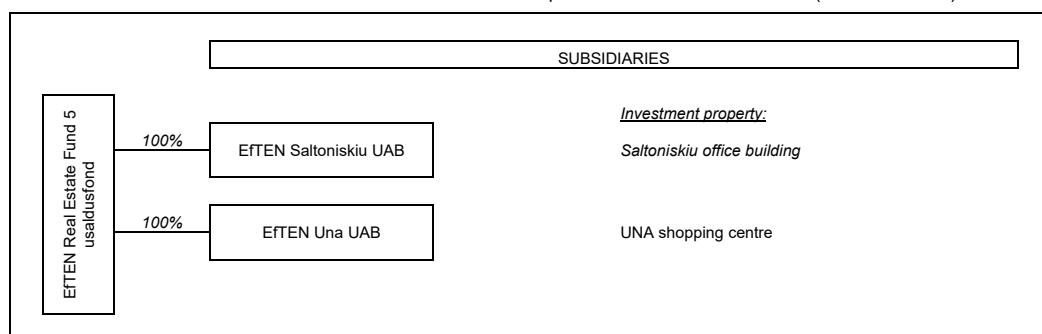
The Fund is a closed-end, alternative investment fund and the investment region is the Baltic States.

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

The consolidated financial statements of EFTEN Real Estate Fund 5 usaldusfond for the financial year ended 31.12.2024 were signed by the management on 6 March 2025.

The Fund is a company registered and operating in Estonia.

The structure of the EFTEN Real Estate Fund 5 usaldusfond Group as of 31.12.2024 is as follows (see also Note 3):



In addition to subsidiaries, EFTEN Real Estate Fund 5 owns an 11.236% stake in EFTEN Kristiine OÜ as of 31.12.2024.

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

In accordance with the Investment Funds Act, the accounting principles and disclosures set out in the International Financial Reporting Standards (hereinafter IFRS) adopted by the European Commission shall be used in the preparation of the consolidated financial statements of the Fund, taking into account the procedure for determining the net asset value of the fund set out in the regulation established on the basis of subsection 54 (11) of the Investment Funds Act. The requirements set out in the Accounting Act have also been considered.

The consolidated financial statements of EFTEN Real Estate Fund 5 and its subsidiaries 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).

The report has been prepared based on the principle of business continuity.

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 had no 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 had no 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 had no 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 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 Group 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 Group 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 Group 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 Group will analyse and disclose the impact of this change after implementation.

2.2 *Summary of the 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 areas where there is a higher risk of need for revision due to high uncertainty of the estimates, are described below.

a) Investment property: determination of the fair value

Investment property is measured at its fair value at each balance sheet date. The Group's investment properties are valued by Colliers International Advisors OÜ. The Group's independent appraiser evaluates investment properties individually using the discounted cash flow method. All the Group's investment property earns rental income, which is why the method used best represents the fair value of the investment property among the alternatives (for example, the comparative method). The cash flow projections for all properties have been updated to determine the fair value, and discount rates and exit productivity have been differentiated depending on the location of the facilities, the technical condition and the risk level of the tenants.

Additional information regarding the assumptions used in the fair value assessment is provided in Note 13.

b) Business combinations and acquisition of assets

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 5 usaldusfond 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 of EFTEN Real Estate Fund 5 usaldusfond expect both an increase in the value of their assets and a return on their current economic activity, EFTEN Real Estate Fund 5 usaldusfond also carries a significant part of its investment risks that are 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 EFTEN Real Estate Fund 5 usaldusfond, the fair value measurement is indirect - the fair value is the value of assets held in subsidiaries of EFTEN Real Estate Fund 5 usaldusfond, which results in the fair value of the subsidiary not necessarily being the ultimate market price of the subsidiary. The Group also estimates its financial performance on the basis of 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).

As of 31.12.2024, the Group has two business segments (office, retail) and two geographical segments (Estonia and Lithuania).

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

Investment in subsidiaries in the parent company's unconsolidated balance sheet

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

Revenue recognition

The Group's sales revenue includes rental income, management fees, marketing fees and profit on the mediation of utility and administrative costs (revenues are offset against related costs).

Rental income from operating leases is recognised on a straight-line basis over the lease term. If the Group agrees with the tenant on a 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 recognized in the period when control of the services is transferred to the customer, i.e. in the period of service provision.

Some management fees may include different service components. In such cases, the Group assesses whether they give rise to multiple performance obligations. If such different performance obligations exist, the total transaction fee is allocated to each performance obligation based on a separate selling price. If no separate selling price exists, it is derived based on the expected cost-plus margin.

The Group acts as an agent in the resale of utility and administrative costs, therefore such revenues are not shown in the gross amount but are offset against the associated cost.

Financial assets

Initial recognition and derecognition

Financial assets are recognised in the statement of financial position when the Fund becomes a party to the contractual provisions of the instrument and are initially measured at fair value. Transaction costs are added to the initial fair value, except for transaction costs for financial assets at fair value through profit or loss, which are recognised in profit or loss. Financial assets measured at fair value and amortised cost are recognised in the statement of financial position on the date of the transaction. A financial asset is derecognised when the asset is redeemed or the rights to the cash flows from the asset are otherwise extinguished.

Further recognition

The Group classifies its financial assets for subsequent recognition as follows:

- financial assets measured at fair value through profit or loss;
- financial assets measured at amortized cost.

The classification depends on whether the financial asset is a debt instrument or an equity instrument. The Group recognises non-current financial investments at fair value through profit or loss.

Debt instruments (loans and debt securities)

The classification is based on an assessment of the business model for managing the financial assets and whether the contractual cash flows of the asset consist solely of principal and interest payments. Debt instruments are measured using the effective interest rate method and adjusted with expected credit losses.

Equity instruments

Equity instruments are recognised as financial assets at fair value through profit or loss.

Impairment of financial assets

The group estimates the expected credit loss of debt instruments reflected in the adjusted acquisition cost based on future information. The applied impairment methodology depends on whether the credit risk has increased significantly.

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 of the Group's financial assets were classified in the category:

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

Investment property

Investment property is property (land or a building or both) 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. The discounted cash flow method is used to determine the fair value. To find the value of the discounted cash flows, the appraiser must forecast the future rental income of the real estate object (including rent per 1 m² and the occupancy of the rental space) and operating expenses. Depending on the ease and possibility of terminating the leases by the lessees, the appraiser chooses either existing cash flows or cash flows that exist on average in the market for analysis. Also, to find the present value of the net cash flow, an appropriate discount rate must be chosen that best expresses market trends in the current value of money and the specific risks associated with the asset. The average capital structure of the market is used as the basis for choosing the discount rate. The discounted cash flow method is used to determine the value of properties with a stable rental flow.

Tangible assets

Property, plant, and equipment are initially considered at their acquisition cost, which consists of the purchase price and expenses directly related to acquisition, which are necessary to bring the asset to its working condition and location. Property, plant, and equipment are recorded in the balance sheet at their acquisition cost, less accumulated depreciation and possible impairment losses.

The straight-line method is used to calculate depreciation. The depreciation rate is determined for each object of fixed assets separately, depending on its useful life. The ranges of useful lives for groups of property, plant, and equipment are as follows:

Other property, plant, and equipment 5-7 years

Furniture 5-7 years

Office equipment 3 years

If there are signs that the life or final value of the asset has changed significantly, changes are made to the depreciation of the asset prospectively.

Financial liabilities

All financial liabilities (trade payables, borrowings, accrued expenses, bonds issued 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 (except for financial liabilities acquired for the purpose of resale that are measured in fair value).

Income tax

Parent company

The Fund is registered as a trust under the Investment Funds Act. The Fund is a tax-transparent company under the Income Tax Act, therefore the Fund is not considered to be liable for income tax. Tax transparency means that income received from the Fund's subsidiaries is attributed directly to the Fund's investors and is taxed as if they had earned income directly from the subsidiaries. The income of the Fund's subsidiaries is taxed in accordance with the tax laws of the country where the subsidiary is located.

Subsidiary in Lithuania

The net profit of companies is taxed with a 15% income tax in Lithuania (from 01.01.2025: 16%). Taxable income is calculated from the company's profit before income tax, which is adjusted in income tax returns by temporarily or permanent income or expense adjustments under the requirements of local income tax legislation.

For Lithuanian subsidiaries, the deferred income tax assets or liabilities are determined for all temporary differences between the tax bases of assets and liabilities and their carrying amounts at the balance sheet date. Deferred tax assets are recognised in the balance sheet only when it is probable that future taxable profit will be available against which the deductions can be made.

Recognition of deferred income tax liability in consolidated financial statements

The Group's deferred income tax liability arises in the case of companies located in Lithuania, where the profit of the reporting year is taxed. When measuring the deferred income tax liability, the group uses the tax rates that are expected to be applied to the taxable temporary differences in the period in which they are expected to reverse, based on the tax rates in effect at the reporting date.

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. According 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

The Fund has the following subsidiaries as of 31.12.2024:

Company 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						
EFTEN Real Estate Fund 5 usaldusfond	Estonia					
Subsidiaries						
EFTEN Saltoniskiu UAB	Lithuania	Saltoniskiu office building	12,960	12,540	100	100
EFTEN UNA UAB	Lithuania	UNA shopping centre	4,050	0	100	0
			17,010	12,540		

The subsidiaries are engaged in the acquisition, development and rental of investment property. The shares of the subsidiaries are not listed on the stock exchange.

In August 2024, the Fund acquired a 100% subsidiary in Lithuania (EFTEN UNA UAB). The acquisition cost of the subsidiary was 4,088 thousand euros. After the acquisition, the Fund provided the subsidiary with a loan in the total amount of 9,100 thousand euros, of which the subsidiary repaid the loan and interest obligations to the former owners in the total amount of 8,421 thousand euros. The subsidiary had 534 thousand euros in its bank account at the time of the acquisition. Thus, the total acquisition cost of the subsidiary was 11,975 thousand euros.

The components of the subsidiary's fair value are set out in the table below:

	Fair value
€ thousands	
Cash and cash equivalents	342
Receivables	140
Investment properties (Note 12)	30,110
Bank loans	-17,073
Owner loans	-6,526
Interest on owner loans	-1,861
Deferred income tax liability	-650
Other liabilities	-394
Fair value of net assets	4,088
Acquisition cost	4,088
Goodwill	0

4 Segment reporting

SEGMENT RESULTS

	Office		Retail		Unallocated		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
€ thousands								
Revenue (Note 5), incl.	1,922	1,765	768	0	0	0	2,690	1,765
Lithuania	1,922	1,765	768	0	0	0	2,690	1,765
Net rental income, incl	1,820	1,693	742	0	0	0	2,562	1,693
Lithuania	1,820	1,693	742	0	0	0	2,562	1,693
Operating profit, incl	1,554	475	502	0	-85	-34	1,971	441
Estonia	0	0	0	0	-85	-34	-85	-34
Lithuania	1,554	475	502	0	0	0	2,056	475
EBITDA, incl	1,660	1,507	618	0	-85	-34	2,193	1,473
Estonia	0	0	0	0	-85	-34	-85	-34
Lithuania	1,660	1,507	618	0	0	0	2,278	1,507
Operating profit							1,971	441
Gain on change in fair value of non-current financial investments (Estonia) (Note 14)	0	0	1,781	0	0	0	1,781	0
Interest income and interest expenses							-992	-668
Profit/loss before income tax expense							2,760	-227
Income tax expense (Note 10)							-224	35
NET PROFIT/LOSS FOR THE FINANCIAL YEAR							2,536	-192

SEGMENT ASSETS

	Office		Retail		Total	
As of the end of the year	2024	2023	2024	2023	2024	2023
€ thousands						
Investment property						
Lithuania	26,600	26,670	30,000	0	56,600	26,670
Total investment property (Note 13)	26,600	26,670	30,000	0	56,600	26,670
Non-current financial investments (Note 14)	0	0	5,287	0	5,287	0
Loans granted (Note 12)	0	0	3,494	0	3,494	0
Total assets	26,600	26,670	38,781	0	65,381	26,670
Other non-current assets					42	55
Net debt (liabilities minus cash)					-29,509	-12,750
Other current assets					185	78
NET ASSETS					36,099	14,053

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

5 Revenue

Areas of activity	2024	2023
€ thousands		
Rental income from office premises (Note 13)	1,922	1,765
Rental income from retail premises (Note 13)	766	0
Other sales revenue	2	0
Total revenue by areas of activity (Note 4)	2,690	1,765

Revenue by geographical area	2024	2023
€ thousands		
Lithuania	2,690	1,765
Total revenue by geographical area (Note 4)	2,690	1,765

6 Cost of services sold

Cost of services sold	2024	2023
€ thousands		
Repair and maintenance of rental premises	-7	-9
Other sales costs	-76	-27
Allowance for doubtful receivables	-15	0
Total cost of services sold (Note 13)	-98	-36

7 Marketing costs

Marketing costs	2024	2023
€ thousands		
Commission expenses on rental premises	-29	-36
Advertising, promotional events	-1	0
Total marketing costs	-30	-36

8 General and administrative expenses

General and administrative expenses	2024	2023
€ thousands		
Management services (Note 19)	-230	-162
Office expenses	-3	-2
Wages and salaries, incl. taxes	-1	-1
Consulting expenses, legal aid, accounting services, evaluation services, audit	-145	-42
Regulator costs	-16	-12
Other general and administrative expenses	-1	-1
Depreciation	-13	-13
Total general and administrative expenses	-409	-233

9 Other financial costs

Other financial costs	2024	2023
€ thousands		
Interest costs on loans	-1,028	-669
Total other financial costs	-1,028	-669

10 Income tax

	2024	2023
€ thousands		
Deferred income tax expense of entities in Lithuania	-224	35
Total income tax expense (Note 4)	-224	35

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 property
€ thousands	
Balance as at 31.12.2022	481
Change in deferred tax liability in the income statement in 2023	-35
Balance as at 31.12.2023	446
Change in deferred tax liability in the income statement in 2024	224
Expected income tax expense	650
Balance as at 31.12.2024	1,320

11 Cash and cash equivalents

	31.12.2024	31.12.2023
€ thousands		
Demand deposits	237	406
Overnight deposits ¹	608	421
Deposits with a maturity of less than 3 months ²	300	0
Total cash and cash equivalents (Note 17)	1,145	827

¹Overnight deposits bear interest at a variable rate. As of 31.12.2024, the interest rate was between 1.412% - 2.516% per annum.

²The interest rate for deposits with a term of less than 3 months is 2.3% as of 31.12.2024 and the term is 16.02.2025.

12 Receivables and accrued income

Current receivables and accrued income

	31.12.2024	31.12.2023
€ thousands		
Receivables from customers	185	58
Doubtful accounts receivable	-15	-1
Total receivables from customers (Note 17)	170	57
Interests	12	0
Advance payments of other taxes	0	19
Total accrued income	12	19
Total receivables and accrued income (Note 17)	182	76

Non-current receivables and accrued income

	31.12.2024	31.12.2023
€ thousands		
Loans granted ¹	3,494	0
Receivables and accrued income related to real estate developments	3	3
Total non-current receivables	3,497	3

¹ Loans granted as of 31.12.2024 include a long-term loan granted to EFTEN Kristiine OÜ, with an interest rate of 8% per annum.

13 Investment properties

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

Name	Location	Net lease area (m2)	Year of construction	Date of acquisition	Acquisition cost	Market value as of 31.12.2024	Increase in value	Share of the market value of the Fund's assets
€ thousands								
Office								
Saltoniskiu office building	Vilnius, Lithuania	8,449	2007	12.2021	25,528	26,600	4%	40%
Total office		8,449			25,528	26,600	4%	40%
Retail								
UNA Shopping centre	Vilnius, Lithuania	16,287	2023	08.2024	30,116	30,000	0%	45%
Total retail		16,287			30,116	30,000	0%	45%
Total		24,736			55,644	56,600	2%	85%

Additional information on investment properties is provided in Note 4.

The following changes have occurred in the Group's investment property during the reporting periods 2024 and 2023:

	Completed investment property	Total investment property
Balance as of 31.12.2022	27,220	27,220
Capitalized improvements	469	469
Loss from change in fair value	-1,019	-1,019
Balance as of 31.12.2023 (Note 4)	26,670	26,670
Acquisitions from business combinations (Note 3)	30,110	30,110
Capitalized improvements	29	29
Loss from change in fair value	-209	-209
Balance as of 31.12.2024 (Note 4)	56,600	56,600

The income statement and balance sheet of the Group include, among other items, the following income and expenses and balances related to investment properties:

As of December 31, or for the year	2024	2023
Rental income from investment properties (Note 5)	2,688	1 765
Costs directly related to the management of investment properties (Note 6)	-98	-36
Amounts outstanding from the acquisition of investment properties (Note 16)	4	0
Carrying amount of investment properties pledged as collateral to borrowings (Note 15)	56,600	26,670

Payments under non-cancellable operating leases	31.12.2024	31.12.2023
€ thousands		
Up to 1 year	3,964	1,901
2-5 years	10,794	4,006
Over 5 years	4,786	0
Total	19,544	5,907

Assumptions and basis for determining the fair value of investment properties

An independent appraiser values the investment property of the Group. The fair value presented in the Group's financial statement as of 31.12.2024 and 31.12.2023 was determined using the discounted cash flow method. The following assumptions have been used to determine fair value:

In 2024:

Sector	Fair value	Valuation method	Estimated rental income per year	Discount rate	Exit yield	Average rent €/m2
€ thousands						
Office	26,600	Discounted cash flows	1,896	9.15%	6.35%	19.9
Retail	30,000	Discounted cash flows	2,205	9.15%	7.10%	11.6
Total	56,600		4,101			

In 2023:

Sector	Fair value	Valuation method	Estimated rental income per year	Discount rate	Exit yield	Average rent €/m2
€ thousands						
Office	26,670	Discounted cash flows	1,866	9.3%	6.3%	18.9
Total	26,670		1,866			

Independent expert valuation as to the fair value of investment property is based on the following:

- Rental income: real growth rates and rents under current lease agreements are used;
- Vacancy rate: the actual vacancy rate of the investment properties, considering the risks associated with the property;
- Discount rate: calculated using the weighted average cost of capital (WACC) associated with the investment property;
- Exit yield: based on the estimated level of return at the end of the estimated holding period, taking into consideration the forecasted market condition and risks associated with the property.

Fair value sensitivity analysis

The table provided below illustrates as at 31.12.2024 the sensitivity of the fair value of investment property assessed using the discounted cash flow method reflected in the balance sheet of the Group to the most significant assumptions:

Sector	Fair value	Sensitivity to management estimate			Sensitivity to independent appraisal		
		Revenue +10%	Revenue -10%	Discount rate +50bp	Discount rate -50bp	Exit yield +50bp	Exit yield -50bp
€ thousands							
Office	26,600	2,800	-2,800	-500	-500	-1,500	1,700
Retail	30,000	3,100	-3,200	-600	-600	-1,500	1,600
TOTAL	56,600	5,900	-6,000	-1,100	-1,100	-3,000	3,300

As of 31.12.2023

Sector	Fair value	Sensitivity to management estimate		Sensitivity to independent appraisal			
		Revenue	Revenue	Discount rate	Discount rate	Exit yield	Exit yield
		+10%	-10%	+50bp	-50bp	+50bp	-50bp
€ thousands							
Office	26,670	2,780	-2,830	-540	550	-1,480	1,690
TOTAL	26,670	2,780	-2,830	-540	550	-1,480	1,690

Level three inputs have been used to determine the fair value of the Group's investment property.

14 Other non-current financial investments

In December 2024, EFTEN Real Estate Fund 5 acquired an 11.236% stake in EFTEN Kristiine OÜ, which owns the Kristiine shopping centre in Tallinn. The Fund made a contribution to the share capital and voluntary reserve capital of EFTEN Kristiine OÜ in the total amount of 3,506 thousand euros.

	Shares
Balance as of 31.12.2023	0
Acquisition	3,506
Gain on change in fair value (Note 4)	1,781
Balance as of 31.12.2024	5,287

15 Borrowings

As of 31.12.2024, the Group has the following borrowings:

Lender	Country of lender	Contractual loan amount, € thousands	Loan balance as of 31.12.24, € thousand	Contract term	Loan agreement interest rate as of 31.12.24	Loan collateral	Value of collateral, € thousand	Share of the Fund's net asset value
Swedbank	Lithuania	13,500	12,264	06.12.25	4.55%	Mortgage - Saltoniskiu office building	26,600	34.0%
SEB	Lithuania	16,500	16,333	31.08.29	4.86%	Mortgage - UNA shopping centre	30,000	45.2%
		29,717	28,597				56,600	79.2%

As of 31.12.2023, the group has the following loan liabilities:

Lender	Country of lender	Contractual loan amount, € thousands	Loan balance as of 31.12.23, € thousand	Contract term	Loan agreement interest rate as of 31.12.2023	Loan collateral	Value of collateral, € thousand	Share of the Fund's net asset value
Swedbank	Lithuania	13,500	12,708	06.12.25	5.85%	Mortgage - Saltoniskiu office building	26,670	90.4%

Additional information on loan obligations is provided in Note 13.

Short-term borrowings	31.12.2024	31.12.2023
€ thousands		
Repayments of long-term bank loans in the next period ¹	12,764	444
Discounted contract fees for bank loans	-7	-2
Total short-term borrowings	12,757	442

¹ Repayments of long-term bank loans in the next period as of 31.12.2024 include the balance of a loan obligation of one subsidiary expiring within the next 12 months in the amount of 12,264 thousand euros. The LTV of expiring loan agreements is 46% and 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 loan agreements.

Long-term borrowings	31.12.2024	31.12.2023
€ thousands		
Total long-term borrowings	28,572	12,703
incl. current portion of borrowings	12,757	442
incl. non-current portion of borrowings, incl.	15,815	12,261
Bank loans	15,833	12,264
Discounted contract fees on bank loans	-18	-3

Bank loans are divided as follows according to repayment date:

Repayment of bank loans according to repayment dates	31.12.2024	31.12.2023
<i>€ thousands</i>		
Less than 1 year	12,764	444
2-5 years	15,833	12,264
Total repayments of bank loans	28,597	12,708

Cash flows of borrowings	2024	2023
<i>€ thousands</i>		
Balance at the beginning of period	12,703	13,137
Bank loans received	16,500	0
Annuity payments on bank loans	-611	-437
Change of discounted contract fees	-20	3
Balance as at the end of period	28,572	12,703

Additional information on loan liabilities is provided in Note 17.

16 *Payables and prepayments*

Short-term payables and prepayments

	31.12.2024	31.12.2023
<i>€ thousands</i>		
Trade payables from fixed asset transactions (Note 13)	4	0
Other trade payables	112	45
Total trade payables	116	45
Value added tax	67	37
Land tax and property tax	33	16
Total tax liabilities	100	53
Tenants' security deposits	77	36
Other accrued liabilities	34	6
Total accrued expenses	111	42
Total payables and prepayments	327	140

Long-term payables

	31.12.2024	31.12.2023
<i>€ thousands</i>		
Tenants' security deposits	435	288
Total other long-term payables	435	288

Additional information on debts is provided in Note 17.

17 Financial instruments, management of financial risks

The main financial liabilities of the Group are loan liabilities taken to finance the Group's real estate investments. The Group's balance sheet also includes cash, trade receivables, other receivables and trade payables.

The table below indicates the distribution of the Group's financial assets and financial liabilities by type of financial instrument

Carrying amounts of financial instruments

	Notes	31.12.2024	31.12.2023
<i>€ thousands</i>			
Financial assets – loans and receivables measured at amortised cost			
Cash and cash equivalents	11	1,145	827
Trade receivables	12	170	57
Total financial assets measured at amortised cost		1,315	884
Financial assets - Other non-current financial investments at fair value			
Other non-current financial investments	14	5,287	0
Total financial assets at fair value		5,287	0
Total financial assets		6,602	884
Financial liabilities measured at amortised cost			
Borrowings	15	28,572	12,703
Trade payables	16	116	45
Tenants' security deposits	16	512	324
Accrued expenses	16	34	6
Total financial liabilities measured at amortised cost		29,234	13,078
Total financial liabilities		29,234	13,078

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.

The 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 the risk of changes in the fair value of financial instruments due to changes in market prices. The group's financial instruments, which are mainly affected by the change in market prices, are loan obligations. The main factor affecting these financial instruments is the interest rate risk.

Interest risk

Interest rate risk is the risk of a change in cash flows of future financial instruments resulting from a change in market interest rates. The change in market interest rates mainly affects the long-term floating interest rate loan commitments taken by the Fund's subsidiaries, where the income from the subsidiary may decrease as a result of rising interest rates.

As of 31.12.2024, the Group's loan agreements have been concluded on a floating interest basis, of which 57% are linked to the 3-month EURIBOR and 43% to the 6-month EURIBOR. The 3-month EURIBOR fluctuated in 2024 between 2.678% and 3.970%. The margins of the floating interest loan agreements will be between 1.8% and 1.9% at the end of 2024. All special conditions of the loan agreement were met in 2024.

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 60% of the acquisition cost of the investment is involved in external capital and the Group's debt coverage ratio is greater than 1.3. As of 31.12.2024, the Group's interest-bearing liabilities accounted for 51% of the cash flow generating investment properties (31.12.2023: 48%) and the debt coverage ratio was at the level of 1.2 (2023: 1.3).

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
<i>€ thousands</i>						
Interest-bearing liabilities	79	237	12,448	15,833	0	28,597
Interest payments	116	347	912	2,748	0	4,123
Trade payables	116	0	0	0	0	116
Tenant security deposits	0	0	77	415	20	512
Accrued expenses	34	0	0	0	0	34
Total financial liabilities	345	584	13,437	18,996	20	33,382

As of 31.12.2023	Under 1 month	2-4 months	5 to 12 months	2 to 5 years	over 5 years	Total
<i>€ thousands</i>						
Interest-bearing liabilities	36	111	297	12,264	0	12,708
Interest payments	64	191	501	729	0	1,485
Trade payables	45	0	0	0	0	45
Tenant security deposits	0	0	36	288	0	324
Accrued expenses	6	0	0	0	0	6
Total financial liabilities	151	302	834	13,280	0	14,568

Statement of working capital

	31.12.2024	31.12.2023
<i>€ thousands</i>		
Cash and cash equivalents (Note 11)	1,145	827
Receivables and accrued income (Note 12)	182	76
Prepaid expenses	3	2
Total current assets	1,330	905
Short-term portion of long-term liabilities (Note 15)	-12,757	-442
Short-term payables and prepayments (Note 16)	-327	-140
Total current liabilities	-13,084	-582
Total working capital	-11,754	323

The Group's working capital is negative as of 31.12.2024 due to one loan expiring in 2025 in the total amount of 12,264 thousand euros. The expiring loan is secured by a real estate investment with a strong rental cash flow and the LTV of the loan is 46%, therefore the Fund management sees no obstacles to extending the loans upon their expiry.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Group by failing to discharge an obligation. The Group is subject to credit risk due to its business operations (mainly arising from trade receivables) and transactions with financial institutions, including through cash on bank accounts and 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 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 rental contracts with parties that have been determined to be eligible for credit. The corresponding analysis of customers is carried out before entering 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	128	58
Past due, incl	57	0
Up to 30 days	7	0
30-60 days	20	0
More than 60 days	30	0
Allowance for doubtful accounts	-15	-1
Total trade receivables (Note 12)	170	57

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)	1,145	827
Trade receivables (Note 12)	170	57
Total maximum credit risk	1,315	884

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	1,145	827
Total (Note 11)	1,145	827

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 (including interest).

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 at 31.12.2024 and 31.12.2023, the Group does not have any assets at fair value that would be included in the Level 1 group when determining the value. All the Group's investment properties are stated at fair value and are classified in Level 3 according to the valuation method.

18 Paid-in capital

As of 31.12.2024, financial liability agreements have been concluded between the Group and the Group's investors, according to which the investors will pay a total of 32,900 thousand euros to the Group for the acquisition of subsidiaries. As of the end of 2024, all capital from investors has been raised for the investments. In 2024, investors were paid a total of 390 thousand euros from the profits earned by the subsidiaries, including dividends of 209 thousand euros and interest of 181 thousand euros (2023: no payments were made). The Group's consolidated retained earnings as of 31.12.2024 were 4,799 thousand euros (31.12.2023: profit of 2,653 thousand euros).

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

Investor	31.12.2024	31.12.2023
EFTEN United Property Fund	36.47%	36.47%
LHV pension funds	27.96%	27.96%
Swedbank pension funds	16.11%	16.11%

19 Related party transactions

Usaldusfond EFTEN Real Estate Fund 5 considers the following as related parties:

- Members of the Management Board and companies owned by the members of the Management Board of EFTEN Real Estate Fund 5 usaldusfond;
- Employees and companies owned by the employees of EFTEN Real Estate Fund 5 usaldusfond;
- General partner EFTEN Viies GP OÜ;
- persons who own more than 10% of the Fund's paid-in capital;
- EFTEN Capital AS (Fund Manager);
- EFTEN Kristiine OÜ

The Group purchased management services from EFTEN Capital AS in the reporting period in the amount of 230 thousand euros (2023: 162 thousand euros), (see Note 8). EFTEN Real Estate Fund 5 did not purchase or sell any other goods or services from or to other related parties.

The Group had no employees during the reporting period. No remuneration was calculated or paid to the members of the Group's Management Board during the reporting period. The members of the Management Board of the Group work for EFTEN Capital AS, a company that provides management services to the Group, and the expenses related to the activities of the members of the Management Board are included in the management service.

20 Parent company's separate financial statements

Pursuant to the Accounting Act of the Republic of Estonia, information of the annual unconsolidated financial statements (primary statements) of the consolidating entity (Parent Company) shall be disclosed in the notes to the consolidated financial statements. In preparing the primary financial statements of the Parent Company, the same accounting policies have been used as in preparing the consolidated financial statements. The accounting policy for reporting subsidiaries has been amended in the separate primary financial statements disclosed as supplementary information in the annual report in conjunction with 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.

STATEMENT OF COMPREHENSIVE INCOME

	2024	2023
€ thousands		
General and administrative expenses	-84	-34
Operating loss	-84	-34
Gain/loss from subsidiaries	381	-198
Gain on change in fair value of non-current financial investments	1,781	0
Financial income	458	40
Profit/loss before income tax	2,536	-192
Net profit/loss for the financial year	2,536	-192
Comprehensive income/loss for the financial year	2,536	-192

STATEMENT OF FINANCIAL POSITION

	31.12.2024	31.12.2023
€ thousands		
ASSETS		
Current assets		
Cash and cash equivalents	62	421
Receivables and accrued income	198	143
Total current assets	260	564
Non-current assets		
Shares of subsidiaries	17,010	12,540
Other non-current financial investments	5,287	0
Long-term receivables	13,544	950
Total non-current assets	35,841	13,490
TOTAL ASSETS	36,101	14,054
LIABILITIES AND NET ASSET VALUE		
Short-term liabilities		
Borrowings	2	1
Total short-term liabilities	2	1
TOTAL LIABILITIES	2	1
Total net asset value of the Fund owned by limited and general partners	36,099	14,053
TOTAL LIABILITIES AND TOTAL NET ASSETS	36,101	14,054

STATEMENT OF CASH FLOWS

	2024	2023
€ thousands		
Cash flow from operating activities		
Net profit	2,536	-192
<i>Adjustments to net profit:</i>		
Interest income and interest expenses	-249	-40
Gain/loss on change in fair value of subsidiaries	-381	198
Gain on change in fair value of non-current financial investments	-1,781	0
Dividends received	-209	0
Total adjustments	-2,620	158
Cash flow from operations before changes in working capital	-84	-34
Net cash flow generated from operating activities	-84	-34
Cash flows from investing activities		
Acquisition of subsidiaries	-4,088	0
Acquisition of other financial investments	-3,506	0
Loans granted	-12,594	0
Dividends received	209	0
Interest received	194	1
Cash flows from investing activities	-19,785	1
Cash flows from financing activities		
Capital contributions	19,900	0
Dividends paid	-209	0
Income tax on dividends paid	-181	0
Net cash generated from financing activities	19,510	0
NET CASH FLOW	-359	-33
Cash and cash equivalents at the beginning of the period	421	454
Change in cash and cash equivalents	-359	-33
Cash and cash equivalents at the end of the period	62	421

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	14,053	14,245
Capital contributions	19,900	0
Net change in equity	19,900	0
Transfer of dividends and interest	-390	0
Comprehensive profit/loss for the financial year	2,536	-192
Net asset value of the Fund owned by limited and general partners at the end of the period	36,099	14,053

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	36,099	14,053
Value of subsidiaries in the parent company's separate balance sheet (minus)	-17,010	-12,540
Value of subsidiaries calculated using the equity method (plus)	17,010	12,540
Total	36,099	14,053



Independent Auditor's Report

To the unitholders of EfTEN Real Estate Fund 5 usaldusfond

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of EfTEN Real Estate Fund 5 usaldusfond 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 and Note: Environmental and/or social characteristics of the fund (but does not include the consolidated financial statements and our auditor's report thereon).

AS PricewaterhouseCoopers
Tatari 1, 10116 Tallinn, Estonia; License No. 6; Registry code: 10142876
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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.



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 2024

We hereby confirm the accuracy of the information provided in the annual report of EFTEN Real Estate Fund 5 usaldusfond ended on December 31, 2024.

/digitally signed/

Viljar Arakas

Member of the Management Board of EFTEN Viies GP OÜ

March 6, 2025

/digitally signed/

Tõnu Uustalu

Member of the Management Board of EFTEN Viies GP OÜ

ANNEX: Environmental and/or social characteristics of the Fund

Product name: EftEN Real Estate Fund 5 usaldusfond

Legal entity identifier: N/A

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☐ It made **sustainable investments 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

☐ It made **sustainable investments with a social objective:** ____%

☒ ☐ ☒ No

☒ 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

☐ with an environmental objective in economic activities that 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 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?

EftEN Real Estate Fund 5 usaldusfond (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 BREAAAM certificates. Currently, the whole portfolio meets the characteristics promoted in the Fund's documentation.

● **How did the sustainability indicators perform?**

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

The Fund's investment phase ended in 2024, and the Fund's portfolio currently includes 3 investments. Preparations are being made to validate and measure detailed indicators relevant to the Fund's promoted characteristics. Comprehensive measurement of results will start from 2025. All investments of the Fund are covered by energy performance certificates (EPC): the Saltoniskiu office building has class C and the UNA shopping center has class A++

and Kristiine shopping center has class G. The performance of the Fund's sustainability metrics will be evaluated annually as part of the Global Real Estate Sustainability Benchmark (GRESB) starting in 2026.

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.

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.

Largest investments	Sector	% Assets	Country
<i>UNA retail park</i>	<i>Real Estate</i>	<i>46%</i>	<i>Lithuania</i>
<i>Saltoniskiu office building</i>	<i>Real Estate</i>	<i>41%</i>	<i>Lithuania</i>
<i>Kristiine shopping centre</i>	<i>Real Estate</i>	<i>13%</i>	<i>Estonia</i>

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.

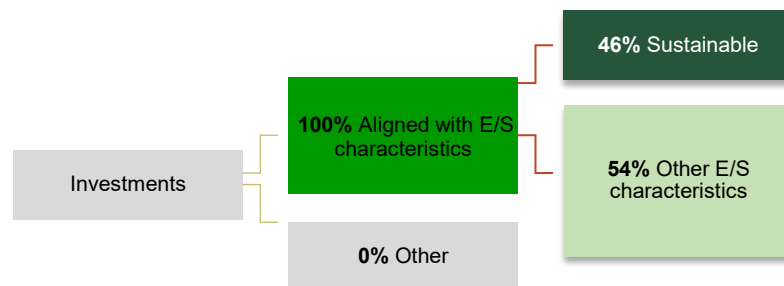
The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 01.01.2024-31.12.2024.



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.

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?

100% of the Fund's investments were made into commercial real estate, specifically an office building.

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

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.

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

Currently, 46% 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.

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.

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.

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 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's investment phase ended in 2024, and the Fund's portfolio currently includes 3 investments. During the investment phase, each property is assessed, and initial investments are made, if needed, to improve the property or adjust its tenant mix. In 2024, the installation of an AI-based real-time HVAC (heating, ventilation, and cooling) control system began in the Saltoniskiu office building, and the BREEAM In-Use certification process was launched at the UNA shopping center.