

Sustainability Report 2024

Usaldusfond EfTEN Special Opportunities Fund

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TABLE OF CONTENTS

MESSAGE FROM THE MANAGEMENT3

INTRODUCTION4

ABOUT THE FUND4

SUSTAINABILITY STRATEGY5

 Strategic ESG pillars.....5

 Implementation measures5

MATERIALITY6

ENVIRONMENTAL PERFORMANCE7

SOCIAL RESPONSIBILITY8

GOVERNANCE8

 ESG Governance Structure:9

 Internal Controls and Reporting:9

ESG TOPICS REFLECTING INTERNATIONAL BEST PRACTICES 10

 Labour and Working Conditions 10

 Health, Safety and Security 10

 Environmental and Social Risk Management in Investments 10

CLOSING STATEMENTS 10

MESSAGE FROM THE MANAGEMENT

Sustainability is at the core of EFTEN Special Opportunities Fund's (hereinafter also 'EFTEN Special Opportunities Fund' or 'the Fund') long-term investment approach. As we present our first ESG report, we reaffirm our commitment to contributing to the transition towards a low-carbon, resilient and inclusive economy. This report demonstrates our strategic direction and concrete steps taken to manage environmental and social risks while unlocking sustainable value for our investors, tenants, and communities.

Managing Director

Kristjan Tamla



Švitrigailos business center in Vilnius

INTRODUCTION

This inaugural ESG report outlines the Fund's environmental, social, and governance (ESG) activities and achievements during the calendar year 2024. The report aligns with EPRA Best Practice Recommendations (BPR) and Global Reporting Initiative (GRI) standards, and addresses compliance with EBRD Environmental and Social Requirements ESR 2, 4, and 9. The Fund aims to provide transparent, measurable progress in sustainability efforts and performance.

ABOUT THE FUND

EFTEN Special Opportunities Fund (SOF), managed by EFTEN Capital AS, is a specialized real estate investment fund focusing on financing and acquisition of high-yielding real estate assets in Estonia, Latvia, and Lithuania. The Fund was established in November 2023, had the first closing in January 2024 and the second (also final) closing in November 2024. In total, 40,16mio EUR of commitments was received by the fund.

By the end of 2024 the Fund had 3 investments in the portfolio:

- in June 2024 the Fund financed the acquisition of Švitrigailos office building in Vilnius;
- in November 2024 the Fund provided junior financing for the residential development in Vilnius city centre (Releven);
- in November 2024 the Fund provided junior financing for the first stage of the start-up community office development in Vilnius (TechZity).



Releven development in Vilnius city centre

SUSTAINABILITY STRATEGY

Sustainability is central to the Fund's investment approach. We recognise that long-term value depends not only on financial results but also on our environmental and social impact, and the integrity of our governance practices.

The Fund's sustainability strategy is anchored in three strategic pillars – **Environment, Social, and Governance (ESG)** – which guide our sustainable investment approach across the portfolio. These pillars are supported by clear, measurable actions that help embed responsible practices across the portfolio.

Strategic ESG pillars

ESG pillars guide all stages of Funds decision-making, from acquisition to asset management and tenant engagement.

The three ESG pillars are described below:

1. **Environment** – Improve energy efficiency and reduce environmental impact across the portfolio.

We are committed to reducing the environmental footprint of our assets by enhancing energy efficiency, lowering greenhouse gas emissions, and promoting the responsible use of natural resources. Where feasible, we aim to integrate renewable energy, upgrade building systems, and strengthen climate resilience through sustainable design and proactive management.

2. **Social** – Ensure healthy, inclusive, and safe environments for all stakeholders.

We prioritise healthy, inclusive, and safe environments for all stakeholders — including employees, tenants, and local communities. This means upholding fair labour practices, maintaining high health and safety standards, and supporting wellbeing initiatives that encourage diverse, engaged, and resilient communities in and around our assets.

3. **Governance** – Foster responsible investment and transparent business practices.

Strong governance and high ethical standards form the foundation of all our activities. We maintain strong ESG oversight through transparent reporting, clear accountability, and a firm commitment to compliance and risk management. ESG principles are fully integrated into our investment and asset management decisions, with a focus on long-term responsibility and sustainable value creation.

By integrating ESG principles into our core business processes, we aim to not only manage risks but also identify long-term value-creating opportunities across our portfolio.

Implementation measures

To ensure the continuous integration of sustainability into day-to-day operations and long-term asset performance, the Fund applies a set of practical and measurable actions. These implementation measures are designed to support ongoing environmental improvements, resource efficiency, and transparency throughout the portfolio. Key measures include:

- Short-term sustainability plan for each asset.
- Minimum 30% (primary energy) reduction post-acquisition, compared to ex-ante energy performance certificates (EPC) levels.
- All new development projects will achieve high energy efficiency, at least 10% better than the benchmark of the national nearly-Zero Energy Buildings ("nZEB") regulations, as demonstrated by the energy performance certificate (EPC) or be certified under Building Research Establishment Environmental Assessment Method ("BREEAM") with a minimum rating of "Excellent" for commercial buildings.; Integration of green lease clauses into lease agreements (**Insert % coverage**).
- Regular data collection on energy, water, waste, and emissions (**Insert asset coverage**).

Annual reviews are conducted to evaluate the implementation and impact of these measures, and the results are reflected in the Fund's annual Sustainability report.

MATERIALITY

The Fund has preliminarily identified key ESG risks and impact areas relevant to its real estate operations, based on internal evaluations, investment requirements, and stakeholder expectations. These areas are aligned with the Fund's sustainability commitments and performance criteria and national building standards. The key material ESG themes include:

Material ESG area	Description and related risk
Energy and resource efficiency	Inefficient energy use in existing and acquired properties poses both cost and environmental risks.
GHG emissions and climate alignment	Assets are assessed for alignment with low-carbon pathways and the goals of the Paris Agreement. For existing buildings, the overall greenhouse gas (GHG) emissions — particularly those arising from energy use — are considered key risk factors.
Climate risk management	Physical (e.g., flooding, extreme heat) and transition risks (e.g., regulatory tightening) are considered in due diligence and planning. Integration of resilience measures is essential.
Building certification and compliance	Failure to meet EPC or BREEAM "Excellent" targets may impact property value and regulatory alignment.
Tenant engagement and green lease clauses	Absence of green leases and limited tenant cooperation can complicate data collection and efficiency improvements.
Sustainable capital expenditure & maintenance	Overlooking sustainability in capex and maintenance can result in missed opportunities for risk reduction and value creation.
ESG governance and disclosure	Lack of robust data collection, monitoring, and reporting can impede performance tracking and compliance with sustainable finance frameworks.
Health and safety	Inadequate health and safety measures in buildings can pose significant risks to tenants, visitors, and maintenance staff, potentially leading to liability and reputational damage.
Labour rights and diversity	Failure to uphold fair labour practices and promote diversity and inclusion across property management and supply chains can expose the Fund to legal, social, and reputational risks.

These identified risks and priorities inform the Fund's approach to acquisitions, asset management and development projects, and will be integrated into the Environmental and Social Management System (ESMS) under development (a structured framework for identifying, assessing, and managing environmental and social risks).

ENVIRONMENTAL PERFORMANCE

The Fund is committed to improving the environmental performance of its real estate assets through measurable targets and consistent monitoring. The key focus areas include reducing energy and gas consumption, increasing the use of renewable energy, lowering greenhouse gas (GHG) emissions, and preserving biodiversity around properties.

Key objectives	Description
Reduce like-for-like electricity use	Reduce operational electricity consumption
Reduce gas consumption	Decrease reliance on natural gas and assess opportunities to switch to renewable or low-carbon heating alternatives.
Increase renewable energy share	Expand the share of electricity sourced from renewable energy to reduce indirect (Scope 2) emissions.
Decrease GHG emissions	Lower overall greenhouse gas emissions (Scopes 1–3) in line with the Fund's climate targets and global climate agreements.
Preserve biodiversity	Ensure that property management and landscaping practices preserve local biodiversity and avoid negative impacts on ecosystems.

Specific targets will be established for each key objective, and progress toward these targets will be reviewed annually and disclosed in the Fund's sustainability reporting.

Asset sustainability metrics and certifications

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 **Švitrigailos** is a 12 900 sqm GLA office centre, constructed in three stages over 2004, 2007 and 2008. The centre consists of 3 office buildings and 1 underground parking building. The property owner (ZeroSum asset management) is process for obtaining a BREEAM In-Use "Very Good" rating certificate. The property owner is collecting the data on energy consumption and is aiming for reducing it over the holding period.

2024 Consumption Data for Švitrigailos:

Electricity (kWh)

Building	July	August	Sept	Oct	Nov	Dec
Building 11B	39 040	31 920	47 600	55 760	46 960	38 160
Building 11H	33 240	30 720	29 880	19 800	17 880	18 480
Building 11M	34 440	28 080	27 240	21 120	19 200	21 960
Total/month	106 720	90 720	104 720	96 680	84 040	78 600

Central heating (kWh)

Building	July	August	Sept	Oct	Nov	Dec
Building 11B	0	0	0	34 076	59 647	69 130
Building 11H	0	0	0	21 084	36 700	45 746

Building 11M	1 388	1 048	1 137	35 173	75 014	79 409
Total/month	1 388	1 048	1 137	90 333	171 361	194 285

Water supply (m³)

Building	July	August	Sept	Oct	Nov	Dec
Building 11B	112	110	144	110	132	105
Building 11H	105	96	109	107	120	88
Building 11M	249	196	247	254	317	312
Total/month	466	402	500	471	569	505

The **Tech Zity** is a 55 000 sqm office complex development. The Fund finances the first stage of the development consisting of the renovation of existing properties. The buildings of the former sewing factory, constructed in 1940s and once Lithuania's largest, will be preserved, modernized, and adapted for a new way of life. To facilitate the reuse of existing materials, the developer created a materials library that allows elements from the old sewing factory to be transformed into new forms and incorporated into the new interiors. One of the buildings in first stage development is listed in the national cultural heritage register and is therefore not subject to formal energy performance class requirements. Nevertheless, the developer aims to achieve a significant energy efficiency improvement in both buildings. The aim is to obtain the EPC rating at least B for both buildings – from the existing EPC ratings of F and B respectively. Once the office complex is finished the objective is also to achieve a BREEAM In-Use “Very Good” rating.

The **Releven** project, which is still in the planning stage, involves entirely new construction. As such, the residential building is expected to meet BREEAM New Construction level “Very Good”, and the commercial building to achieve an “Excellent” rating. Upon completion, all new buildings must comply with national A++ energy class standards.

Asset	BREEAM Certification	Certification Type	Energy performance certificate (EPC)
Švitrigailos office building	In-Use – Very Good	In progress	C
Tech Zity (reconstruction)	In-Use – Very Good	Planned	F → B*
Releven (residential)	New Construction – Very Good	Planned	A++*
Releven (commercial)	New Construction – Excellent	Planned	A++*

* - planned

SOCIAL RESPONSIBILITY

The fund's approach to social responsibility is guided by the internal policies and procedures of its management company, EFTEN Capital AS. The fund manager, EFTEN Capital AS applies policies addressing equal opportunity, labour practices, and stakeholder engagement. The fund is managed in accordance with these policies, as well as with applicable legal and regulatory requirements related to social and employee matters, as set out in relevant national and EU level legislation.

GOVERNANCE

EFTEN Special Opportunities Fund has established a sustainability management structure that reflects the fund's commitment to responsible investment and ESG integration. The structure consists of two key pillars: **ESG governance and internal controls and reporting**.

On the operational side, internal controls are reinforced by an Environmental and Social Management System (ESMS), which is implemented and reviewed annually. The Fund enforces a Code of Conduct applicable to all staff, supported by mandatory annual compliance training. As of 2024, there have been no reported breaches of ethics or ESG policies.

This structure provides a foundation for consistent ESG performance management and helps ensure compliance with applicable regulations and stakeholder expectations across the Fund's growing portfolio.

ESG Governance Structure:

The Fund has adopted an ESG Policy. ESG risks are systematically integrated into investment decision-making and portfolio risk analysis processes.

- ESG policy adopted
- Integration of ESG risks into investment decision-making and portfolio risk analysis

Internal Controls and Reporting:

- Environmental and Social Management System (ESMS) implemented and reviewed annually
- Code of Conduct enforced with annual compliance training
- No reported breaches of ethics or ESG policies in 2024



Tech Zity redevelopment In Vilnius

ESG TOPICS REFLECTING INTERNATIONAL BEST PRACTICES

Labour and Working Conditions

- Human Resources policies include non-discrimination, fair remuneration, and labour protections
- All employees covered by a grievance mechanism
- All employment practices comply with national law and ILO conventions

Health, Safety and Security

- Occupational Safety and Health (OSH) Plan implemented across all assets
- GBVH risk assessed and addressed with targeted training and safe reporting channels
- Emergency response plans updated to reflect climate-related risks

Environmental and Social Risk Management in Investments

- Environmental and Social Management System (ESMS) implemented across the Fund
- ESG due diligence applied to all new investments
- Sub-project screening includes environmental and social risk categorisation
- Annual ESG performance monitored and reviewed

CLOSING STATEMENTS

In 2024, EFTEN Special Opportunities Fund took foundational steps to embed ESG into its operations, investments, and stakeholder engagement. We will continue refining our ESG strategy, collecting robust data, and improving our impact.