Consolidated Annual Report 2025

EfTEN Kinnisvarafond II AS

Commercial register number: 12781528

Beginning of financial year: 01.01.2025

End of financial year: 31.12.2025

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MANAGEMENT REPORT

The Fund manager's comment on the year 2025 results

The Fund's management considers the financial performance in 2025 to have been successful. Radisson Collection Hotel in Tallinn achieved the best financial results in its operating history. The hotel's revenue amounted to 15.8 million euros (2024: 14.8 million euros), exceeding the budget by more than 1 million euros. The hotel's average occupancy rate during the year was 73% (2024: 72%), and the average daily room rate was 137 euros (2024: 128 euros) per night. The strong performance was supported by an increase in the number of foreign tourists and several major events held in Tallinn, including concerts and the Song and Dance Celebration. At the beginning of 2025, the Fund refinanced the Radisson Collection bank loan, as a result of which the Fund returned 5 million euros of capital to shareholders.

The Fund's other assets also delivered consistently strong and stable results. At year-end, the average vacancy rate of the Fund's real estate portfolio stood at 2.9%, which management considers to be a very good level. The Fund paid regular net dividends to shareholders in the total amount of 5.989 million euros. Due to lower finance costs resulting from the decline in EURIBOR, the Fund's management proposes to the General Meeting the distribution of net dividends for 2025 in the total amount of 8.2 million euros.

Management has assessed the main risks to which the Fund is exposed, including market risk, liquidity risk and credit risk (see Note 19 to the annual financial statements).

As the Fund's final maturity approaches in March 2027, the fund manager has commenced the realisation of the Fund's underlying assets. The Fund's portfolio comprised six individual assets, of which the Kaunas Terminal was sold in 2025. Over a ten-year holding period, the project generated an equity IRR of 15%. Using the proceeds from the sale, the Fund's management carried out a capital reduction, returning 10.6 million euros to investors.

In 2026, the Fund plans to continue the sale of assets while maintaining a high occupancy level in the remaining properties.

Financial overview

In 2025, the consolidated revenue of EfTEN Kinnisvarafond II AS amounted to 22.882 million euros (2024: 23.901 million euros), decreasing 4% compared to 2024. The decline in revenue was due to the sale of the Group's subsidiary Kaunas Terminal UAB in February 2025. The Group's net operating income (NOI) totalled 19.177 million euros in 2025 (2024: 20.424 million euros). The consolidated net operating income margin in 2025 was 84% (2024: 85%). Accordingly, expenses directly related to property management (including land tax, insurance, maintenance and improvement costs) as well as marketing expenses accounted for 16% of revenue (2024: 15%).

	2025	2024	2023
€ millions			
Revenue and other income related to investment properties	22.882	23.901	22.589
Expenses related to investment properties, incl. marketing costs	-3.705	-3.477	-3.453
Net operating income	**19.177**	**20.424**	**19.136**
Net operating income margin	*84%*	*85%*	*85%*
Interest income and expense	-4.492	-6.404	-6.369
Management fees	-1.166	-1.442	-1.478
Other income and expenses	-0.467	-0.540	-0.632
Profit before change in the fair value of investment properties, income tax expense and gain on sale of a subsidiary	**13.052**	**12.038**	**10.657**

The structure of the consolidation group and the direct and indirect ownership of the consolidated units is outlined in Note 1.

As of 31 December 2025, the group's total assets amounted to 253.306 million euros (31.12.2024: 270.384 million euros), including investment property at fair value accounted for 93.2% of the total assets (31.12.2024: 93.8%). The net asset value of EfTEN Kinnisvarafond II AS decreased by -3.47% (2024: increased by 3.45%).

	31.12.2025	**31.12.2024**	**31.12.2023**
€ millions			
Investment property	236.500	253.590	249.150
Ownership of affiliates	0.451	0.436	0.305
Other non-current assets	0.044	0.081	0.033

Current assets, excluding cash and deposits	1.913	2.345	2.817
Net debt (cash and deposits minus short- and long-term bank loans)	-88.548	-95.903	-102.131
Net asset value (NAV)	141.442	146.524	141.643
Net asset value (NAV) per share, in euros	15.3511	15.9028	15.3731

The weighted average interest rate of the group's loan agreements was 3.91% as of the end of the reporting period (31.12.2024: 5.04%) and the share of interest-bearing debt obligations from real estate investments generating cash flow (LTV - Loan to Value) was 44% (31.12.2024: 43%).

Key financial ratios

12 months	31.12.2025	31.12.2024	31.12.2023
ROE, % *(net profit of the period / average equity of the period) x 100*	8.0	9.0	-1.2
ROA, % *(net profit of the period / average assets of the period) x 100*	4.4	4.9	-0.7
ROIC, % *(net profit of the period / average invested capital of the period[1]) x 100*	12.5	13.6	-1.8
Revenue (€ thousands)	22,882	23,901	22,589
EBITDA (€ thousands)	17,236	18,134	16,792
EBITDA margin, %	75.3	75.9	74.3
Liquidity ratio (current assets / current liabilities*)*	0.4	0.7	2.2
DSCR (EBITDA/*(interest expenses + scheduled loan payments)*	2.1	1.7	1.6

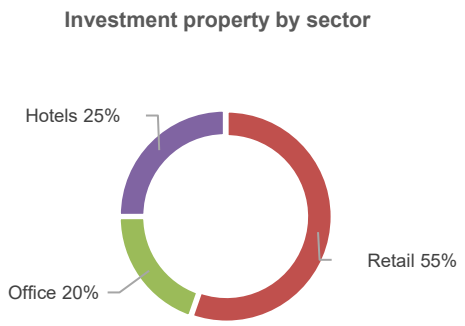
[1] The average invested capital of the period is the paid-in share capital of EfTEN Kinnisvarafond II AS's equity. The indicator does not show the actual investment of the funds raised as equity.

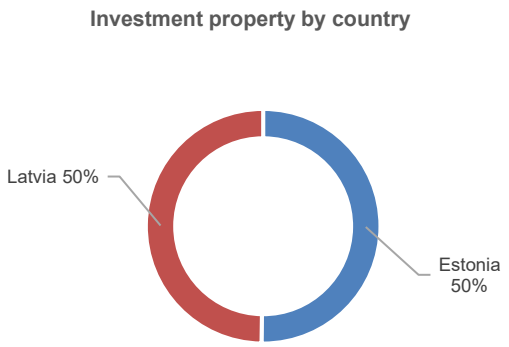
The principles and objectives used of the asset risk management for the group are described in Note 19.
Interest rate risks occurred during the financial year and during the period of preparation of the report are described in Note 19.

Real estate portfolio

As at the end of 2025, the portfolio of EfTEN Kinnisvarafond II AS comprised five commercial real estate investments (31.12.2024: six), with a total fair value of 236.500 million euros as at year-end 2025 (2024: 253.590 million euros). In February 2025, the investment property Kaunas Terminal logistics centre in Lithuania was sold together with the Group's subsidiary Kaunas Terminal UAB, which owned the investment.

Name	Location	Net leasable area (m2)	Market value 31.12.2025	Share of the market value of the fund's assets	Utilization, %	Average lease length	Number of tenants
€ thousands							
Duntes Biroji office building	Duntes 6, Riga, Latvia	16,036	23,500	9%	90.2%	2.37	23
Magistrali shopping centre	Sõpruse pst 201/203, Tallinn, Estonia	11,754	31,690	12%	97.7%	3.14	74
Domina shopping centre	Ieriku 3, Riga, Latvia	54,556	94,010	37%	98.1%	3.16	226
Marienthali centre	Mustamäe tee 16, Tallinn, Estonia	13,969	21,640	9%	93.8%	2.67	90
Radisson Collection hotel	Rävala pst 3/ Kuke tn 2 Tallinn, Estonia	22,809	65,660	26%	100.0%	5.33	9
Total		**119,124**	**236,500**	**93%**	**97.1%**	**3.43**	**422**





Comparable rental income by investment property

€ thousands	Fair value 31.12.2025	Rental income 2025	Rental income 2024	Change	Change
Duntes Biroji office building	23,500	1,863	1,771	92	5.2%
Magistrali shopping centre	31,690	2,623	2,685	-62	-2.3%
Domina shopping centre	94,010	9,110	9,265	-155	-1.7%
Marienthali centre	21,640	1,981	1,916	65	3.4%
Radisson Collection hotel	65,660	4,666	4,273	393	9.2%
Total comparable assets and rental income	**236,500**	**20,243**	**19,910**	**333**	**1.7%**
Kaunas Terminal logistics centre	0	173	1,658	-1,485	
Total assets and rental income of the real estate portfolio	**236,500**	**20,416**	**21,568**	**-1,152**	**-5.3%**

Comparable rental income by country

€ thousands	Fair value 31.12.2025	Rental income 2025	Rental income 2024	Change	Change
Estonia	118,990	9,270	8,874	396	4.5%
Latvia	117,510	10,973	11,036	-63	-0.6%
Total comparable assets and rental income	**236,500**	**20,243**	**19,910**	**333**	**1.7%**
Lithuania (Kaunas Terminal logistics centre)	0	173	1,658	-1,485	
Total assets and rental income of the real estate portfolio	**236,500**	**20,416**	**21,568**	**-1,152**	**-5.3%**

EfTEN Kinnisvarafond II AS regularly evaluates real estate investments twice a year – as of 30 June and 31 December. The appraiser of the Group's real estate investments is Colliers International Advisors OÜ.

The Group's independent appraiser evaluates investment properties individually using the discounted cash flow method. The cash flow projections for all properties have been updated to determine the fair value, and the discount rates and exit yields have been differentiated depending on the location of the facilities, the technical condition, and the level of risk of the tenants. As a result of revaluations, the value of the Fund's investment properties decreased by -0.3% in 2025 (2024: increased by 0.9%).

Information on shares

As of 31 December 2025, EfTEN Kinnisvarafond II AS had a total of 9,213,756 shares with a nominal value of 9.80 euros per share (31.12.2024: 9,213,756 shares with a nominal value of 9.90 euros per share). As of 31 December 2025, the total amount of paid-in share capital of EfTEN Kinnisvarafond II AS amounted to 90 million euros (31.12.2024: 93 million euros), comprising share capital of 90.295 million euros (2024: 91.216 million euros) and share premium of 0 euros (2024: 1.782 million euros).

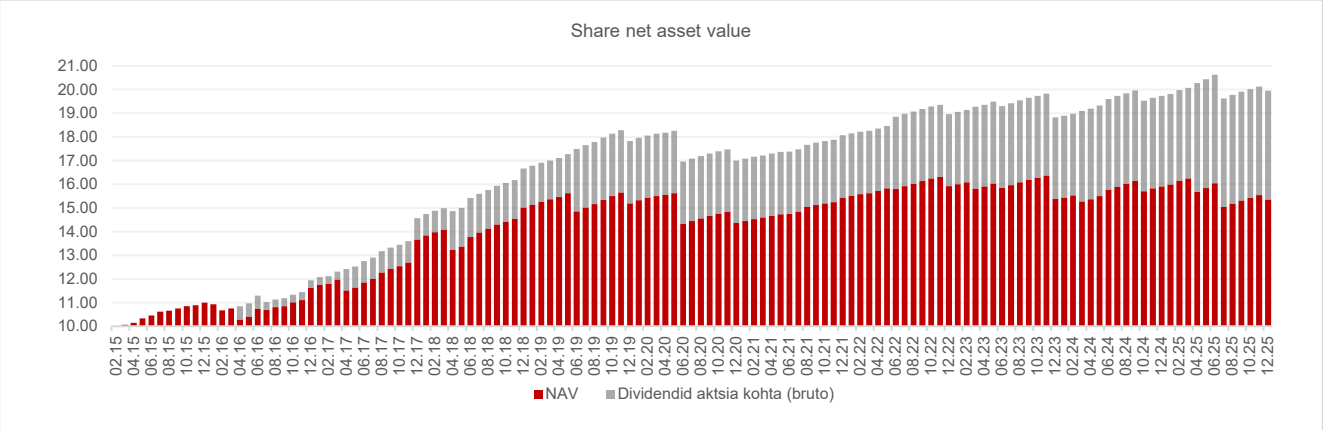
In October 2024, the share capital of EfTEN Kinnisvarafond II AS was reduced by 921 thousand euros through a reduction of the nominal value of shares by 0.10 euros. A capital distribution was made to shareholders in January 2025 in the amount of 5,000 thousand euros, i.e. 0.5427 euros per share.

In July 2025, the share capital of EfTEN Kinnisvarafond II AS was reduced by 921 thousand euros through a further reduction of the nominal value of shares by 0.10 euros. A capital distribution was made to shareholders in November 2025 in the amount of 10,578 thousand euros, i.e. 1.1481 euros per share.

	31.12.2025	31.12.2024
Net asset value of the group, *€ thousands*	141,442	146,524
Number of shares at the balance sheet date	9,213,756	9,213,756
NAV per share, in euros	15.3511	15.9028

	31.12.2025	31.12.2024	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016	31.12.2015	01.12.2014
NAV per share, €	15.3511	15.9028	15.3731	15.9142	15.4318	14.3606	15.1952	15.0152	13.6665	11.6175	10.9968	10.0000
NAV growth per year	-3.47%	3.45%	-3.40%	3.13%	7.46%	-5.49%	1.20%	9.87%	17.64%	5.64%	9.97%	-
NAV growth per 2 years	-0.14%	-0.07%	-0.38%	10.82%	1.56%	-4.36%	11.19%	29.25%	24.28%	16.18%	-	-
NAV growth per 3 years	-3.54%	3.05%	7.05%	4.73%	2.77%	5.08%	30.80%	36.54%	36.67%	-	-	-
NAV growth per 4 years	-0.52%	10.74%	1.17%	5.99%	12.92%	23.61%	38.18%	50.15%	-	-	-	-
NAV growth per 5 years	6.90%	4.66%	2.38%	16.45%	32.83%	30.59%	51.95%	-	-	-	-	-
NAV growth per 6 years	1.03%	5.91%	12.49%	36.98%	40.33%	43.61%	-	-	-	-	-	-
NAV growth per 7 years	2.24%	16.36%	32.33%	44.72%	54.32%	-	-	-	-	-	-	-
NAV growth per 8 years	12.33%	36.89%	39.80%	59.14%	-	-	-	-	-	-	-	-

NAV growth per 9 years	32.14%	44.61%	53.73%	-	-	-	-	-	-	-	-	-
NAV growth per 10 years	39.60%	59.03%	-	-	-	-	-	-	-	-	-	-
NAV growth per 11 years	53.51%	-	-	-	-	-	-	-	-	-	-	-



The group's dividend policy is stipulated in the fund's articles of association.

Shareholder structure of EfTEN Kinnisvarafond II AS as of 31.12.2025

	Ownership percentage in share capital, %
Swedbank pension funds	63.32%
Luminor pension funds	15.18%
Swedbank Life Insurance SE	4.22%
SEB Bankas AB	4.18%
ERGO Life Insurance SE Estonian branch	3.96%
Others	9.14%

Management

EfTEN Kinnisvarafond II AS is an investment fund established as a public limited company with one type of registered shares with a nominal value of 10 euros per share. Each share entitles the shareholder to one vote at the general meeting. The share entitles the shareholder to participate in the general meeting of shareholders and in the distribution of profit and the assets remaining after the termination of and fund, as well as other rights prescribed by law and the articles of association. Shareholders' rights were not changed in 2025.

During the reporting year, two General Meetings of Shareholders were held: the Annual General Meeting on 3 April 2025 and an Extraordinary General Meeting on 19 December 2025.

At the Annual General Meeting of Shareholders, shareholders representing 87.42% of the votes represented by shares were present. The Management Board presented an overview of the Fund’s activities. The shareholders unanimously approved the 2024 annual report, resolved on the distribution of profit and the reduction of share capital, and, in connection with the reduction of share capital, also approved a new version of the Articles of Association. In addition, the agenda included the amendment of the management agreement, as pursuant to the Articles of Association, decisions regarding amendments to the management agreement fall within the competence of the General Meeting.

In accordance with the resolution on the distribution of profit, it was decided to distribute net dividends from retained earnings to shareholders in the total amount of 5,989 thousand euros (0.65 euros per share). No other allocations were made.

In connection with changes in the capital structure, a new version of the Articles of Association was approved and the share capital was reduced by 921,365.60 euros through a reduction of the nominal value of shares. The new nominal value of a share is 9.80 euros (previously 9.90 euros). As a result of the reduction of share capital, following the entry in the Commercial Register (1 August 2025), the new amount of share capital is 90,294,808.80 euros. In connection with the reduction of share capital, payments of 1.1481 euros per share were made to shareholders.

At the Extraordinary General Meeting of Shareholders held in December, shareholders representing 84.24% of the votes represented by shares were present. The Management Board presented an overview of the Fund’s activities and proposed to extend the term of the Fund until 31 March 2027 and to update the Articles of Association accordingly. The shareholders unanimously approved this resolution. In connection with the extension of the Fund’s term, the terms of office of the members of the Supervisory Board were also extended until 31 March 2027.

Since its establishment, the Fund's Supervisory Board has consisted of four members: Arti Arakas (Chairman of the Supervisory Board), Siive Penu, Sander Rebane and Olav Miil. No changes to the composition of the Supervisory Board occurred during the reporting year. The task of the Supervisory Board is to provide guidance on the management of the Fund in accordance with the Articles of Association and the management agreement, and to decide on transactions that fall outside the scope of the Fund's day-to-day operations. No changes were made during the reporting year to matters within the competence of the Supervisory Board. No contracts have been concluded with the members of the Supervisory Board, and no remuneration has been paid to them. There are also no decisions to pay any remuneration or benefits (including non-cash benefits) to members of the Supervisory Board in the future.

The Fund's Management Board consists of two members: Viljar Arakas and Tõnu Uustalu. No changes occurred in the composition of the Management Board during 2025. Within the scope and in accordance with the management agreement, the Management Board exercises supervision over the activities of the fund manager related to the Fund, as well as, within the scope and in accordance with the depository agreement, supervision over the activities of the depository, and over the performance of other delegated tasks related to the management of the Fund by third parties. No separate management board member agreements have been concluded with the members of the Management Board. No remuneration has been paid to the members of the Management Board, and there are no decisions to pay any remuneration or benefits (including non-cash benefits) to them in the future. Viljar Arakas is concurrently the Chairman of the Management Board of the fund manager, with whom the fund manager has concluded a management board member agreement. Tõnu Uustalu is concurrently the Head of the Investment Department of the fund manager, with whom the fund manager has concluded an employment contract.

In accordance with the management agreement and the Articles of Association, the Fund's fund manager is EfTEN Capital AS. The fund manager is remunerated in accordance with the Articles of Association of the Fund and the management agreement in force between the Fund and the fund manager.

The Fund informs shareholders of material events in accordance with the principles set out in the Articles of Association. In addition to the semi-annual and annual reports, the Fund also discloses the net asset value of the Fund's share monthly, which is subsequently made available on the fund manager's website. The Fund maintains regular communication with its shareholders. At least once a year, a General Meeting of Shareholders is convened, where a separate agenda item is the Management Board's overview of the Fund's activities, during which each shareholder can ask questions of the members of the Management Board and the Supervisory Board. No changes were made in 2025 regarding the information disclosed to shareholders.

FINANCIAL STATEMENTS OF THE CONSOLIDATION GROUP

CONSOLIDATED COMPREHENSIVE INCOME

	Notes	2025	2024
€ thousands			
Revenue	4	22,882	23,901
Cost of services and goods sold	5	-2,475	-2,330
Gross profit		**20,407**	**21,571**
Marketing costs	6	-1,230	-1,147
General and administrative expenses	7	-2,084	-2,318
Gain/ loss from revaluation of investment properties	14	-724	2,291
Other income/ expenses	8	131	10
Operating profit		**16,500**	**20,407**
Profit from affiliates	2	320	326
Profit from the sale of a subsidiary	2	707	0
Interest income		316	287
Financial expenses	9	-4,808	-6,691
Profit before income tax		**13,035**	**14,329**
Income tax expense	10	-1,550	-1,361
Total net profit for the financial year		**11,485**	**12,968**
Total comprehensive income for the reporting period		**11,485**	**12,968**

Notes on pages 13-36 are integral parts of these financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31.12.2025	31.12.2024
€ thousands			
ASSETS			
Cash and cash equivalents	11	13,798	11,322
Short-term deposits	19	1,000	2,610
Receivables and accruals	12	1,833	2,293
Prepaid expenses	13	75	46
Inventories		5	6
Total current assets		**16,711**	**16,277**
Long-term receivables		9	0
Shares of affiliates	2	451	436
Long-term investments in securities		8	8
Investment property	14	236,500	253,590
Property, plant and equipment		27	73
Total non-current assets		**236,995**	**254,107**
TOTAL ASSETS		**253,706**	**270,384**
LIABILITIES AND EQUITY			
Borrowings	15	39,312	14,794
Payables and prepayments	16	1,661	2,017
Payables to shareholders	20	0	5,000
Total current liabilities		**40,973**	**21,811**
Borrowings	15	63,965	94,891
Other long-term payables	16	1,667	1,658
Deferred income tax liability	10	5,659	5,500
Total non-current liabilities		**71,291**	**102,049**
Total liabilities		**112,264**	**123,860**
Share capital	20	90,295	91,216
Share premium	20	0	1,782
Statutory reserve capital	20	4,023	3,373
Revaluation reserve		-3,334	-3,334
Retained earnings		50,458	53,487
Total equity		**141,442**	**146,524**
TOTAL LIABILITIES AND EQUITY		**253,706**	**270,384**

Notes on pages 13-36 are integral parts of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2025	2024
€ thousands			
Cash flow from operating activities			
Net profit		**11,485**	**12,968**
Adjustments:			
Profit from affiliates	2	-320	-326
Financial income		-316	-287
Financial expenses	9	4,808	6,691
Investment property revaluation gain / loss	14	724	-2,291
Depreciation and impairment of fixed assets		12	18
Profit from the sale of a subsidiary	2	-707	0
Income tax expense	10	1,550	1,361
Total adjustment with non-cash changes		**5,751**	**5,166**
Cash flow from operating activities before changes in working capital		**17,236**	**18,134**
Changes in receivables and payables related to operating activities		12	-370
Total cash flow from operating activities		**17,248**	**17,764**
Cash flow from investing activities			
Purchase of property, plant and equipment		-6	-66
Acquisition of investment property	14	-1,035	-2,149
Disposal of subsidiary	2	10,286	0
Change in short-term deposit	19	900	-1,610
Dividends received	2	305	195
Interest received		340	244
Total cash flow from investing activities		**10,790**	**-3,386**
Cash flow from financing activities			
Loans received	15	5,000	0
Scheduled loan repayments	15	-3,353	-3,798
Change in loan collateral deposit account	12	165	271
Interest paid	9	-4,745	-6,648
Reduction of share capital		-15,578	0
Dividends paid		-5,989	-3,086
Income tax on dividends paid		-1,062	-297
Total cash flow from financing activities		**-25,562**	**-13,558**
TOTAL CASH FLOW		**2,476**	**820**
Cash and cash equivalents at the beginning of the period	11	**11,322**	**10,502**
Change in cash and cash equivalents		2,476	820
Cash and cash equivalents at the end of the period	11	**13,798**	**11,322**

Notes on pages 13-36 are integral parts of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Statutory reserve capital	Revaluation reserve[1]	Retained earnings	**Total**
€ thousands						
Balance 31.12.2023	**92,138**	**5,861**	**3,373**	**-3,334**	**43,605**	**141,643**
Reduction of share capital	-922	-4,079	0	0	0	**-5,001**
Dividends paid	0	0	0	0	-3,086	**-3,086**
Total transactions with owners	**-922**	**-4,079**	**0**	**0**	**-3,086**	**-8,087**
Net profit for the period	0	0	0	0	12,968	**12,968**
Total comprehensive income for the reporting period	**0**	**0**	**0**	**0**	**12,968**	**12,968**
Balance 31.12.2024	**91,216**	**1,782**	**3,373**	**-3,334**	**53,487**	**146,524**
Reduction of share capital	-921	-1,782	0	0	-7,875	**-10,578**
Provisions for statutory reserve	0	0	650	0	-650	**0**
Dividends paid	0	0	0	0	-5,989	**-5,989**
Total transactions with owners	**-921**	**-1,782**	**650**	**0**	**-14,514**	**-16,567**
Net profit for the period	0	0	0	0	11,485	**11,485**
Total comprehensive profit for the reporting period	**0**	**0**	**0**	**0**	**11,485**	**11,485**
Balance 31.12.2025	**90,295**	**0**	**4,023**	**-3,334**	**50,458**	**141,442**

[1] The Radisson Collection hotel was accounted for as investment property under the revaluation model until 31 March 2022. Gains and losses arising from the revaluation of property, plant and equipment have been recognised as a revaluation reserve within equity of the Group.

Additional information on changes in share capital and equity is provided in Notes 20 and 21.

Notes on pages 13-36 are integral parts of these financial statements.

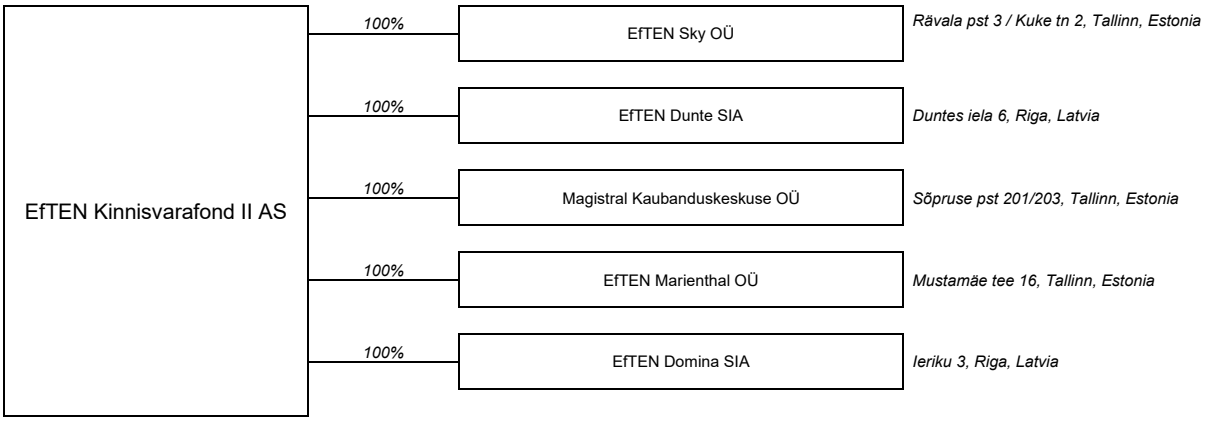
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General principles used in the preparation of the financial statements

The consolidated financial statements of EfTEN Kinnisvarafond II AS and its subsidiaries for the financial year ended 31 December 2025 have been signed by the Management Board on 27 February 2026. In accordance with the requirements of the Commercial Code of the Republic of Estonia, the annual report prepared by the Management Board and approved by the Supervisory Board is approved by the general meeting of shareholders. These consolidated financial statements are part of the annual report to be approved by the shareholders and is one of the bases for deciding on the distribution of profits. Shareholders may decide not to approve the annual report, which has been prepared by the Management Board and approved by the Supervisory Board and may demand that a new annual report be prepared.

EfTEN Kinnisvarafond II AS (Parent company) is a company registered and operating in Estonia.

The structure of EfTEN Kinnisvarafond II AS Group as of 31.12.2025 is as follows:



The consolidated annual financial statements of EfTEN Kinnisvarafond II AS and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations issued by the IFRS Interpretations Committee, as adopted by the European Union.

The annual financial statements of the group are presented in thousands of euros. The accounting period of the group is 1 January to 31 December.

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.

1.1 Adoption of New or Revised Standards and Interpretations

New or amended standards and interpretations that became effective for the reporting period beginning on 1 January 2025 did not have a material impact on the Group's financial statements.

Standards issued but not yet effective

(effective for reporting periods beginning on or after 1 January 2026 and 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 is currently analysing and assessing the impact of the said change.

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 applies to comparative information.

The Group is currently analysing and assessing the impact of the said change.

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 is currently analysing and assessing the impact of the said change.

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 is currently analysing and assessing the impact of the said change.

1.2 Summary of material accounting policies

Management's critical estimates and judgements

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

Although management reviews its judgments and estimates on an ongoing basis and is based on past experience and best available knowledge of probable future events, actual results may differ from estimates.

The most important management decisions that affect the information reflected in the financial statements concern the accounting areas 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 real estate investments are valued by Colliers International. The Group's independent appraiser evaluates investment properties individually using the discounted cash flow method. All the Group's investment property earns (or increase upon completion to earn) 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 and sensitivity used in the evaluations is provided in Note 14.

b) Business combinations and asset acquisitions

Generally, real estate purchases are treated as asset acquisitions. According to the management, it is not a business association if the real estate has individual tenants, the fund does not acquire other assets or rights in addition to the real estate and does not hire former employees. The fund does not acquire the know-how of managing the business processes of the real estate object but manages all 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 Kinnisvarafond II AS does not meet the definition of an investment company as it has the characteristics of a real estate company rather than a pure investment company. Although investors of EfTEN Kinnisvarafond II AS expect both an increase in the value of their assets and a return on their current economic activity, EfTEN Kinnisvarafond II AS 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 Kinnisvarafond II AS, the fair value measurement is indirect - the fair value is the value of assets held in subsidiaries of EfTEN Kinnisvarafond II AS, 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 based on rental income, profit margins, volume of assets and other financial indicators of the real estate business, which cannot be measured solely by the fair value of the subsidiary.

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

In the unconsolidated balance sheet of the parent company (presented in Note 24), investments in subsidiaries are recorded using the fair value method.

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.

An overview of the Group's business and geographical segments are presented in the table below:

	Estonia	Latvia	Lithuania
Retail	Magistrali shopping centre, Tallinn	Domina shopping centre, Riia	
	Marienthali centre, Tallinn		
Office	Rävala pst 3 / Kuke tn 2, Tallinn	Duntes Biroji office building, Riia	
	Marienthali centre, Tallinn		
Logistics			Kaunas Terminal logistics centre, Kaunas (sold in February 2025)
Hotels	Radisson Collection hotel, Tallinn		

When disclosing information on operating segments, the Group is guided by the grouping principles applied in its internal accounting and reporting. Commercial real estate sub-sectors are considered separate operating segments, as they differ in terms of the type of leasable space and have different income characteristics (rental income per square metre, acquisition price per square metre, and capitalisation rates).

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

Revenue recognition

The Group's sales revenue includes rental income, administrative fees, marketing fees, and profits from utility and administrative expenses (revenues are offset against related expenses).

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

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

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

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

Financial assets

Impairment of financial assets

The Group assesses the expected credit loss of debt instruments that reflect debt instruments at amortized cost and fair value through profit or loss on the basis of future information. The depreciation method applied depends on whether the credit risk has increased significantly.

For trade receivables and contract assets without a significant financing component the Group 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 2025 and 31 December 2024, all the Company's financial assets were classified in this category:

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

Investment property

Investment property is Land and buildings that 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 its acquisition cost, which includes transaction fees directly related to the acquisition: notary fees, state fees, fees paid to advisors and other expenses, without which the purchase transaction probably could not have been concluded. After initial recognition, investment property is measured at fair value at each balance sheet date. The fair value of investment property reflects market conditions at the balance sheet date.

The fair value of investment property is determined based on the valuation performed by qualified appraisers. In determining the fair value, the method of discounted cash flows is used. To calculate the present value of a property's future cash flows, the appraiser must forecast the property's future rental income (including rent per 1 m2 and occupancy of the rental premises) and operating costs. Depending on the ease and possibility of terminating leases by tenants, the appraiser chooses either existing cash flows or cash flows that exist on average in the market for analysis. The present value of the future net cash flow is found by applying a discount rate, which best reflects the current market assessments of the time value of money and the risks specific to the asset. The discount rate is selected based on the market's average capital structure, not asset structure. The discounted cash flow method is used to determine the value of investment properties that generate stable rental income.

Financial liabilities

All financial liabilities (trade payables, borrowings, accrued expenses, 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).

Success fee liability

EfTEN Kinnisvarafond II AS and EfTEN Capital AS have entered into a management agreement according to which EfTEN Capital AS is entitled to receive a success fee in the amount of 20% of the difference between the sales and acquisition price of investment property above a hurdle rate of 7% on an annual basis. If the actual return on an object is less than 7% per annum during the lifetime of the investment, the difference between the effective return on investment and the hurdle rate will be deducted from the sales price so that the yield before the success fee would be at least 7%. According to the management agreement, the success fee is payable upon termination of the fund.

The basis for accounting for success fees on an accrual basis is the fair value estimates of investment property. Period expenses from the change in success fees are included in the general and administrative expenses of the Group.

Statutory reserve capital

According to the Estonian Commercial Code, the statutory reserve capital of a company must amount to at least 10% of its share capital. Based on that, the parent company shall allocate at least 5% of the net profit to the statutory reserve capital annually. Transfers are continued until the required level has been achieved. The statutory reserve capital may not be paid out as dividends, but it may be used for covering accumulated losses if there is an insufficient amount of unrestricted equity to cover the losses. The statutory reserve capital may also be used to increase equity through issuing new shares.

Income tax

Subsidiaries registered in Estonia and Latvia

Under the Income Tax Act, corporate profits earned during the financial year are not subject to income tax in Estonia and Latvia; instead, distributed profits (dividends) are taxed. Income tax related to dividend distributions is recognised as an expense in the statement of profit or loss at the time the dividends are declared (i.e. when the obligation to pay arises). The applicable tax rate is 22/78 in Estonia and 20/80 in Latvia.

Due to the nature of the taxation system, no deferred tax assets or liabilities arise for entities registered in Estonia and Latvia, except for potential deferred tax liabilities related to investments in subsidiaries, affiliates and joint ventures, as well as branches.

Subsidiaries registered in Lithuania

In Lithuania, corporate profits are subject to income tax at a rate of 16%, increasing to 17% as from 1 January 2026. Taxable income is calculated based on profit before income tax, adjusted in the corporate income tax returns for temporary and permanent differences arising from income and expense items in accordance with local income tax legislation.

For Lithuanian subsidiaries, deferred tax assets and liabilities are recognised for all temporary differences between the tax bases and the carrying amounts of assets and liabilities existing at the reporting date. A deferred tax asset is recognised in the statement of financial position only to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised.

Recognition of deferred income tax liability in consolidated financial statements

The Group's deferred income tax liability arises for companies located in countries where the profit for the financial year is taxed.

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

2 *Subsidiaries and affiliates*

Company name	Country of domicile	Investment property	Group's ownership, %	
			31.12.2025	31.12.2024
Parent company				
EfTEN Kinnisvarafond II AS	Estonia			
Subsidiaries				
EfTEN Sky OÜ	Estonia	Rävala pst 3 / Kuke tn 2, Tallinn, Estonia	100	100
EfTEN Dunte SIA	Latvia	Duntes 6, Riga, Latvia	100	100
Magistral Kaubanduskeskuse OÜ	Estonia	Sõpruse pst 201/203, Tallinn, Estonia	100	100
EfTEN Domina SIA	Latvia	Ieriku 3, Riga, Latvia	100	100
Kaunas Terminal UAB	Lithuania	Terminalo g. 10, Kaunas, Lithuania	0	100
EfTEN Marienthal OÜ	Estonia	Mustamäe tee 16, Tallinn, Estonia	100	100
Affiliates				
HMP Hotellid OÜ	Estonia	Hotels and restaurants	46	46

All subsidiaries are engaged in the acquisition and rental of investment property. None of the subsidiaries' shares are listed on the stock exchange.

In February 2025, the Group sold the shares of its subsidiary Kaunas Terminal UAB to an independent third party for a purchase price of 10,578 thousand euros. The Fund recognised a gain of 707 thousand euros on the sale of the subsidiary. Transaction costs directly attributable to the sale amounted to 146 thousand euros, and the cash balance of the subsidiary at the time of sale was 146 thousand euros.

As of 31 December 2025, the Group owned one affiliated company - HMP Hotellid OÜ, whose main activity is the operation of hotels and restaurants. The ownership in an associated company is recognised in the Group's financial statements using the equity method. The main financial indicators of the affiliate are presented in the table below:

HMP Hotellid OÜ	31.12.2025	31.12.2024
€ thousands		
Cash and cash equivalents	2,676	2,497
Inventories	213	193
Other current assets	549	503
Total current assets	**3,438**	**3,193**
Property, plant and equipment	44	49
Total non-current assets	**44**	**49**
TOTAL ASSETS	**3,482**	**3,242**
Other short-term liabilities	2,501	2,293
Total current liabilities	**2,501**	**2,293**
TOTAL LIABILITIES	**2,501**	**2,293**
NET ASSETS	**981**	**949**
Revenue, per year	18,782	17,829
Net profit	**697**	**709**

In 2025, the following changes have taken place in the investment in the affiliate:

	31.12.2025	31.12.2024
€ thousands		
Balance at the beginning of the period	**436**	**305**
Profit from affiliate using the equity method	320	326
Dividends received	-305	-195
Balance at the end of the period	**451**	**436**

The shares of the affiliate are not listed on the stock exchange.

The group has signed a lease agreement for the Radisson Collection hotel with an affiliated company. The term of the contract is 10+10 years from 01.04.2022 (Notes 3, 4, 14 and 22).

3 *Segment reporting*

SEGMENT RESULTS

	Retail		Office		Logistics		Hotels		Unallocated		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
€ thousands												
Revenue (Note 4), incl	**14,729**	**14,820**	**3,674**	**3,515**	**173**	**1,659**	**4,306**	**3,907**	**0**	**0**	**22,882**	**23,901**
Estonia	3,525	3,568	1,765	1,726	0	0	4,306	3,907	0	0	9,596	9,201
Latvia	11,204	11,252	1,909	1,789	0	0	0	0	0	0	13,113	13,041
Lithuania	0	0	0	0	173	1,659	0	0	0	0	173	1,659
Sales expenses (Note 5, 6), incl.	**-3,436**	**-3,217**	**-159**	**-185**	**-1**	**0**	**-109**	**-75**	**0**	**0**	**-3,705**	**-3,477**
Estonia	-288	-218	-65	-79	0	0	-109	-75	0	0	-462	-372
Latvia	-3,148	-2,999	-94	-106	0	0	0	0	0	0	-3,242	-3,105
Lithuania	0	0	0	0	-1		0	0	0	0	-1	0
Net operating income, incl.	**11,293**	**11,603**	**3,515**	**3,330**	**172**	**1,659**	**4,197**	**3,832**	**0**	**0**	**19,177**	**20,424**
Estonia	3,237	3,350	1,700	1,647	0	0	4,197	3,832	0	0	9,134	8,829
Latvia	8,056	8,253	1,815	1,683	0	0	0	0	0	0	9,871	9,936
Lithuania	0	0	0	0	172	1,659	0	0	0	0	172	1,659
General expenses, change in fair value, other income / expenses (Notes 7,14), incl.	**-2,327**	**1,422**	**-179**	**-1,567**	**-8**	**-124**	**32**	**405**	**-195**	**-153**	**-2,677**	**-17**
Estonia	-850	1,219	248	-240	0	0	32	405	-195	-153	-765	1,231
Latvia	-1,477	203	-427	-1,327	0	0	0	0	0	0	-1,904	-1,124
Lithuania	0	0	0	0	-8	-124	0	0	0	0	-8	-124
Operating profit, incl.	**8,966**	**13,025**	**3,336**	**1,763**	**164**	**1,535**	**4,229**	**4,237**	**-195**	**-153**	**16,500**	**20,407**
Estonia	2,387	4,569	1,948	1,407	0	0	4,229	4,237	-195	-153	8,369	10,060
Latvia	6,579	8,456	1,388	356	0	0	0	0	0	0	7,967	8,812
Lithuania	0	0	0	0	164	1,535	0	0	0	0	164	1,535
EBITDA, incl.	**10,189**	**10,321**	**3,183**	**3,002**	**164**	**1,548**	**3,895**	**3,416**	**-195**	**-153**	**17,236**	**18,134**
Estonia	3,023	3,046	1,577	1,504	0	0	3,895	3,416	-195	-153	8,300	7,813
Latvia	7,166	7,275	1,606	1,498	0	0	0	0	0	0	8,772	8,773
Lithuania	0	0	0	0	164	1,548	0	0	0	0	164	1,548
Operating profit											**16,500**	**20,407**
Net financial expense											-3,465	-6,078
Profit/loss before income tax expense											**13,035**	**14,329**
Income tax expense (Note 10)											-1,550	-1,361
NET PROFIT/LOSS FOR THE FINANCIAL YEAR											**11,485**	**12,968**

SEGMENT ASSETS

	Retail		Office		Logistics		Hotels		Total	
As at the end of the year	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
€ thousands										
Investment property (Note 14)										
Estonia	37,100	37,652	22,796	22,403	0	0	59,094	58,725	118,990	118,780
Latvia	94,010	93,780	23,500	23,520	0	0	0	0	117,510	117,300
Lithuania	0	0	0	0	0	17,510	0	0	0	17,510
Total investment property	**131,110**	**131,432**	**46,296**	**45,923**	**0**	**17,510**	**59,094**	**58,725**	**236,500**	**253,590**
Affiliate (Note 2)									451	436
Other non-current assets									44	81
Net debt (liabilities minus cash)									-98,466	-112,538
Other current assets									2,913	4,955
NET ASSETS									**141,442**	**146,524**

In 2025 and 2024, the business segments did not transact with each other. The Group's main income is derived from real estate investments located in the same countries as the subsidiary holding the real estate investment.

Additional information on investment properties is disclosed in Note 14.

4 Revenue

Areas of activity	2025	2024
€ thousands		
Rental income from office premises (Note 14)	12,342	3,460
Rental income from commercial and service premises (Note 14)	3,595	12,543
Rental income from hotel premises (Note 2, 14 and 22)	4,306	3,907
Rental income from logistics premises (Note 14)	173	1,658
Other revenue	2,466	2,333
Total revenue by areas of activity (Note 3)	**22,882**	**23,901**

Revenue by geographical area	2025	2024
€ thousands		
Estonia	9,596	9,201
Latvia	13,113	13,041
Lithuania	173	1,659
Total revenue by geographical areas (Note 3)	**22,882**	**23,901**

5 Cost of goods and services sold

Cost of goods and services sold	2025	2024
€ thousands		
Repair and maintenance of rental premises	-1,740	-1,676
Property insurance	-68	-62
Land tax	-522	-486
Other operating expenses	-56	-5
Depreciation of property, plant and equipment	-12	-12
Improvement costs	-65	-41
Salary costs, including taxes (Note 22)	0	-35
Allowance for doubtful receivables (Note 12)	-12	-13
Total cost of services and goods sold (Note 14)	**-2,475**	**-2,330**

6 Marketing costs

Marketing costs	2025	2024
€ thousands		
Commission expenses on rental premises	-14	-19
Advertising, promotional events[1]	-1,216	-1,128
Total marketing costs	**-1,230**	**-1,147**

[1] The costs of advertising and promotional events consist in a significant part of the costs of marketing events of shopping centres, which are partially covered by the tenants from the agreed marketing fees.

7 General and administrative expenses

General and administrative expenses	2025	2024
€ thousands		
Management services (Note 22)	-1,166	-1,442
Office expenses	-115	-101
Wages and salaries, incl. taxes (Note 22)	-455	-448
Consulting expenses, legal assistance, evaluation service	-99	-110
Accounting service, audit	-216	-189
Other general and administrative expenses	-33	-22
Depreciation of property, plant and equipment	0	-6
Total general and administrative expenses	**-2,084**	**-2,318**

8 Other operating income and expenses

Other operating income and expenses	2025	2024
€ thousands		
Fines and penalties received	111	16
Fines and penalties paid	-1	0
Other income and expenses	21	-6
Total other operating income	**131**	**10**

9 Financial expenses

	2025	2022
€ thousands		
Interest expenses, incl.	-4,808	-6,691
Interest expense on borrowings	-4,808	-6,691
Total financial expenses	**-4,808**	**-6,691**

10 Income tax

	2025	2024
€ thousands		
Income tax expenses on the profit of the subsidiaries in Lithuania	-17	-131
Deferred income tax expense of the subsidiaries in Lithuania	0	-57
Deferred income tax expense on dividends	-1,533	-1,173
Total income tax expense	**-1,550**	**-1,361**

As of 31 December 2025 and 31 December 2024, the Group has deferred income tax liability in the following amount:

	31.12.2025	31.12.2024
€ thousands		
Deferred income tax liability related to real estate investment	0	313
Deferred income tax liability on dividends	5,659	5,187
Total deferred income tax liability	**5,659**	**5,500**

11 Cash and cash equivalents

	31.12.2024	31.12.2023
€ thousands		
Demand deposits	7,257	6,567
Overnight deposits	3,221	2,255
Deposits with a maturity of less than 3 months	3,300	2,500
Cash in transit	20	0
Total cash and cash equivalents	**13,798**	**11,322**

Overnight deposits bear interest at a variable rate, as of 31.12.2025 the interest rate was 1.534% (31.12.2024: 2.516%) per annum. The interest rate for term deposits is 2% (31.12.2024: 3.1% - 3.5%) per annum.

Additional information on cash and cash equivalents can be found in Note 19.

12 Receivables and accrued income

Short-term receivables

	31.12.2025	31.12.2024
€ thousands		
Trade receivables from customers	838	1,141
Allowance for doubtful accounts	-158	-146
Total receivables from customers	**680**	**995**
Bank loan guarantee deposit	895	1,060
Other short-term receivables	1	73
Total other short-term receivables	**896**	**1,133**
Interest receivables	16	47
Taxes prepaid and receivables	0	17
Other accrued income	241	101
Total accrued income	**257**	**165**
Total receivables and accruals	**1,833**	**2,293**

Receivables from customers	31.12.2025	31.12.2024
€ thousands		
Not due	546	892
Overdue, incl.	**292**	**249**
Up to 30 days	*84*	*79*
30-60 days	*60*	*24*
More than 60 days	*148*	*146*
Allowance for doubtful accounts	-158	-146
Total receivables from customers	**680**	**995**

Additional information on receivables can be found in Note 5 and 19.

13 Prepaid expenses

	31.12.2025	31.12.2024
€ thousands		
Advance payments to suppliers	23	18
Prepayments for insurance	6	6
Prepayments for utilities intermediation	34	19
Future expenses	12	3
Total prepayments	**75**	**46**

14 Investment property

As of 31 December 2025, the Group owns three investment properties in Estonia and two in Latvia:

Name	Location	Net leasable area (m2)	Date of acquisition	Acquisition cost	Market value at 31.12.2025	Change in value	Share of market value of the Fund's assets
€ thousands							
Duntes Biroji office building	Riga, Latvia	16,036	Nov 15	24,907	23,500	-6%	9%
Magistrali shopping centre	Tallinn, Estonia	11,754	Feb 16	25,339	31,690	25%	12%
Domina shopping centre	Riga, Latvia	54,556	July 16	101,250	94,010	-7%	37%
Marienthali centre	Tallinn, Estonia	13,969	Apr 18	26,727	21,640	-19%	9%
Radisson Collection hotel	Tallinn, Estonia	22,809	Jan 15	70,119	65,660	-6%	26%
Total		**119,124**		**248,342**	**236,500**	**-4.8%**	**93%**

The following changes have occurred in the Group's investment property in 2025 and 2024:

	Total investment property
€ thousands	
Balance as of 31.12.2023	**249,150**
Acquisitions and developments	**2,149**
Gain / loss on change in fair value	**2,291**
Balance as of 31.12.2024	**253,590**
Balance as of 31.12.2024	**253,590**
Acquisitions and developments	**1,144**
Disposal of investment property through the sale of a subsidiary (Note 2)	**-17,510**
Gain / loss on change in fair value	**-724**
Balance as of 31.12.2025	**236,500**

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

As of 31 December, or per year	2025	2024
€ thousands		
Rental income from investment property (Note 4)	20,416	21,568
Costs directly related to the management of investment properties (Note 5)	-2,475	-2,330
Outstanding amounts from investment property developments (Note 16)	70	36
The book value of investment property pledged as collateral to borrowings (Note 15)	236,500	253,590

During the reporting year, the Group sold the Kaunas Terminal logistics centre in Lithuania through the sale of a subsidiary (Note 2).

Of the consolidated rental income earned from investment properties, 21% was attributable to rental income received from the associate HMP Hotellid OÜ (2024: 18%) (Notes 2, 3, 4 and 22). Rental income from no other tenant of the Group accounted for more than 10% of consolidated rental income.

Investment property is pledged as collateral for long-term bank loans (Note15).

Lease agreements concluded between the Group and tenants correspond to the terms of non-cancellable operating leases. The income from these leases is divided as follows:

Payments from non-cancellable operating leases	**31.12.2025**	**31.12.2024**
€ thousands		
Up to 1 year	14,664	13,367
2-5 years	29,750	25,507
Over 5 years	3,743	1,258
Total	**48,157**	**40,132**

Assumptions and basis for the calculation of fair value of investment property

An independent appraiser values the investment property of the Group. The fair value of all investment properties presented in the financial statements of the Group as of 31.12.2025 and 31.12.2024 was determined using the discounted cash flow method. The following assumptions were used to determine fair value:

The year 2025:

Sector	**Fair value**	**Valuation method**	**Rental income on the first year**	**Discount rate**	**Exit yield**	**Average rent €/m2**
€ thousands						
Office	46,296	Discounted cash flows	4,031	8.95%-9.20%	7.00%-8.20%	11.73
Retail	131,110	Discounted cash flows	13,117	8.70%-9.40%	7.70%-8.20%	15.69
Hotel	59,094	Discounted cash flows	4,336	8.50%	7.50%	17.45
Total	**236,500**					

The year 2024:

Sector	**Fair value**	**Valuation method**	**Rental income on the first year**	**Discount rate**	**Exit yield**	**Average rent €/m2**
€ thousands						
Office	45,923	Discounted cash flows	3,871	8.9%-9.2%	7.0%-8.2%	10.80
Logistics	17,510	Discounted cash flows	1,750	9.95%	8.0%	5.10
Retail	131,432	Discounted cash flows	12,803	8.6%-9.4%	7.6%-7.75%	15.60
Hotel	58,725	Discounted cash flows	4,024	8.2%	7.2%	16.30
Total	**253,590**					

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;
- 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 below illustrates the sensitivity of the fair value of investment property included in the balance sheet of the Group to the most significant assumptions.

As of 31.12.2025:

Sector	Fair value	Sensitivity to management estimate		Sensitivity In independent estimate			
		Revenue +10%	Revenue -10%	Discount rate +50bp	Discount rate -50bp	Exit yield +50bp	Exit yield -50bp
€ thousands							
Office	46,296	5,054	-5,063	-926	938	-2,111	2,406
Retail	131,110	16,287	-16,287	-2,595	2,657	-5,650	6,417
Hotel	59,094	6,309	-6,300	-1,179	1,215	-2,619	2,997
TOTAL	**236,500**	**27,650**	**-27,650**	**-4,700**	**4,810**	**-10,380**	**11,820**

As of 31.12.2024:

Sector	Fair value	Sensitivity to management estimate		Sensitivity In independent estimate			
		Revenue +10%	Revenue -10%	Discount rate +50bp	Discount rate -50bp	Exit yield +50bp	Exit yield -50bp
€ thousands							
Office	45,923	5,028	-5,024	-908	941	-2,100	2,412
Logistics	17,510	1,850	-1,850	-340	350	-710	810
Retail	131,433	15,880	-15,873	-2,583	2,665	-5,625	6,410
Hotel	58,725	6,282	-6,273	-1,179	1,224	-2,745	3,168
TOTAL	**253,590**	**29,040**	**-29,020**	**-5,010**	**5,180**	**-11,180**	**12,800**

Level three inputs are used to determine the fair value of all the investment properties of the Group.

Additional information on investment properties can be found in Notes 3 and 19.

15 Borrowings

As of 31.12.2025, the Group had the following borrowings:

Lender	Country of lender	Loan amount as per agreement	Loan balance as of 31.12.2025	Contract term	Interest rate as of 31.12.2025	Loan collateral (Note 13, 14)	Value of collateral (Note 14)	Loan balance share of the fund's net asset value
€ thousands								
SEB	Estonia	28,000	28,000	28.01.28	3.503%	mortgage - Rävala 3/Kuke tn 2, Tallinn	65,660	19.8%
SEB	Latvia	4,320	2,977	31.01.28	3.659%	mortgage - Duntes iela 6, Riga	23,500	2.1%
SEB	Latvia	11,735	8,241	31.01.28	3.659%			5.8%
SEB	Estonia	14,900	12,044	17.04.28	3.879%	mortgage - Mustamäe tee 16, Tallinn	21,640	8.5%
LHV	Estonia	16,300	14,234	14.06.28	3.084%	mortgage - Sõpruse pst 201/203, Tallinn	31,690	10.1%
Citadele/Swedbank	Latvia	47,000	37,850	22.03.26	4.597%	mortgage - Ieriku 3, Riga	94,010	26.8%
Total		**122,255**	**103,346**				**236,500**	**73.1%**

As of 31.12.2024, the Group had the following borrowings:

Lender	Country of lender	Loan amount as per agreement	Loan balance as of 31.12.2024	Contract term	Interest rate as of 31.12.2024	Loan collateral (Note 13, 14)	Value of collateral (Note 14)	Loan balance share of the fund's net asset value
€ thousands								
SEB	Estonia	23,000	23,000	28.01.26	4.796%	mortgage - Rävala 3/Kuke tn 2, Tallinn	65,250	15.7%
SEB	Latvia	4,320	3,111	30.11.25	4.895%	mortgage - Duntes iela 6, Riga	23,520	2.1%
SEB	Latvia	11,735	8,614	30.11.25	4.895%			5.9%
SEB	Estonia	14,900	12,417	17.04.28	4.821%	mortgage - Mustamäe tee 16, Tallinn	21,170	8.5%
LHV	Estonia	16,300	15,049	14.06.28	4.063%	mortgage - Sõpruse pst 201/203, Tallinn	32,360	10.3%
Citadele/Swedbank	Latvia	47,000	39,478	22.03.26	5.712%	mortgage - Ieriku 3, Riga	93,780	26.9%
Luminor	Lithuania	9,720	7,263	16.06.27	4.770%	mortgage - Terminalo 8 and 10, Kaunas	17,510	5.0%
Luminor	Lithuania	1,000	903	16.06.27	4.770%			0.6%
Total		**127,975**	**109,835**				**253,590**	**75.0%**

Short-term borrowings	**31.12.2025**	**31.12.2024**
€ thousands		
Repayments of long-term bank loans in the next period	39,359	14,904
Discounted contract fees on bank loans	-47	-110
Total short-term borrowings	**39,312**	**14,794**

Repayments of long-term bank loans in the next period as of 31.12.2025 included the balance of one expiring loan agreement in the total amount of 37,850 thousand euros (2024: two loan agreements in the total amount of 11,725 thousand euros).

Long-term borrowings	**31.12.2025**	**31.12.2024**
€ thousands		
Total long-term borrowings	103,277	109,685
incl. current portion of borrowings	39,312	14,794
Bank loans	39,359	*14,904*
Discounted contract fees on bank loans	-47	*-110*
incl. non-current portion of borrowings	**63,965**	**94,891**
Bank loans	63,987	*94,931*
Discounted contract fees on bank loans	*-22*	*-40*

Bank loans are divided as follows according to repayment date:

Repayment of bank loans according to repayment dates	**31.12.2025**	**31.12.2024**
€ thousands		
Less than 1 year	39,359	14,904
2-5 years	63,987	94,931
Total repayments of bank loans	**103,346**	**109,835**

Cash flow from borrowings	**2025**	**2024**
€ thousands		
Balance at the beginning of period	**109,685**	**113,405**
Received bank loans	5,000	0
Annuity payments on bank loans	-3,353	-3,798
Other changes through the sale of a subsidiary	-8,136	0
Change in discounted contract fees on bank loans	81	78
Balance at the end of period	**103,277**	**109,685**

As of 31.12.2025, all contractual covenants and special conditions of the loans were complied with.

Additional information on loan liabilities can be found in Note 19.

16 Payables and prepayments

Short-term payables and prepayments

	31.12.2025	31.12.2024
€ thousands		
Trade payables related to real estate investment development projects (Note 14)	70	36
Other trade payables	518	671
Total trade payables	**588**	**707**
Other payables	64	21
Total other payables	**64**	**21**
Value added tax	244	318
Corporate income tax	9	15
Personal income tax	16	8
Social tax	29	14
Other tax liabilities	1	1
Total tax liabilities	**299**	**356**
Interest liabilities	83	106
Payables to employees	43	39
Tenant security deposits	420	574
Other accrued liabilities	162	211
Total accrued expenses	**708**	**930**
Other prepaid income	2	3
Total prepayments	**2**	**3**
Total payables and prepayments	**1,661**	**2,017**

Long-term payables

	31.12.2025	31.12.2024
€ thousands		
Tenant security deposits	1,667	1,658
Total other long-term payables	**1,667**	**1,658**

Additional information on payables can be found in Note 19.

17 Success fee liability

The basis for the accrual calculation of the success fee is the fair value estimates of investment properties as of the balance sheet date. The cost of the change in the success fee is recognised in the composition of the Group's general and administrative expenses (Note 7). As of 31.12.2025 and 31.12.2024, the accumulated revaluation of the Group's investment properties was negative, and the success fee obligation was 0 euros.

18 Provisions

Ongoing lawsuits

Claim against AS Tallinna Vesi

In 2020, the Group's subsidiary EfTEN Sky OÜ filed a claim against AS Tallinna Vesi in the amount of 156 thousand euros, based on the allegation that AS Tallinna Vesi applied unlawfully excessive water tariffs during the period 2011–2019 without the approval of the Competition Authority. In April 2024, the Harju County Court dismissed the claim; however, in April 2025, the Tallinn Circuit Court overturned the decision and referred the case back to the court of first instance for a new hearing. The date of the hearing has not yet been scheduled. EfTEN Sky OÜ maintains its position that AS Tallinna Vesi, acting in a monopolistic position, unlawfully charged unjustifiably high prices for water services during the period 2011–2019, and that the damage caused must be compensated by AS Tallinna Vesi. Due to the uncertainty of the outcome, the Group has not recognised the claim separately in the financial statements.

Claim by Compensa Vienna Insurance Group, ADB Estonia branch against Magistral Kaubanduskeskuse OÜ

In 2024, Compensa Vienna Insurance Group, ADB Estonia branch, filed a claim with the court against the Group's subsidiary Magistral Kaubanduskeskuse OÜ, seeking compensation for damages and penalty interest. The claim relates to an insurance event that occurred on premises leased to Müügimarket OÜ at the Magistral Shopping Centre, for which the insurer paid insurance compensation to Müügimarket OÜ in the amount of 3,913.80 euros, and subsequently filed a recourse claim against Magistral Kaubanduskeskuse OÜ. In pre-trial correspondence, Magistral Kaubanduskeskuse OÜ has submitted its objections, as pursuant to the lease agreement, the lessor is not liable for damage caused to the tenant unless it results from the lessor's intentional breach of contract. As the lessor, Magistral Kaubanduskeskuse OÜ has not breached the lease agreement and is therefore not liable for the damage claimed. The legal dispute is currently pending before the Harju County Court, and a judgment by the court of first instance is expected during 2026.

19 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 shows the distribution of the Group's financial assets and financial liabilities by type of financial instrument.

Carrying amounts of financial instruments

	Notes	31.12.2025	31.12.2024
€ thousands			
Financial assets - loans and receivables			
Cash and cash equivalents	11	13,798	11,322
Short-term deposits[1]		1,000	2,610
Trade receivables	12	680	995
Other short-term receivables and accrued income	12	1,153	1,298
Total financial assets		**16,631**	**16,225**
Financial liabilities measured at amortised cost			
Borrowings	15	103,346	109,835
Trade payables	16	588	707
Tenant security deposits	16	2,087	2,232
Interest payables	16	83	106
Other accruals	16	226	232
Total financial liabilities measured at amortised cost		**106,330**	**113,112**
Total financial liabilities		**106,330**	**113,112**

[1] Short-term deposits are concluded with a term of 8 months and bear interest at 2% per annum (2024: term of 3 - 6 months and interest 2.8% - 3.75% per annum).

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 considers a financial risk to be risk that arises directly from making investments in real estate, including the market risk, liquidity risk and Credit risk, thus reducing the company's financial capacity or reducing the value of investments.

Market risk

Market risk is a risk involving change in the fair value of financial instruments due to changes in market prices. The Group's financial instruments most influenced by changes in market prices are borrowings and interest rate derivatives. The main factor influencing these financial instruments is interest rate risk.

Interest risk

Interest rate risk is the risk of changes in the future cash flows of financial instruments due to changes in market interest rates. A change in market interest rates mainly influences the long-term floating rate borrowings of the Group.

As of 31 December 2025, all loan agreements of the group were concluded on a floating interest basis, with a margin ranging from 1.2% to 2.5% plus 1-, 3- or 6-month EURIBOR (31.12.2024: all loan agreements were concluded on a floating interest basis, with a margin ranging from 1.2% to 2.5% plus 1- or 6-month EURIBOR). All contracts in the group's loan portfolio have a 0% limit (floor) set to protect against negative EURIBOR, i.e., in case of negative EURIBOR, the loan margin on these loan obligations does not decrease. The weighted average interest rate of the Group's loans was 3.91% as of 31.12.2025 (31.12.2024: 5.04%).

As of 31 December 2025, the Group's subsidiaries had no interest rate swap agreements in force. The Group's management is considering the use of derivative instruments to hedge interest expenses, covering up to 50% of the total loan portfolio.

The change in EURIBOR has a significant impact on the group's net profit and cash flows. The table below shows the effect of the change in interest rates on the group's profit before income tax and cash flow at EURIBOR levels of 1.0%-3.5%, considering the loan balances as of 31.12.2025.

EURIBOR rate	**Impact on annual interest expense**	***Change in interest expense, %***
€ thousands		
Annual interest expense, as of the end of the reporting period	**-2,739**	
Effect of change in EURIBOR:		
EURIBOR 1.0%	715	*-26.1%*
EURIBOR 1.5%	339	*-12.4%*
EURIBOR 3.0%	-788	*28.8%*
EURIBOR 3.5%	-1,164	*42.5%*

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 objective of the Group is to manage net cash flows in such a way that, when making investments, no more than 60% of the investment's acquisition cost is financed through debt capital. As of 31 December 2025, the share of the Group's interest-bearing debt liabilities in cash-generating investment properties was

44% (31.12.2024: 43%) and the average debt coverage ratio (DSCR) of the last 12 months 2.1 (2024: 1.7). 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 flow).

As of 31.12.2025	Less than 1 month	2-4 months	4 to 12 months	1 to 5 years	Over 5 years	**Total**
€ thousands						
Interest-bearing liabilities (Note 15)	261	38,092	1,006	63,987	0	**103,346**
Interest payments	348	856	1,535	2,713	0	**5,452**
Interest payables (Note 16)	83	0	0	0	0	**83**
Trade payables (Note 16)	588	0	0	0	0	**588**
Tenant security deposits (Note 16)	94	153	173	1,479	188	**2,087**
Accrued expenses and other payables (Note 16)	226	0	0	0	0	**226**
Total financial liabilities	**1,600**	**39,101**	**2,714**	**68,179**	**188**	**111,782**

As of 31.12.2024	Less than 1 month	2-4 months	4 to 12 months	1 to 5 years	Over 5 years	**Total**
€ thousands						
Interest-bearing liabilities (Note 15)	304	922	13,678	94,931	0	**109,835**
Interest payments	476	1,375	3,632	3,870	0	**9,353**
Interest payables (Note 16)	106	0	0	0	0	**106**
Trade payables (Note 16)	707	0	0	0	0	**707**
Tenant security deposits (Note 16)	46	188	340	1,480	178	**2,232**
Accrued expenses and other payables (Note 16)	232	0	0	0	0	**232**
Total financial liabilities	**1,871**	**2,485**	**17,650**	**100,281**	**178**	**122,465**

Working capital statement

	31.12.2025	31.12.2024
€ thousands		
Cash and cash equivalents (Note 11)	13,798	11,322
Short-term deposits	1,000	2,610
Receivables and accrued income (Note 12)	1,833	2,293
Other current assets	80	52
Total current assets	**16,711**	**16,277**
Current part of long-term liabilities (Note 15)	39,312	14,794
Short-term debts and prepayments (Note 16)	1,661	7,017
Total current liabilities	**40,973**	**21,811**
Total working capital	**-24,262**	**-5,534**

As of 31.12.2025, the Group's working capital was negative in the amount of -24,262 thousand euros, primarily due to the maturity of one of the Group's loan agreements within the next 12 months in the total amount of 37,850 thousand euros (31.12.2024: negative 5,534 thousand euros, due to the maturity of two loan agreements within the next 12 months in the total amount of 11,725 thousand euros). The maturing loan agreement is secured by an investment property with strong rental cash flows, with a loan-to-value (LTV) ratio of 40%; therefore, in the assessment of management, no obstacles are expected in extending the loan agreement.

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 activities to prevent and minimize the risk of credit risk arising from credit risk are the daily monitoring and routing of customers' payment behaviour, which enables operational measures to be taken quickly. Also, in most cases, the customer contracts provide for the payment of rent payments at the beginning

of the calendar month, which provides sufficient time to monitor the payment discipline of the customers and to have sufficient liquidity in the cash accounts on the day of making the annuity payments of the financing contracts. The terms of most rental agreements result in the obligation to pay deposits, on the account of which the Group has the right to cancel debts incurred because of the tenant's insolvency. In the case of partial leases, it is allowed to replace the deposit with a bank guarantee.

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.

Trade receivables are illustrated by the table below:

	31.12.2025	31.12.2024
€ thousands		
Not due	546	892
Past due, incl.	**292**	**249**
Up to 30 days	*84*	*79*
30-60 days	*60*	*24*
More than 60 days	*148*	*146*
Allowance for doubtful accounts	-158	-146
Total trade receivables (Note 12)	**680**	**995**

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

	31.12.2025	31.12.2024
€ thousands		
Cash and cash equivalents (Note 11)	13,798	11,322
Short-term deposits	1,000	2,610
Trade receivables (Note 12)	680	995
Total maximum credit risk	**15,478**	**14,927**

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	31.12.2025	31.12.2024
€ thousands		
Aa2	3,230	2,261
Aa3	6,575	6,870
A2	0	797
Baa1	4,973	4,004
Unallocated	20	0
Total	**14,798**	**13,932**

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's capital includes borrowings and equity.
The Group invests in cash-generating real estate in Estonia and Latvia. The Group's investment policy requires that no more than 40% of the value of the fund's assets be invested in one investment object. The required amount of equity is calculated individually for each investment, considering the volume and proportion of net cash flows and loan payments for a particular investment.

Fair value

The table below analyses assets and liabilities measured at fair value by valuation techniques. The valuation techniques are defined as follows:

Level 1 – quoted prices in active markets;

Level 2 – inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly;

Level 3 – unobservable inputs at the market.

As of 31 December 2025 and 31 December 2024, 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 (Note 14) are recorded at fair value and belong to the Level 3 group according to the valuation method. All the Group's borrowings and derivatives for hedging interest rate risk are included in the Level 2 group.

20 Share capital

	31.12.2025	31.12.2024
Number of shares, pcs	9,213,756	9,213,756
Nominal value per share, €	9.80	9.90
Total share capital, €	90,294,809	91,216,184
Total share premium, €	0	1,782,225

In July 2025, the share capital of EfTEN Kinnisvarafond II AS was reduced by 921 thousand euros through a reduction of the nominal value of shares by 0.10 euros. A capital distribution was made to shareholders in November 2025 in the amount of 10,578 thousand euros, i.e. 1.1481 euros per share.

In October 2024, the share capital of EfTEN Kinnisvarafond II AS was reduced by 921 thousand euros through a reduction of the nominal value of shares by 0.10 euros. A capital distribution was made to shareholders in January 2025 in the amount of 5,000 thousand euros, i.e. 0.5427 euros per share.

During the reporting year, 650 thousand euros was transferred from retained earnings to the statutory reserve capital (2024: no transfer to reserve capital).

Additional information on share capital is provided in Note 26.

21 Contingent liabilities

Contingent income tax liability

	31.12.2025	31.12.2024
€ thousands		
Retained earnings	50,458	53,487
Potential income tax liability	11,101	11,767
Possible dividends pay out	39,357	41,720

The calculation of the maximum potential income tax liability assumes that the net dividends distributed and the arising income tax expense in total cannot exceed the profit eligible for distribution at 31.12.2025 and 31.12.2024.

Potential liabilities arising from the tax audit

Estonia

The tax authorities have neither started nor performed any tax audits or individual case audits in any of the Group companies. The tax authorities have the right to verify the company's tax records up to 5 years from the time of filing the tax return and upon finding errors, impose additional taxes, interest and fines. The management estimates that there are not any circumstances, which may lead the tax authorities to impose additional significant taxes on the Group.

Latvia and Lithuania

The management estimates that there are not any circumstances, which may lead the tax authorities to impose additional significant taxes on the Group.

22 Related party transactions

EfTEN Kinnisvarafond II AS considers the following as related parties:
- members of the Management Board and companies owned by the members of the Management Board of EfTEN Kinnisvarafond II AS;
- members of the Supervisory Board and companies owned by the members of the Supervisory Board of EfTEN Kinnisvarafond II AS;
- employees and companies owned by the employees of EfTEN Kinnisvarafond II AS;
- affiliate HMP Hotellid OÜ
- EfTEN Capital AS (fund management company).

During the reporting period, the Group purchased management services from EfTEN Capital AS in the amount of 1,166 thousand euros (2024: 1,442 thousand euros) (see Note 7), and accounting and intermediary services from EfTEN Capital AS and its subsidiaries in the amount of 185 thousand euros (2024: 173 thousand euros).
During the reporting year, the Group earned rental income from an associate amounting to 4,306 thousand euros (2024: 3,907 thousand euros) (see Note 4).
In 2025, the Group employed 12 employees (2024: 13), to whom total remuneration, including related taxes, amounting to 455 thousand euros was accrued (2024: 483 thousand euros) (see Notes 5 and 7). No remuneration was accrued or paid to the members of the Management Board or the Supervisory Board during the reporting period. The members of the Management Board of EfTEN Kinnisvarafond II AS are employed by the fund manager, EfTEN Capital AS, and costs related to their activities are included in the management services.

Additional information can be found in Note 14.

23 Unconsolidated income statement of the parent company

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 parent company's separate primary financial statements, which are presented as notes to these consolidated financial statements, investments in subsidiaries (Note 2) are accounted for using the fair value method.

	2025	2024
€ thousands		
Revenue	1,091	1,410
Gross profit	**1,091**	**1,410**
General and administrative expenses	-1,286	-1,563
Operating profit	**-195**	**-153**
Profit from subsidiaries	4,560	9,102
Dividend income	5,983	3,110
Interest income	1,137	909
Profit before income tax	**11,485**	**12,968**
Net profit for the financial year	**11,485**	**12,968**

24 *Unconsolidated balance sheet of the parent company*

	31.12.2025	31.12.2024
€ thousands		
ASSETS		
Current assets		
Cash and cash equivalents	1,683	1,866
Receivables and accrued income	3,603	3,637
Total current assets	**5,286**	**5,503**
Non-current assets		
Shares of subsidiaries	120,182	126,053
Long-term receivables	15,980	19,980
Total non-current assets	**136,162**	**146,033**
TOTAL ASSETS	**141,448**	**151,536**
LIABILITIES AND EQUITY		
Short-term liabilities		
Payables and prepayments	6	12
Payables to shareholders	0	5,000
Total short-term liabilities	**6**	**5,012**
Total liabilities	**6**	**5,012**
Equity		
Share capital	90,295	91,216
Share premium	0	1,782
Statutory reserve capital	4,023	3,373
Retained earnings	47,124	50,153
Total equity	**141,442**	**146,524**
TOTAL LIABILITIES AND EQUITY	**141,448**	**151,536**

25 Unconsolidated cash flow statement of the parent company

	2025	2024
€ thousands		
Net profit	**11,485**	**12,968**
Adjustments:		
Financial income and expenses	-1,136	-909
Profit/ loss from subsidiaries	-4,560	-9,102
Dividends received	-5,983	-3,110
Total adjustment with non-monetary changes	**-11,679**	**-13,121**
Cash flow from operations before changes in working capital	**-194**	**-153**
Change in receivables and payables related to operating activities	-6	6
Total cash flow from operating activities	**-200**	**-147**
Disposal of subsidiaries	10,432	0
Repayments of loans granted	5,000	0
Dividends received	5,983	3,110
Interest received	170	66
Total cash flow from investing activities	**21,585**	**3,176**
Reduction of share capital	-15,579	0
Dividends paid	-5,989	-3,086
Total cash flow from financing activities	**-21,568**	**-3,086**
NET CASH FLOW	**-183**	**-57**
Cash and cash equivalents at the beginning of the period	**1,866**	**1,923**
Change in cash and cash equivalents	-183	-57
Cash and cash equivalents at the end of the period	**1,683**	**1,866**

26 Unconsolidated statement of changes in equity of the parent company

	Share capital	Share premium	Statutory reserve capital	Retained earnings	Total
€ thousands					
Balance as of 31.12.2023	**92,138**	**5,861**	**3,373**	**40,271**	**141,643**
Reduction of share capital	-922	-4,079	0	0	**-5,001**
Dividends paid	0	0	0	-3,086	**-3,086**
Provisions for reserve capital	0	0	0	0	**0**
Profit for the period	0	0	0	12,968	**12,968**
Balance as of 31.12.2024	**91,216**	**1,782**	**3,373**	**50,153**	**146,524**
Reduction of share capital	-921	-1,782	0	-7,875	-10,578
Dividends paid	0	0	0	-5,989	-5,989
Provisions for reserve capital	0	0	650	-650	0
Profit for the period	0	0	0	11,485	11,485
Balance as of 31.12.2025	**90,295**	**0**	**4,023**	**47,124**	**141,442**

Additional information on shares is provided in Note 20.

The adjusted unconsolidated equity of the parent company (to take account of the requirements established in the Commercial Code) is as follows:

	31.12.2025	31.12.2024
€ thousands		
Parent company's unconsolidated equity	141,442	146,524
Carrying amount of subsidiaries in the separate balance sheet of the parent company (minus)	-120,182	-126,053
Value of subsidiaries under the equity method (plus)	120,182	126,053
Total	**141,442**	**146,524**

27 Going concern of the Fund

EfTEN Kinnisvarafond II AS was established as a fixed-term fund. Pursuant to the Articles of Association, the initial term of the Fund was set at 10 years from the date of registration (i.e. until 12 January 2025), with the possibility to extend the term subject to shareholder approval.

On 21 March 2024, the Annual General Meeting of EfTEN Kinnisvarafond II AS resolved to extend the term of the Fund until 12 January 2026. Subsequently, at the Extraordinary General Meeting held on 16 December 2024, the term of the Fund was extended until 12 January 2027, and at the Extraordinary General Meeting held on 9 December 2025, the term of the Fund was further extended until 31 March 2027.

The proposal of the Management Board and the shareholders' resolutions regarding the extension of the Fund's term are based on the view that during periods of market downturn, assets should be managed prudently and with strategic patience. It is important to note that the Fund's investor base consists primarily of institutional investors, with more than 50% of the shares held by Swedbank pension funds in Estonia, Latvia and Lithuania.

It is also important to emphasise that the Fund's real estate investments are performing well, and there is no immediate need to dispose of the Fund's assets. Stable operating performance provides flexibility for strategic timing of any future transactions and supports the extension of the Fund's term.

As of 31 December 2025, the Group's working capital was negative in the amount of 24,262 thousand euros, due to the maturity of one of the Group's loan agreements within the next 12 months in the total amount of 37,850 thousand euros. The maturing loan is secured by an investment property with strong rental cash flows, with a loan-to-value (LTV) ratio of 40%; therefore, in the assessment of management, no obstacles are expected in extending the loan agreement.

Independent Auditor's Report

To the Shareholders of EfTEN Kinnisvarafond II AS

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of EfTEN Kinnisvarafond II AS and its subsidiaries (together the "Group") as at 31 December 2025, 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 comprehensive income for the financial year ended 31 December 2025;
- the consolidated statements of financial position as at 31 December 2025;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity 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 (Estonia) (ISAs (EE)). 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 Code of Ethics for Professional Accountants (Estonia) (including Independence Standards) as adopted by Auditing Activities Oversight Board (Code of Ethics (Estonia)) and we have fulfilled our other ethical responsibilities in accordance with Code of Ethics (Estonia).

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 Distribution of revenue according to the Estonian Classification of Economic Activities (but does not include the consolidated financial statements and our auditor's report thereon).

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

Aktsiaselts PricewaterhouseCoopers
Tatari 1, 10116 Tallinn, Estonia
License No. 6; Registry code: 10142876
+372 6141 800, ee_info@pwc.com

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

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 (EE) 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.

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As part of an audit in accordance with ISAs (EE), 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.

On behalf of AS PricewaterhouseCoopers

Original report is signed in Estonian language.

Jüri Koltsov
Auditor's certificate no. 623

27 February 2026
Tallinn, Estonia

Translation note:
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Profit allocation proposal

The Management Board of EfTEN Kinnisvarafond II AS proposes to the General Meeting of Shareholders to allocate the profit as follows (in euros):

Retained earnings as of 31.12.2025	50,457,517
Provision for statutory reserve capital	574,219
Dividend distribution	8,200,243 (89 cents per share)
Retained earnings after provisions	41,683,055

Viljar Arakas

Member of the Management Board

Tõnu Uustalu

Member of the Management Board

27 February 2026

Signatures of the members of the Management Board and Supervisory Board to the 2025 annual report

We hereby confirm the correctness of data presented in the 2025 annual report of EfTEN Kinnisvarafond II AS.

_____ _____

Arti Arakas

Chairman of the Supervisory Board

Siive Penu

Member of the Supervisory Board

_____ _____

Sander Rebane

Member of the Supervisory Board

Olav Miil

Member of the Supervisory Board

_____ _____

Viljar Arakas

Member of the Management Board

Tõnu Uustalu

Member of the Management Board

Distribution of revenue according to the Estonian Classification of Economic Activities

	EMTAK code	2025	Revenue %	Main activity
€ thousands				
Fund management	66301	1,091	100%	yes