

Consolidated Annual Report 2025

EfTEN Residential Fund usaldusfond

Commercial register number: 16050037

Beginning of financial year: 01.01.2025

End of financial year: 31.12.2025

Address: A. Lauteri 5, 10114 Tallinn

Email address: gp@eften.ee

Website address: www.eften.ee

Table of contents

MANAGEMENT REPORT	2
FINANCIAL STATEMENTS OF THE CONSOLIDATION GROUP	5
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	6
CONSOLIDATED STATEMENT OF CASH FLOWS	7
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS OF THE FUND	8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	9
1 <i>General information</i>	9
2 <i>Statement of compliance and general basis for the preparation of the consolidated accounts</i>	9
2.1 <i>Changes in accounting policies and presentation</i>	10
2.2 <i>Summary of the most important accounting principles</i>	11
3 <i>Subsidiaries</i>	15
4 <i>Segment reporting</i>	15
5 <i>Revenue</i>	16
6 <i>Cost of services sold</i>	16
7 <i>Marketing expenses</i>	16
8 <i>General and administrative expenses</i>	17
9 <i>Cash and cash equivalents</i>	17
10 <i>Receivables and accrued income</i>	17
11 <i>Investment property</i>	17
12 <i>Property, plant and equipment</i>	20
13 <i>Borrowings</i>	20
14 <i>Payables and prepayments</i>	22
15 <i>Financial instruments, management of financial risks</i>	23
16 <i>Paid-in capital</i>	26
17 <i>Related party transactions</i>	27
18 <i>Parent company's separate financial statements</i>	27
<i>Independent Auditor's Report</i>	31
<i>Signatures of the Management Board to the consolidated annual report for 2025</i>	34
<i>Distribution of revenue according to the Estonian Classification of Economic Activities</i>	35

MANAGEMENT REPORT

The Fund manager's comment on EFTEN Residential Fund's annual report

Given the increase in the price of new apartments in all Baltic capitals, the affordability of purchasing new housing has decreased. This is especially true for the younger generation of city dwellers, who often do not have enough personal funds to make the necessary down payment for purchasing a new apartment. Although interest rates on housing loans have decreased significantly compared to their peak in October 2023, the interest rate still remains in the range of 3.5–4.0% per annum. In such conditions, renting is a more affordable and flexible alternative for many households. Long-term rental relationships offer the younger population the opportunity to live in modern housing that meets high energy efficiency and quality of life requirements.

According to the management, 2025 was a successful year for the EFTEN Residential Fund (hereinafter referred to as the 'Fund'). The previously completed Kadaka Metsapargi and Kaunas rental buildings showed stable good financial results. The vacancy rate in the Kadaka residential building remained close to zero throughout the year, and only two apartments out of 96 were vacant in the Kaunas rental building at the end of the year. The rental income of both buildings increased compared to 2024.

In Vilnius, the Talino Street apartment building, with a total of 146 rental apartments, was finally put into use in 2025. The most important event of the year for the Fund was the successful completion of construction work and the move-in of the first tenants of the Daugava project in Riga. As the building was completed in the fourth quarter, 60 out of 102 apartments were vacant at the end of the year. Vacancy is gradually decreasing and the Fund aims to bring the vacancy rate of the Daugava project below 10% in the first half of 2026.

With the completion of the Daugava project, the Fund's portfolio will have a total of 458 rental apartments, geographically spread across four Baltic cities. The average purchase price of an apartment is 102 thousand euros per apartment, which corresponds to approximately 2,302 euros per square meter, which, in addition to kitchen furniture, includes built-in wardrobes and other essential furnishings. Considering that from the Fund's point of view, assets acquired at a competitive price are one of the most important success factors, the Fund's management is fully satisfied with the results achieved.

The Group generated adjusted cash flow (EBITDA minus principal and interest payments on loans) in 2025 totaling 810 thousand euros (2024: 188 thousand euros). Considering the cash balances of the Fund's subsidiaries, the completed real estate portfolio allows for larger disbursements to investors in the spring of 2026, totaling 1,039 thousand euros. In 2025, the Fund repaid to investors the interest and dividends received from subsidiaries in the amount of 541 thousand euros.

As the Fund's last development project in Daugava was completed in the fourth quarter of 2025 and the building was not yet fully leased at the end of the year, the full cash flow potential of this project has not yet been fully reflected in the 2025 results.

Financial overview

In 2025, EFTEN Residential Fund usaldusfond generated consolidated revenue of EUR 2,709 thousand (2024: EUR 1,899 thousand) and consolidated EBITDA of EUR 1,409 thousand (2024: EUR 812 thousand). The Group's consolidated net profit for the reporting year amounted to EUR 758 thousand, compared to a net loss of EUR 429 thousand in the previous financial year.

As of 31.12.2025, the Fund's total assets amounted to 55 805 thousand euros (31.12.2024: 50 976 thousand euros).

	31.12.2025	31.12.2024
€ millions		
Investment property	52.388	47.428
Other long-term receivables	1.064	1.221
Current assets, excluding cash	0.533	0.084
Total assets	55.805	50.976
Net asset value (NAV)	39.403	39.186
Unrestricted capital	35.100	35.100

Key financial ratios

12 months	31.12.2025	31.12.2024
ROE, % (net profit of the period / average equity of the period) x 100	1.9	-1.2
ROA, % (net profit of the period / average assets of the period) x 100	1.4	-0.9
ROIC, % (net profit of the period / average invested capital of the period) x 100 ¹	2.2	-1.4
Revenue (€ thousands)	2,709	1,899
Rental income (€ thousands)	2,682	1,873
EBITDA (€ thousand)	1,409	812

EBIT (€ thousand)	1,485	-230
Comprehensive profit/loss (€ thousands)	758	-429
Liquidity ratio (current assets / current liabilities)	2.3	1.8

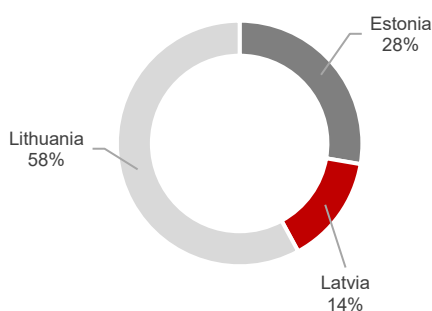
¹ The average invested capital for the period is the average capital raised by the EFTEN Residential Fund usaldusfond.

Investment property portfolio

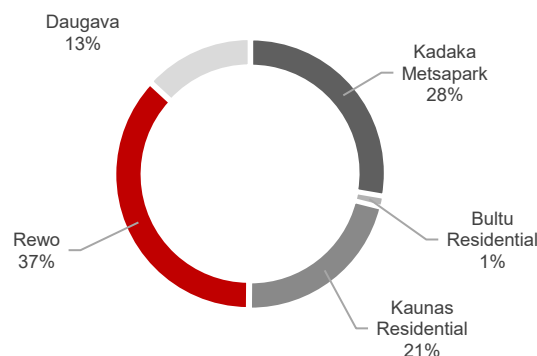
As of 31.12.2025, the Fund's subsidiaries have made the following investment property investments:

Subsidiary	Investment property	Location	Time of acquisition	Acquisition cost, € thousands	Fair value, € thousands	Number of rental units	Vacant apartments		Rental income	
							31.12.25	31.12.24	2025	2024
EFTEN K141 OÜ	Kadaka Forest Park	Tallinn, Estonia	9.2020	10,376	14,510	114	0	0	824	802
EFTEN Living Dole SIA	Bultu Residential	Riga, Latvia	7.2021	648	648	130	under development	under development	0	0
EFTEN Zeimenos UAB	Kaunas Residential	Kaunas, Lithuania	11.2021	9,856	11,100	96	2	3	733	725
EFTEN Talino UAB	Rewo	Vilnius, Lithuania	6.2022	18,733	19,240	146	5	30	1,085	317
EFTEN Living Daugava SIA	Daugava	Daugava, Riga	7.2023	7,835	6,890	102	60	under development	40	29
				47,448	52,388	588	67	33	2,682	1,873

Investment property portfolio per country



Investment property portfolio per investment



Net asset value

As of 31 December 2025, the net asset value (NAV) of EFTEN Residential Fund usaldusfond amounted to EUR 39,403 thousand (2024: EUR 39,186 thousand). During the reporting year, no additional capital contributions were made by investors, and the total amount of capital contributed to the Fund remained at EUR 35,100 thousand (2024: same). As at the end of the reporting period, all capital raised by the Fund had been fully invested.

As of 31 December 2025, the Fund has a total of 27 investors (2024: same). The owners of more than 10% of the Fund are listed in the table below:

Investor	31.12.2025	31.12.2024
Compensa Life Vienna Insurance Group	31.3%	31.3%
LHV Pension Funds	14.2%	14.2%
ADB Compensa Vienna Insurance Group	11.4%	11.4%

Governance

EFTEN Residential Fund usaldusfond was registered in the Commercial Register in September 2020, after which the Fund commenced its operations.

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

The Management Board of the Fund's general partner (EFTEN REF GP OÜ) has 2 members: Viljar Arakas and Tõnu Uustalu and there have been no changes in the composition of the Management Board during the reporting period. The management board of the general partner supervises the activities of the management

company related to the Fund and the activities of the depositary to the extent and pursuant to the procedure prescribed in the depositary agreement, as well as performs other tasks arising from the partnership agreement.

Financial risks

The Fund continuously assesses its financial risk management objectives and principles. The Fund's main financial risks are credit risk, liquidity risk and market risk. Information is presented in Note 15 to the consolidated financial statements.

FINANCIAL STATEMENTS OF THE CONSOLIDATION GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2025	2024
<i>€ thousands</i>			
Revenue	4,5	2,709	1,899
Cost of service sold	6	-651	-477
Marketing costs	7	-97	-58
Net rental income	4	1,961	1,364
General and administrative expenses	8	-847	-758
Gain / loss from revaluation of investment properties	11	347	-840
Other operating income and expenses		24	4
Operating profit/loss	4	1,485	-230
Interest income		28	100
Interest expenses		-502	-534
Profit/loss before income tax	4	1,011	-664
Income tax expense		-253	235
Net profit/loss for the financial year		758	-429
Comprehensive income/loss for the financial year	4	758	-429

The notes on pages 9-30 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2025	31.12.2024
<i>€ thousands</i>			
ASSETS			
Cash and cash equivalents	9	1,820	2,243
Short-term deposits	15	420	0
Receivables and accrued income	10	101	72
Prepaid expenses		12	12
Total current assets		2,353	2,327
Non-current receivables		0	52
Deferred tax asset		240	242
Investment property	4,11	52,388	47,428
Property, plant and equipment	12	797	896
Intangible assets	12	27	31
Total non-current assets		53,452	48,649
TOTAL ASSETS		55,805	50,976
LIABILITIES AND NET ASSET VALUE			
Borrowings	13	91	93
Payables and prepayments	14	926	1 213
Total current liabilities		1,017	1,306
Borrowings	13	14,489	9,589
Other non-current liabilities	14	699	813
Deferred income tax liability		197	82
Total non-current liabilities		15,385	10,484
TOTAL LIABILITIES		16,402	11,790
Total net asset value of the Fund owned by limited and general partners		39,403	39,186
TOTAL LIABILITIES AND TOTAL NET ASSETS		55,805	50,976

The notes on pages 9-30 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2025	2024
<i>€ thousands</i>			
Cash flows from operating activities			
Net profit/loss		758	-429
<i>Adjustments of net profit/loss:</i>			
Interest income		-28	-100
Interest expenses		502	534
Gain/loss on revaluation of investment property	11	-347	840
Depreciation and impairment loss	6,8	271	202
Income tax expense		253	-235
Total adjustments with non-cash changes		651	1,241
Cash flow from operations before changes in working capital		1,409	812
Change in receivables and prepayments related to operating activities		49	-25
Change in liabilities and payables related to operating activities		-78	-39
Total cash flow generated from operating activities		1,380	748
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets	12	-168	-477
Sale of property, plant and equipment		0	10
Acquisition of investment property	11	-4,959	-7,966
Change in short-term deposits		-420	0
Interest received		27	100
Total cash flow generated from investing activities		-5,520	-8,333
Cash flows from financing activities			
Received loans	13	5,000	0
Scheduled loan repayments	13	-97	-97
Interest paid		-509	-532
Capital contributions		0	8,089
Interest paid to investors	16	-20	-540
Dividends paid	16	-521	0
Income tax on dividends paid		-136	0
Total cash flow generated from financing activities		3,717	6,920
TOTAL CASH FLOW		-423	-665
Cash and cash equivalents at the beginning of period	9	2,243	2,908
Change in cash and cash equivalents		-423	-665
Cash and cash equivalents at the end of period	9	1,820	2,243

The notes on pages 9-30 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS OF THE FUND

	2025	2024
<i>€ thousands</i>		
Net asset value of the Fund owned by limited and general partners at the beginning of the period	39,186	32,066
Capital contributions	0	8,089
Net change in capital	0	8,089
Transfer of dividends and interest to fund investors	-541	-540
Comprehensive income/loss for the financial year	758	-429
Net asset value of the Fund owned by limited and general partners at the end of the period	39,403	39,186

Additional information on capital contributions is provided in Note 16.

The notes on pages 9-30 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

The EFTEN Residential Fund (hereinafter also referred to as the 'Fund') is established in September 2020 and it is a real estate fund investing in cash-generating residential real estate.

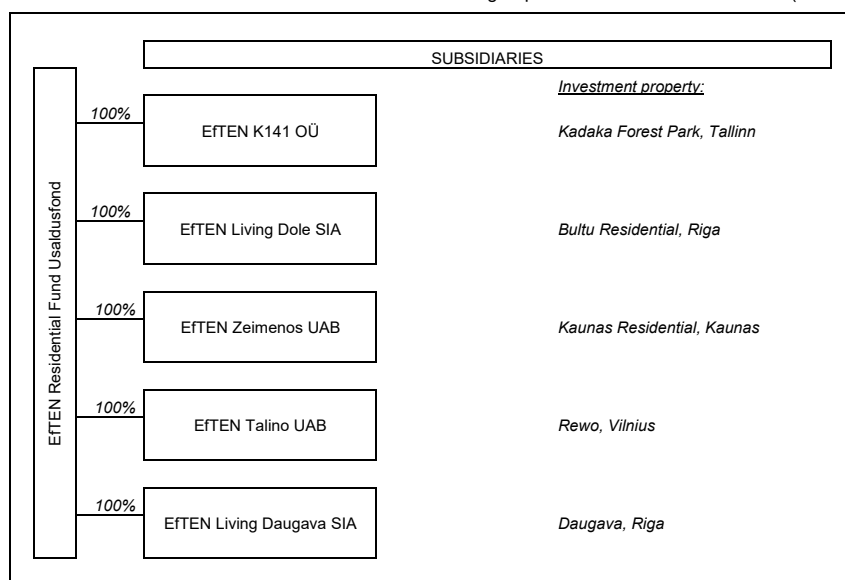
The Fund is a closed-end, alternative investment fund and the investment region is the Baltic States.

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

The consolidated annual financial statements of EFTEN Residential Fund usaldusfond for the reporting period from 1 January 2025 to 31 December 2025 were approved and signed by the Management Board on 9 March 2026.

The Fund is registered in Estonia and operates in Estonia.

The structure of the EFTEN Residential Fund usaldusfond group as of 31.12.2025 is as follows (see also Note 3):



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

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

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

The financial statements have been prepared using the historical cost method, except where otherwise stated in the accounting policies (for example, investment property is measured at fair value).

The consolidated financial statements have been prepared on the basis of the going concern assumption.

2.1 *Changes in accounting policies and presentation*

1.2.1 Application of new or amended standards and interpretations

New or amended standards and interpretations that became effective for annual reporting periods beginning on 1 January 2025 did not have a material impact on the consolidated financial statements of the Group.

Standards effective in subsequent reporting periods and standards not yet adopted

(effective for annual periods beginning on or after 1 January 2026; not yet adopted by the European Union)

Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments

(effective for annual periods beginning on or after 1 January 2026)

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 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 these amendments.

IFRS 18 Presentation and Disclosure in Financial Statements

(effective for annual periods beginning on or after 1 January 2027; not yet adopted by the European Union)

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

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

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

The Group is currently analysing and assessing the impact of these changes.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

(effective for annual periods beginning on or after 1 January 2027; not yet adopted by the European Union)

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 these changes.

"Sale or contribution of assets between an investor and its associate or joint venture" – Amendments to IFRS 10 and IAS 28

(effective date to be determined by the IASB; not yet adopted by the European Union)

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 these amendments.

2.2 Summary of the most important accounting principles

Management's critical estimates and judgements

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

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

The most important management decisions that affect the information presented in the financial statements concern the following areas of accounting.

Estimation uncertainty

Management makes its estimates based on experience and facts that have become known to it no later than the date of the annual report. Therefore, there is a risk with the assets and liabilities presented at the balance sheet date, and the related revenue and expenses, that the estimates applied need to be revised in the future. The key sources of estimation uncertainty that have a significant risk of causing material restatements to the financial statements are described below.

a) Determination of the fair value of investment property

Investment properties are valued at their fair value as at each balance sheet date. The Group's investment properties are valued by Colliers International Advisors OÜ. The Group's independent valuer values investment properties individually using the discounted cash flow method. All of the Group's investment properties earn (or will earn upon completion) rental income, which is why the method used is the best indicator of the fair value of the investment property among alternatives (for example, the comparative method). Cash flow forecasts for all properties have been updated when determining fair, and discount rates and exit yields have been differentiated depending on the location, technical condition and risk level of the properties. Compared to the previous year, both the discount rates and exit yields used in the valuations of the Fund's real estate portfolio have increased due to the increase in EURIBOR and the market situation in real estate transactions. While discount rates ranged from 6.5% and 8.4% last year, as of 31.12.2025 they are between 6.5% and 8.5%. Exit yields are between 5.3% and 6.5% at the end of 2025 (2024: same). Additional information on the assumptions and sensitivities used in the valuations is provided in Note 11.

b) Business combinations and acquisitions of assets

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

Investment company

The Group's management has assessed the compliance of its activities with the definition of an investment company and considers that EFTEN Residential Fund does not meet the definition of an investment company, as it has the characteristics of a real estate company rather than a purely investment company. Although investors in the EFTEN Residential Fund also expect both an increase in the value of their assets and a return on their current business from their capital investment EFTEN Residential Fund takes a significant portion of the development risks in its investments that are more common in a traditional real estate company. An investment firm should also make direct investments in companies that are measured at fair value in accordance with IFRS 10. In the case of the parent company of EFTEN Residential Fund, the fair value measurement is indirect - the fair value is measured at the assets located in the subsidiaries of EFTEN Residential Fund, thereby obtaining the fair value of the subsidiary, which may not be the subsidiary's final market price. The Group's economic activity is also assessed on the basis of rental income, profit margins, volume of assets and other financial indicators characterizing real estate companies, which cannot be done only on the basis of the fair value of the subsidiary.

Segment reporting

The Group allocates the capital raised and available funds to investments in accordance with the Group's investment principles, analysing a reasonable allocation of risks across real estate sectors.

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

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

	Estonian	Latvia	Lithuania
Rental Houses	Kadaka MetsaPark, Tallinn	Bultu Residential, Riga	Kaunas Residential, Kaunas
		Daugava, Riga	Rewo, Vilnius

The main indicators used by the management in making business decisions is sales revenue, net operating income (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 on a monthly basis.

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

In the unconsolidated balance sheet of the parent company (Note 18), investments in subsidiaries are recorded using the fair value method.

Revenue recognition

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

Rental income from operating leases is recognised on a straight-line basis over the lease term. If the Group agrees with the lessee to a rent-free period, this expense is also recognised on a straight-line basis over the lease term, reducing rental income.

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

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

The Group acts as an agent for the resale of utility and administrative expenses, which is why such revenues are not recognized on a gross basis but are offset against the related expenses.

Financial assets

Impairment of financial assets

The Group estimates the expected credit losses for debt instruments carried at amortized cost based on future information. The applied impairment methodology depends on whether the credit risk has increased significantly.

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

As of 31 December 2025 and 31 December 2024, all the Group's financial assets were classified in the following categories:

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

Investment property

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

An investment property is initially recognised in the balance sheet at cost, including any directly attributable expenditure (e.g. notary fees, property transfer taxes, professional fees for legal services, and other transaction costs without which the transaction would not have taken place). After initial recognition, investment property is measured at fair value at each balance sheet date. The fair value of investment property 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. In order to calculate the present value of a property's future cash flows, the appraiser has to forecast the property's future rental income (including rent per 1 square meter and the occupancy rate) and operating expenses. Depending on the terms of the lease (whether and how easily the lease can be terminated by the lessee), the appraiser will base the projections on either the property's existing cash flows or the market's current average cash flows for similar properties. The present value of the future net cash flow is found by applying a discount rate, which best reflects the current market assessments of the time value of money and the risks specific to the asset. The discount rate is selected based on the market's average capital structure, not asset structure. The discounted cash flow method is used to determine the value of investment properties that generate stable rental income.

Property, plant and equipment

Property, plant and equipment are initially considered at their acquisition cost, which consists of the purchase price and expenses directly related to acquisition, which are necessary to bring the asset to its working condition and location. Property, plant and equipment are recorded in the balance sheet at their acquisition cost, from which accumulated depreciation and possible discounts resulting from a decrease in value have been deducted.

The straight-line method is used for depreciation. Depreciation rates are determined separately for each property, plant and equipment item, depending on its useful life. Depreciation rates for property, plant and equipment are as follows:

Other tangible fixed assets 5-7 years

Furniture 5-7 years

Office equipment 3 years

If there are signs that the life or final value of the asset has changed significantly, changes in the asset's depreciation are made on a prospective basis.

Financial liabilities

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

Income tax

Subsidiaries registered in Estonia

According to the Income Tax Act, a company's profit for the reporting year is not taxed in Estonia, but rather the profit distributions (dividends) paid out. The tax rate on (net) dividends was 20/80 until 31.12.2024, and from 01.01.2025 it will be 22/78. The income tax on the payment of dividends is recognised as an expense in the income statement when the dividends are declared (liability arises).

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

Subsidiaries registered in Latvia

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

As a result of the implementation of the Income Tax Law effective from 2018, there are no longer any differences between the tax accounting and carrying amounts of assets and liabilities in Latvia, and therefore no deferred tax assets or liabilities are recognised in respect of Latvian subsidiaries. All deferred tax assets and liabilities recognised in prior periods were derecognised in 2017 and the corresponding income tax expense/income was recognised in the income statement.

Subsidiaries registered in Lithuania

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

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

Recognition of deferred tax liability in consolidated financial statements

The Group's deferred tax liability arises for companies located in countries where the profits are taxed. Deferred tax is recognized based on temporary differences that arise between the carrying amount of assets and liabilities and their tax bases.

The Group's deferred income tax liability also arises from investments in Estonian and Latvian subsidiaries and associates, unless the Group is able to control the timing of the reversal of taxable temporary differences and it is unlikely that they will reverse in the 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 at the amount of the planned dividend payment, provided that there are sufficient funds and equity to distribute the profit in the foreseeable future. In measuring a deferred tax liability, the Group uses tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the temporary differences reverse.

Paid-in capital

The Fund's investors have made an investment obligation to the Fund and the maximum amount of the obligations is set out in Note 13. Pursuant to the agreement between the Fund and investors (partnership agreement), the Fund requires investors to pay the investment obligation as required by submitting a written application to investors. The Fund's investors (limited partners) are liable to the Fund with the maximum investment obligation and, in accordance with the Commercial Code, are liable for the obligations assumed by the Fund up to the maximum amount of the investment obligation. The Management Company (general partner) has also assumed the maximum investment obligation, but pursuant to the Commercial Code, the general partner is liable to the Fund with all its assets. Investors' contributions (limited partners and general partners) are recorded as a liability in the financial statements, as upon liquidation of the Fund there is an obligation to return their proportionate share of the Fund's net assets, investors' contributions to the Fund are not registered as capital and investors' liabilities to the Fund are not identical.

3 Subsidiaries

Company's Name	Country of domicile	Investment property	Equity € thousands		Group's ownership, %	
			31.12.2025	31.12.2024	31.12.2025	31.12.2024
Parent company						
EFTEN Residential Fund	Estonian					
Subsidiaries						
EFTEN K141 OÜ	Estonian	Kadaka Metsapark, Tallinn	7,601	7,759	100	100
EFTEN Living Dole SIA	Latvia	Bultu Residential, Riga	547	-135	100	100
EFTEN Zeimenos UAB	Lithuania	Kaunas Residential, Kaunas	4,887	4,737	100	100
EFTEN Talino UAB	Lithuania	Rewo, Vilnius	2,567	2,468	100	100
EFTEN Living Daugava SIA	Latvia	Daugava, Riga	6,714	97	100	100
			22,316	14,926		

All subsidiaries are engaged in the acquisition, development and leasing of investment properties. None of the subsidiaries are listed on the stock exchange.

4 Segment reporting

SEGMENT RESULTS

	Estonian		Latvia		Lithuania		Non-allocated		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
<i>€ thousands</i>										
Revenue (Note 5), incl.	851	828	40	29	1,818	1,042	0	0	2,709	1,899
Net rental income, incl.	812	791	-61	-25	1,210	598	0	0	1,961	1,364
EBITDA, incl.	696	681	-226	-141	1,009	338	-70	-66	1,409	812
Operating profit / loss	822	747	-753	-567	1,499	-331	-83	-79	1,485	-230
Net financial expense									-474	-434
Profit/loss before tax expense									1,011	-664
Income tax expense									-253	235
NET PROFIT/LOSS FOR THE FINANCIAL YEAR									758	-429

SEGMENT ASSETS

As of year end	Estonian		Latvia		Lithuania		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
<i>€ thousands</i>								
Investment property (Note 11)	14,510	14,360	7,538	3,568	30,340	29,500	52,388	47,428
Other long-term assets							1,064	1,221
Net debt (liabilities minus cash)							-14,582	-9,547
Other short-term assets							533	84
NET ASSETS							39,403	39,186

During the reporting period, there were no transactions between the business segments. The Group's main income is derived from investment properties located in the same countries as the subsidiary that owns the investment property. The income of any tenant of the Group does not exceed 10% of the consolidated rental income.

5 Revenue

Areas of activity	2025	2024
€ thousands		
Rental income from residential units (Note 11)	2,682	1,873
Other sales revenue	27	26
Total revenue by areas of activity (Note 4)	2,709	1,899

Sales revenue by geographical area	2025	2024
€ thousands		
Estonian	851	828
Latvia	40	29
Lithuania	1,818	1,042
Total sales revenue by geographical area (Note 4)	2,709	1,899

6 Cost of services sold

Cost of services sold	2025	2024
€ thousands		
Repair and maintenance of rental premises	-40	-76
Property insurance	-14	-11
Land tax and property tax	-189	-142
Utility costs of vacant spaces	-37	-37
Depreciation	-258	-189
Improvement costs	-1	0
Other sales costs	-108	-8
Allowance for doubtful accounts	-4	-14
Total cost of services sold (Note 11)	-651	-477

7 Marketing expenses

Marketing expenses	2025	2024
€ thousands		
Rental commissions	-53	-34
Advertising, promotional events	-44	-24
Total marketing expenses	-97	-58

8 General and administrative expenses

General and administrative expenses	2025	2024
€ thousands		
Management fee (Note 17)	-615	-554
Office expenses	-52	-52
Wages and salaries, incl. taxes (Note 17)	-12	-12
Consulting expenses, legal aid, accounting service, evaluation service, audit	-134	-109
Regulator Costs	-20	-18
Other administrative expenditure	-1	0
Depreciation	-13	-13
Total general and administrative expenses	-847	-758

9 Cash and cash equivalents

	31.12.2025	31.12.2024
€ thousands		
Demand deposits	184	363
Overnight deposits ¹	1,636	1,880
Total cash and cash equivalents (Note 15)	1,820	2,243

¹Overnight deposits bear variable interest. As of 31.12.2025, the interest rate was in the range of 0.512% - 1.534% per annum.

10 Receivables and accrued income

Current receivables and accrued receivables

	31.12.2025	31.12.2024
€ thousands		
Trade receivables	75	72
Total trade receivables (Note 15)	75	72
Advances and refunds of value added tax	25	0
Other accrued income	1	0
Total accrued income	26	0
Total receivables and accrued income (Note 15)	101	72

11 Investment property

As of 31.12.2025, the Group has made investments in the following investment properties:

Name	Location	Date of acquisition	Acquisition cost	Market value at 31.12.2025	Increase in value	Share of market value of the Fund's asset
€ thousands						
Kadaka Metsapark	Tallinn, Estonia	9.2020	10,376	14,510	40%	26%
Bultu Residential	Riga, Latvia	7.2021	648	648	0%	1%
Kaunas Residential	Kaunas, Lithuania	11.2021	9,856	11,100	13%	20%
Rewo	Vilnius, Lithuania	6.2022	18,733	19,240	3%	34%
Daugava	Riga, Latvia	7.2023	7,835	6,890	-12%	12%
Total			47,448	52,388	10%	94%

Additional information on investment properties is provided in Note 4 'Segment reporting'.

The following changes have occurred in the Group's investment properties during the reporting periods:

	Investment property under development	Completed investment property	Total investment property
Balance as at 31.12.2023	14,731	24,970	39,701
Acquisitions and developments	503	7,985	8,488
Capitalized improvements	0	79	79
Reclassifications	-11,240	11,240	0
Loss from change in fair value	-426	-414	-840
Balance as at 31.12.2024 (Note 4)	3,568	43,860	47,428
Capitalized improvements	0	4,613	4,613
Reclassifications	-2,920	2,920	0
Loss from change in fair value	0	347	347
Balance as at 31.12.2025 (Note 4)	648	51,740	52,388

The Group's income statement and balance sheet reflect, among other things, the following income, expenses and balances related to investment properties:

As of 31 December or for the year	2025	2024
Rental income from investment properties (Note 5)	2,682	1,873
Costs directly associated with the management of investment property (Note 6)	-651	-477
Payables related to acquisition of investment property (Note 14)	774	1,239
The book value of real estate investments pledged as collateral for loan obligations (Note 13)	44,850	25,260

Assumptions and basis for determining the fair value of investment properties

The Group's investment properties are evaluated by an independent appraiser. The fair value of investment properties recognised in the Group's financial statements as of 31.12.2025 and 31.12.2024 has been obtained using the discounted cash flow method.

The following assumptions have been used to find the fair value:

In 2025:

Sector	Fair value	Evaluation method	Estimated rental income per year	Discount rate	Exit yield	Average rental income per rental apartment per calendar month, €
<i>€ thousands</i>						
Kadaka Metsapark	14,510	Discounted cash flows	832	6.5%	5.5%	627
Kaunas Residential	11,100	Discounted cash flows	771	8.0%	6.0%	707
Rewo project	19,240	Discounted cash flows	1,140	7.8%	5.3%	686
Daugava	6,890	Discounted cash flows	426	8.5%	6.5%	447
Total	51,740		3,169			

In 2024:

Sector	Fair value	Evaluation method	Estimated rental income per year	Discount rate	Exit yield	Average rental income per rental apartment per calendar month, €
<i>€ thousands</i>						
Kadaka Forest Park	14,360	Discounted cash flows	823	6.5%	5.5%	626
Kaunas Residential	10,900	Discounted cash flows	745	8.0%	6.0%	682
Rewo project	18,600	Discounted cash flows	1,077	7.8%	5.3%	688
Daugava	2,920	Discounted cash flows	512	8.4%	6.5%	431
Total	46,780		3,157			

Independent expert estimates for the fair value of investment properties are based on the following:

- Rental income: prices and real growth rates resulting from existing leases are used;
- Vacancy: the actual vacancy of an investment property, considering the risks associated with the object;
- Discount rate: calculated on the basis of the weighted average cost of capital (WACC) related to investment property;
- Exit yield: based on the estimated level of return at the end of the expected deposit period, considering the foreseeable market situation and the risks associated with the object.

Fair value sensitivity analysis

The table below illustrates the sensitivity of the fair value of investment properties recognised using the discounted cash flow method as reported in the Group's balance sheet as of 31.12.2024 to the most significant valuation assumptions:

Sector	Fair value	Sensitivity to management estimate		Sensitivity to independent appraisal			
		Revenue +10%	Revenue -10%	Discount rate +50bp	Discount rate -50bp	Exit yield +50bp	Exit yield -50bp
<i>€ thousands</i>							
Kadaka Metsapark	14,510	1,530	-1,540	-310	310	-930	1,110
Kaunas Residential	11,100	1,300	-1,400	-300	200	-700	700
Rewo project	19,240	2,160	-2,140	-440	460	-1,340	1,560
Daugava	6,890	780	-780	-140	140	-370	430
TOTAL	51,740	5,770	-5,860	-1,190	1,110	-3,340	3,800

As of 31.12.2024:

Sector	Fair value	Sensitivity to management estimate		Sensitivity to independent appraisal			
		Revenue +10%	Revenue -10%	Discount rate +50bp	Discount rate -50bp	Exit yield +50bp	Exit yield -50bp
<i>€ thousands</i>							
Kadaka Metsapark	14,360	1,520	-1,520	-300	310	-920	1,110
Kaunas Residential	10,900	1,200	-1,300	-200	200	-600	700
Rewo project	18,600	2,100	-2,200	-400	400	-1,300	1,500
Daugava	2,920	740	-740	-130	130	-370	430
TOTAL	46,780	5,560	-5,760	-1,030	1,040	-3,190	3,740

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

12 Property, plant and equipment

Property, plant and equipment	Other property, plant and equipment	Total
€ thousands		
Residual value 31.12.2023	618	618
Acquisition cost 31.12.2023	758	758
Accumulated depreciation 31.12.2023	-140	-140
Acquisitions and developments	477	477
Sales and liquidation	-14	-14
Depreciation expense	-185	-185
Residual value at 31.12.2024	896	896
Acquisition cost 31.12.2024	1,220	1,220
Accumulated depreciation 31.12.2024	-324	-324
Acquisitions and developments	158	158
Depreciation expense	-257	-257
Residual value at 31.12.2025	797	797
Acquisition cost 31.12.2025	1,378	1,378
Accumulated depreciation 31.12.2025	-581	-581

Intangible assets	Computer software	Total
€ thousands		
Residual value 31.12.2023	45	45
Acquisition cost 31.12.2023	68	68
Accumulated depreciation 31.12.2023	-23	-23
Depreciation expense	-14	-14
Residual value at 31.12.2024	31	31
Acquisition cost 31.12.2024	68	68
Accumulated depreciation at 31.12.2024	-37	-37
Purchases	10	10
Depreciation expense	-14	-14
Residual value at 31.12.2025	27	27
Acquisition cost 31.12.2025	78	78
Accumulated depreciation at 31.12.2025	-51	-51

13 Borrowings

As of 31.12.2025, the Group has the following borrowings:

Objects	Lender	Lender's country of origin	Contractual loan amount	Loan balance as of 31.12.25	Maturity date	Interest rate of the loan agreement as of 31.12.25	Loan collateral	Collateral value	Share of the net value of the Fund
Kadaka Metsapark	Swedbank	Estonian	5,000	5,000	18.01.28	3.53%	Mortgage - Kadaka Metsapark	14,510	12.7%
Kaunas Residential	Swedbank	Lithuania	4,800	4,598	30.06.28	3.76%	Mortgage - Kaunas Residential	11,100	11.7%
Rewo	Luminor	Lithuania	5,000	5,000	05.12.29	3.73%	Mortgage - Rewo	19,240	12.7%
Total			14,800	14,598				44,850	37.0%

Short-term borrowings	31.12.2025	31.12.2024
<i>€ thousands</i>		
Repayments of long-term bank loans in the next period	97	97
Discounted contract fees for bank loans	-6	-4
Total short-term borrowings	91	93

Long-term borrowings	31.12.2025	31.12.2024
<i>€ thousands</i>		
Total long-term borrowings	14,580	9,682
incl. current portion of borrowings	91	93
incl. non-current portion of borrowings, incl	14,489	9,589
Bank loans	14,501	9,598
Discounted contract fees on borrowings	-12	-9

Bank loans are divided according to their repayment terms as follows:

Repayments of bank loans according to repayment terms	31.12.2025	31.12.2024
<i>€ thousands</i>		
Up to 1 year	97	97
2-5 years	14,501	9,598
Total bank loan repayments	14,598	9,695

Cash flows from loan liabilities	2025	2024
<i>€ thousands</i>		
Balance at beginning of period	9,682	9,776
Bank loans received	5,000	0
Annuity payments on bank loans	-97	-97
Change of discounted contract fees	-5	3
Balance at end of period	14,580	9,682

Additional information on borrowings is provided in Note 15.

14 Payables and prepayments

Current liabilities and prepayments

	31.12.2025	31.12.2024
<i>€ thousands</i>		
Payables to suppliers from fixed asset transactions (Note 11)	0	267
Other payables to suppliers	115	110
Total payables to suppliers	115	377
Liabilities from fixed asset transactions (Note 11)	86	165
Other payables	1	1
Total other payables	87	166
Value Added Tax	253	248
Corporate Income Tax	0	8
Land tax, real estate tax	41	73
Total tax liabilities	294	329
Interest liabilities	3	4
Tenants' security deposits	404	325
Other accrued liabilities	22	10
Total accruals liabilities	429	339
Prepayments received	1	2
Total prepayments	1	2
Total payables and prepayments	926	1,213

Non-current payables

	31.12.2025	31.12.2024
<i>€ thousands</i>		
Tenants security deposits	11	6
Other non-current liabilities ¹	688	807
Total other non-current payables	699	813

¹Other non-current debts are related to the adjustment of the input VAT on the construction of EFTEN K141 OÜ.

Additional information on debts is provided in Note 15.

15 Financial instruments, management of financial risks

The Group's main financial liabilities are loan obligations, trade payables, tenant deposits, and its main financial assets are cash and trade receivables.

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

Carrying amounts of financial instruments

	Notes	31.12.2025	31.12.2024
<i>€ thousands</i>			
Financial assets measured at amortized cost			
Cash and cash equivalents	9	1,820	2,243
Short-term deposits ¹		420	0
Trade receivables	10	75	72
Total financial assets measured at amortized cost		2,315	2,315
Financial liabilities measured at amortized cost			
Borrowings	13	14,580	9,682
Trade payables	14	115	377
Tenant security deposits	14	415	331
Interest liabilities	14	3	4
Accrued expenses	14	22	10
Other long-term payables	14	688	807
Total financial liabilities measured at amortized cost		15,823	11,211
Total financial liabilities		15,823	11,211

¹Short-term deposits bear an interest rate of 1.9% per annum.

The fair values of financial assets and financial liabilities carried at amortized cost in the table above do not differ materially from their fair values.

The Group's risk management is based on the principle that risks must be taken in a balanced manner, considering the rules established by the Group and applying risk mitigation measures as appropriate, thereby achieving stable Group profitability and increase in the value of the fund's shareholders. When making new investment decisions, the solvency of future customers, the length of lease agreements, the possibility of substitutability of tenants and the risks of rising interest rates are carefully assessed. The terms and conditions of the financing agreements are adjusted to correspond to the net cash flow of a specific real estate object, which ensures the preservation and growth of sufficient free cash of the Group even after the fulfilment of financial obligations.

The investment of the Group's assets is based on the risk expectations of the Group's investors, which is why excessive risk-taking is unacceptable and appropriate measures must be applied to manage the risks.

The Group considers financial risk to be the risk that arises directly from investing in real estate, including market risk, liquidity risk and credit risk, thereby reducing the company's financial strength or reducing the value of its investments.

Market risk

Market risk is the risk of 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 loan borrowings. The main factor influencing these financial instruments is interest rate risk.

Interest risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The change in market interest rates mainly affects the long-term floating rate borrowings of the Fund's subsidiaries, where the income from the subsidiary may decrease as a result of higher interest rates.

As of 31.12.2025, all loan agreements of the Group have been concluded on a floating interest basis, 66% of which is linked to the 1-month EURIBOR and 34% is linked to the 3-month EURIBOR. In 2025, the 1-month EURIBOR fluctuated between 1.844% and 2.883% and the 3-month EURIBOR fluctuated between 1.937% and 2.789%. The margins of the loan agreements will range from 1.65% to 1.85% at the end of 2025.

As of 31.12.2025, the weighted average interest rate of the Group's loan portfolio was 3.67%. No special terms and conditions of any loan agreement were breached in 2025.

Liquidity risk

Liquidity risk arises from potential changes in the financial position, reducing the Group's ability to meet its liabilities in due time and in a correct manner. Above all, the Group's liquidity is affected by the following factors:

- Decrease or volatility of rental income, reducing the Group's ability to generate positive net cash flows;
- Vacancy of rental property;
- Mismatch between the maturities of assets and liabilities and flexibility in changing them;
- Marketability of long-term assets;
- Volume and pace of real estate development activities;
- Financing structure.

The Group's goal is to manage net cash flows in such a way that no more than 60% of the acquisition cost of the investment is involved in foreign capital when making real estate investments, and the Group's debt coverage ratio is greater than 1.2. As of 31.12.2025, the share of the Group's interest-bearing debt obligations of rental income-producing real estate investments was 28%.

The financing policy of the Group specifies that loan agreements for raising debt are entered into on a long-term basis, also taking into consideration the maximum duration of the lease agreements on these properties.

The table below summarises the information on the maturities of the Group's financial liabilities (undiscounted cash flows):

As of 31.12.2025	Less than 1 month	2-4 months	5 to 12 months	2 to 5 years	over 5 years	Total
<i>€ thousands</i>						
Interest-bearing liabilities	8	24	65	14,501	0	14,598
Interest payments	46	138	368	1,034	0	1,586
Interest liabilities	3	0	0	0	0	3
Trade payables	115	0	0	0	0	115
Tenant security deposits	13	100	290	11	0	415
Accrued expenses	22	0	0	0	0	22
Other non-current liabilities	0	0	0	578	110	688
Total financial liabilities	207	262	723	16,124	110	17,427

As of 31.12.2024	Less than 1 month	2-4 months	5 to 12 months	2 to 5 years	over 5 years	Total
<i>€ thousands</i>						
Interest-bearing debt liabilities	8	24	65	9,598	0	9,695
Interest payments	39	115	306	1,032	0	1,492
Interest liabilities	4	0	0	0	0	4
Trade payables	377	0	0	0	0	377
Tenant security deposits	11	73	241	6	0	331
Accrued expenses	10	0	0	0	0	10
Other non-current liabilities	0	0	0	579	228	807
Total financial liabilities	449	212	612	11,215	228	12,716

Statement of working capital

	31.12.2025	31.12.2024
<i>€ thousands</i>		
Cash and cash equivalents (Note 9)	1,820	2,243
Receivables and accrued income (Note 10)	101	72
Prepaid expenses	12	12
Total current assets	1,933	2,327
Current portion of non-current liabilities (Note 13)	-91	-93
Current liabilities and prepayments (Note 14)	-926	-1,213
Total current liabilities	-1,017	-1,306
Total working capital	916	1,021

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Group by failing to discharge an obligation. The Group is subject to credit risk due to its business operations (mainly arising from trade receivables) and transactions with financial institutions, including through cash on bank accounts and deposits.

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

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

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

Accounts receivables are illustrated by the table below:

	31.12.2025	31.12.2024
<i>€ thousands</i>		
Undue	51	51
Past due, incl.	39	31
Up to 30 days	12	6
30-60 days	2	3
More than 60 days	25	22
Allowance for doubtful accounts	-15	-10
Total trade receivables (Note 10)	75	72

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

	31.12.2025	31.12.2024
<i>€ thousands</i>		
Cash and cash equivalents (Note 9)	1,820	2,243
Short-term deposits	420	0
Trade receivables (Note 10)	75	72
Total maximum credit risk	2,315	2,315

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 longterm) as follows:

Rating	31.12.2025	31.12.2024
€ thousands		
Aa2	1,657	2,243
A2	163	0
Total	1,820	2,243

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 loan obligations and the net value of the Fund's assets belonging to trust and general partners.

The fund invests in subsidiaries whose main cash flow comes from investment properties and raises new capital for investments. The fund invests directly in the equity of its subsidiaries as well as provides loans to subsidiaries for making investments. The required amount of capital is calculated individually for each investment, taking into account the volume of net cash flows of the specific investment. When acquiring subsidiaries, the fund invests in its equity or grants an owner loan to a subsidiary of not less than 40% of the value of the subsidiary's assets. After the investment, the EBITDA of any real estate object generating cash flow from any subsidiary may not be less than 120% of the annuity payments (incl. interest) of the loan.

In 2025, the Group's adjusted cash flow (EBITDA minus principal and interest payments on loans) totalled EUR 810 thousand (2024: EUR 188 thousand). Considering the balance of cash in the Fund's subsidiaries, the completed real estate portfolio allows for more payments to investors in the spring of 2026 - 1,039 thousand euros. In 2025, the Fund continued to pay interest and dividends received from subsidiaries to investors in the total amount of EUR 541 thousand.

Fair value

The valuation methods used to analyse the Group's assets and liabilities measured at fair value have been defined as follow

Level 1 – quoted prices in active markets;

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

Level 3 – unobservable inputs at the market.

As of 31.12.2025 or 31.12.2024, the Group does not have assets at fair value that would belong to the Level 1 group when the value is determined. All real estate investments of the Group are recorded at fair value and belong to the Level 3 group according to the valuation method.

16 Paid-in capital

The balance of the Fund's paid-in capital as of 31.12.2025 was 35,100 thousand euros (2024: same). In 2025, the Fund repaid to investors interest and dividends received from subsidiaries in the total amount of 541 thousand euros.

As of 31.12.2024, financial liability agreements were concluded between the Fund and the Fund's investors, according to which the investors will pay the Fund a total of 35,100 thousand euros for the acquisition of subsidiaries. As of the end of 2025, all capital from the investors has been raised for the investments.

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

Investor	31.12.2025	31.12.2024
Compensa Life Vienna Insurance Group	31.3%	31.3%
LHV Pension Funds	14.2%	14.2%
ADB Compensa Vienna Insurance Group	11.4%	11.4%

17 Related party transactions

The EFTEN Residential Fund usaldusfond considers the following to be related parties:

- members of the Management Board of the EFTEN Residential Fund usaldusfond and companies owned by the members of the Management Board;
- the employees of the EFTEN Residential Fund usaldusfond and the companies owned by the employees;
- General partner EFTEN REF GP OÜ;
- EFTEN Capital AS (management company).

During the reporting period, the Group purchased management services from EFTEN Capital AS in the amount of EUR 615 thousand (2024: EUR 554 thousand) (see Note 8) and accounting services in the amount of EUR 31 thousand (2024: EUR 27 thousand). EFTEN Residential Fund did not purchase from other related parties or sell any other goods or services to related parties.

In 2025, the Group had 1 employee (2024: same), to whom, together with accompanying taxes, fees totalling 12 thousand euros (2024: same) were paid (see Note 8). No fees were calculated or paid to the members of the Group's Management Board in 2025 or 2024. The members of the Group's Management Board work for EFTEN Capital AS, a company providing management services to the Group, and the costs related to the activities of the Management Board member are included in the management service.

18 Parent company's separate financial statements

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

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

STATEMENT OF COMPREHENSIVE INCOME

	2025	2024
<i>€ thousands</i>		
General and administrative expenses	-83	-79
Operating loss	-83	-79
Loss from subsidiaries	-278	-1,491
Financial income	984	1,198
Profit/loss before income tax	623	-372
Net profit/loss for the reporting year	623	-372
Comprehensive profit/loss for the financial year	623	-372

STATEMENT OF FINANCIAL POSITION

	31.12.2025	31.12.2024
<i>€ thousands</i>		
ASSETS		
Current assets		
Cash and cash equivalents	130	249
Receivables and accrued income	2,709	1,749
Total current assets	2,839	1,998
Non-current assets		
Investments in subsidiaries	22,316	15,062
Non-current receivables	14,234	22,235
Intangible assets	16	29
Total non-current assets	36,566	37,326
TOTAL ASSETS	39,405	39,324
LIABILITIES AND NET ASSET VALUE		
Current liabilities		
Debts	2	3
Total current liabilities	2	3
TOTAL LIABILITIES	2	3
Total net asset value of the Fund owned by the limited and general partners of the fund	39,403	39,321
TOTAL LIABILITIES AND NET ASSET VALUE	39,405	39,324

STATEMENT OF CASH FLOWS

	2025	2024
<i>€ thousands</i>		
Cash flows from operating activities		
Net profit/loss	623	-372
<i>Net profit/loss adjustments:</i>		
Interest income and interest expenses	-984	-1 198
Gain/loss on change in fair value of subsidiaries	799	1 491
Depreciation and impairment of fixed assets	13	13
Dividends received	-521	0
Total adjustment	-693	306
Cash flows from operating activities before changes in working capital	-70	-66
Change in other trade receivables and payables	0	1
Total cash flows from operating activities	-70	-65
Cash flows from investing activities		
Acquisition of subsidiaries	-4,580	0
Loans granted	-473	-8,837
Repayments of loans granted	5,000	0
Dividends received	521	0
Interest received	24	593
Total cash flows from investing activities	492	-8,244
Cash flows from financing activities		
Interest paid to investors	-20	-540
Capital contributions	0	8,089
Dividends paid	-521	0
Total cash flows from financing activities	-541	7,549
TOTAL CASH FLOWS	-119	-760
Cash and cash equivalents at the beginning of the period	249	1,009
Change in cash and cash equivalents	-119	-760
Cash and cash equivalents at the end of the period	130	249

STATEMENT OF CHANGES IN THE FUND'S NET ASSETS

	2025	2024
<i>€ thousands</i>		
The net asset value of the Fund owned by limited and general partners at the beginning of the period	39,321	32,143
Capital contributions	0	8,089
Net change in capital	0	8,089
Transfer of dividends and interest	-541	-540
Comprehensive profit/loss for the reporting year	623	-372
Net asset value of the Fund owned by limited and general partners at the end of the period	39,403	39,321

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

	31.12.2025	31.12.2024
<i>€ thousands</i>		
Net asset value of the Fund owned by limited and general partners of the parent company at the end of the period	39,403	39,321
Value of subsidiaries in the parent company's separate balance sheet (minus)	-22,316	-15,062
Value of subsidiaries calculated using the equity method (plus)	22,316	14,926
Total	39,403	39,186



Independent Auditor's Report

To the unitholders of EfTEN Residential Fund usaldusfond

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of EfTEN Residential Fund usaldusfond 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 statement of comprehensive income for the year ended 31 December 2025;
- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of cash flow for the year then ended;
- the consolidated statement of changes in net assets of the fund for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (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).

Other information

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).

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.

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

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. If, based on the work we have performed, we conclude that there is a material misstatement of 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.

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.

Translation note:

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

- Evaluate the 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

9 March 2026
Tallinn, Estonia

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

Signatures of the Management Board to the consolidated annual report for 2025

We hereby confirm the accuracy of the information presented in the annual report of EFTEN Residential Fund usaldusfond for the year ended 31 December 2025.

Viljar Arakas

EFTEN REF GP OÜ Management Board member

Tõnu Uustalu

EFTEN REF GP OÜ Management Board member

Distribution of revenue according to the Estonian Classification of Economic Activities

	EMTAK code	2025	Sales revenue %	Main activity
€ thousands				
Fund management	66301	0	-	Yes