

Interim report for the 4th quarter and 12 months ended 31.12.2022

Beginning of financial year: 01.01.2022

End of financial year: 31.12.2022

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Fond type: contractual fund

Fund manager: EfTEN Capital AS

Commercial register number: 11505542



**EFTEN
UNITED
PROPERTY
FUND**

Interim report 01.01.2022 – 31.12.2022

Business name	EfTEN United Property Fund
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Main activity	Management of funds
Financial year	1 January – 31 December
Fund management company	EfTEN Capital AS
Management board of the management company	Viljar Arakas Maie Talts
Type of Fund	Contractual alternative investment fund
Shares	Listed on the Nasdaq Tallinn Stock Exchange
Auditor	AS PricewaterhouseCoopers

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Management report

In 2022, major changes took place in the European and Baltic commercial real estate market. The rapid acceleration of the inflation rate prompted the central banks to end the so-called zero interest policy that had lasted for almost ten years. While at the beginning of 2022 the EURIBOR rate used as the basis for most loans issued in euro was negative, by the end of the year the 6-month EURIBOR rose to 2.7% and the 1-month EURIBOR to 1.9%. In the real estate sector, where investments are usually made with financial leverage, this meant a significant increase in borrowing costs and a decrease in transaction activity.

In the real estate market of the Baltic countries, the use of leverage has generally been lower compared to the so-called developed European countries. Mainly because of this, the rise in interest rates here did not immediately lead to a fall in real estate prices. In particular, the increase in interest rates was accompanied by a significant decrease in the number of real estate transactions in this region. The uncertainty and low transaction activity of the commercial real estate market in the Baltic countries will probably remain in the first half of 2023.

Significant events

In the fourth quarter of 2022, EfTEN United Property Fund increased its stake in EfTEN Kinnisvarafond AS, acquiring 354 thousand shares at a total price of 997 thousand euros. The shares were acquired at a 10% discount, compared to the net value of the share. In the fourth quarter of 2022, EfTEN United Property Fund received 584 thousand euros from the limited partnership fund EfTEN Real Estate Fund 5, which in turn was paid out to investors after the balance sheet date, in January 2023. In 2022, EfTEN United Property Fund has invested a total of 4,651 thousand euros in funds managed by EfTEN Capital AS, and a total of 1,504 thousand euros have been received from the funds.

In addition, at the beginning of 2022, EfTEN United Property Fund made an investment in the 100% owned subsidiary EfTEN M7 UAB in Lithuania in the total amount of 3,611 thousand euros. The subsidiary owns an office building located at Menulio 7 in Vilnius.

In May 2022, EfTEN United Property Fund listed its shares on the Baltic Secondary list of Nasdaq Tallinn stock exchange.

EfTEN United Property Fund Terms Amendment

The Financial Supervision Authority approved changes to the fund rules of the EfTEN United Property Fund after the balance sheet date, 23.01.2023. The change in the fund rules was primarily due to the need to exclude provisions that are no longer relevant after the listing of the fund's units on the Nasdaq Tallinn stock market on 31.05.2022. As an important change, the frequency of issuing fund units has been changed.

After listing on the stock market, investors have the opportunity to trade EfTEN United Property Fund units on a daily basis, which is why monthly issuance of units is no longer necessary to provide a regular investment opportunity. The fund management company also requested the addition of the possibility of the buy-back program of EfTEN United Property Fund units to the fund rules. In the opinion of the Financial Supervision Authority, the buy-back program cannot be applied to contractual funds and their units listed on the stock exchange.

Therefore, the buyback program provisions were not included in the fund rules. The amended fund rules of EfTEN United Property Fund will come into force one month after their publication, i.e. 25.02.2023.

Financial overview

In the IV quarter of 2022, EFTEN United Property Fund (hereinafter referred to as the Fund) earned 284 thousand euros in net profit (2021 IV quarter: 737 thousand euros), including 381 thousand euros in losses from the decline in the value of subsidiaries (2021 IV quarter: 628 thousand euros in profit) and 620 thousand EUR profit from the increase in the value of underlying funds (2021 IV quarter: EUR 79 thousand profit).

During the 12 months of 2022, the Fund earned a total of 1,439 thousand euros of net profit (2021 12 months: 776 thousand euros), including 1,346 thousand euros of profit from underlying funds (2021 12 months: 99 thousand euros of profit) and 199 thousand euros of losses from the subsidiary (2021 12 months: profit 626 thousand euros).

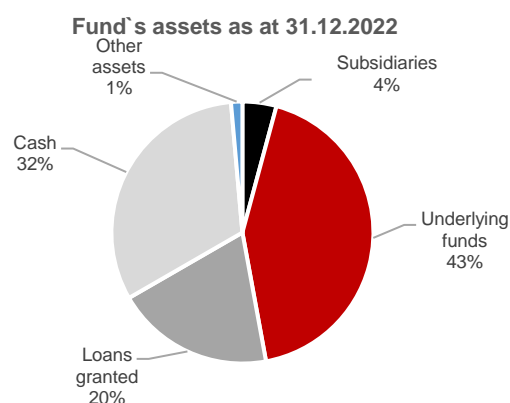
Fund expenses totaled 229 thousand euros in 12 months (2021 12 months: 27 thousand euros), including 43 thousand euros in the fourth quarter (2021 fourth quarter: 21 thousand euros). The volume of assets of EFTEN United Property Fund is 27,472 thousand euros (31.12.2021: 16,383 thousand euros), of which 67% is invested as of the end of December (31.12.2021: 64%).

Key financial indicators of the Fund	As at 31.12.2022 or 12 months 2022	As at 31.12.2021 or 12 months 2021
€ thousand		
Cash received on the subscription of shares in the Fund during the reporting period	9,863	15,603
Net asset value of the fund at the end of the reporting period	26,886	16,379
Fund asset value per share, in euros	10.82	10.54
The increase in the net value of the fund's share during the reporting period	2.7%	5.4%
Earnings per share	0.66	1.04
Results of the Fund	1,439	776
Investments in subsidiaries	1,152	628
Investments in underlying funds	11,790	7,296
Loans granted	5,376	2,500

Investments

As of 31.12.2022, the total fair value of the investments made by EFTEN United Property Fund is 18.3 million euros (31.12.2021: 10.4 million euros). Most of the investments have been made in funds managed by EFTEN Capital AS in the total amount of 11.8 million euros (31.12.2021: 7.3 million euros). In addition, the fund has granted loans to subsidiaries in the total amount of 5.4 million euros (31.12.2021: 2.5 million euros) and investments in equity capital of subsidiaries in the amount of 1.1 million euros (31.12.2021: 0.6 million euros).

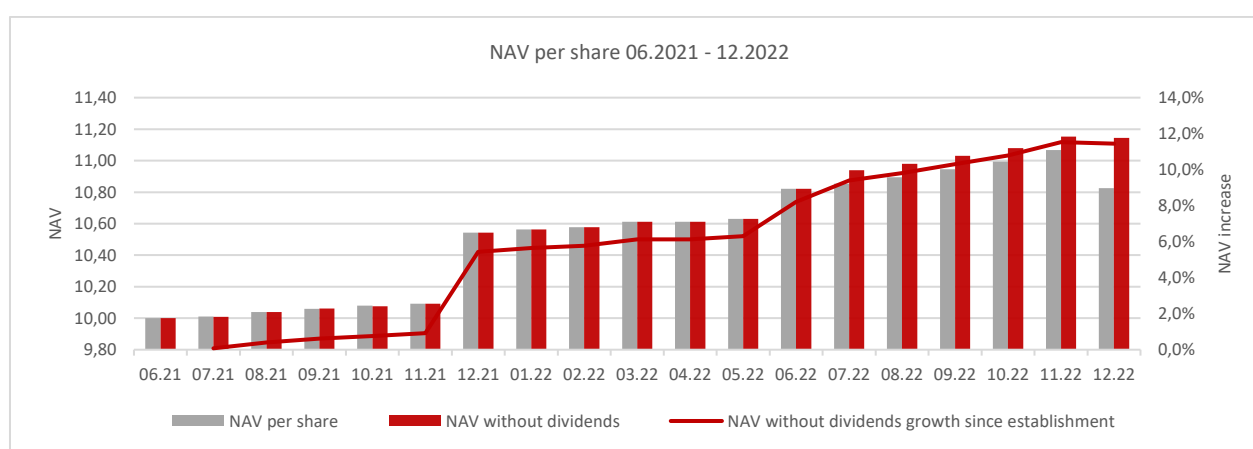
As of 31.12.2022, the fund has 8.19 million euros uninvested capital, and the fund has made investment commitments to EFTEN Real Estate Fund 5 and EFTEN Residential Fund in the amount of 7.4 million euros.



Net asset value of the Fund

The value of the EFTEN United Property Fund units as of 31.12.2022 was 10.82 euros (2021: 10.54 euros). Since the foundation of the Fund, the net value of the units has increased by 8.2%. The net asset value of the fund was 26.886 million euros as of 31.12.2022 (31.12.2021: 16.379 million euros).

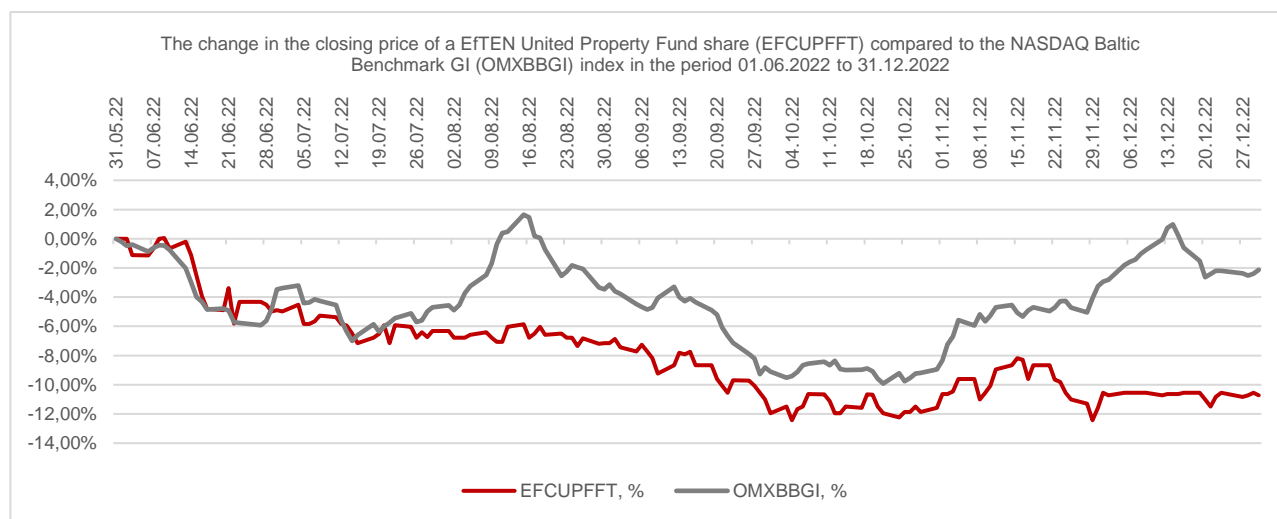
As of 31.12.2022, EFTEN United Property Fund has raised a total of 25.466 million euros of capital, of which more than 8 million euros are uninvested as of the end of 2022. All existing investments are performing well and do not currently appear to require higher capital injections than usual. Due to the current low transaction activity in Baltic real estate market, the Fund is unlikely to make major new investments in the first months of 2023, so it can be assumed that the amount of uninvested capital of the Fund will remain high in the coming months. The fund does not raise new capital before the uninvested capital is invested.



Due to the general continued decline of stock markets and the real estate sector, the value of the Fund's unit on the stock exchange has fallen by 10.7%. The main index of the Baltic market, the Baltic Benchmark GI, has fallen by 2.1% during the same period.

EFCUPFFT statistics	31.05.2022 - 31.12.2022
Opening price	10.6
Closing price	9.5
Share price, lowest	9.203
Share price, highest	10.8
Shares traded, in thousands	221
Turnover, EUR million	2.21
Market capitalization as at 31.12, EUR million	23,547
P/B (closing price per share / equity per share)	0.88

Since listing on the stock exchange, the trading statistics of EFTEN United Property Fund units are shown in the table below.



Kristjan Tamla

EFTEN Capital AS

Head of Retail Division

Signatures of the managing board of the EfTEN United Property Fund for the fourth quarter and 12 months of 2022

The management board of the management company EfTEN Capital AS has prepared the report for the fourth quarter and 12 months of the year 2022 of the EfTEN United Property Fund, which covers the period from 01.01.2022 to 31.12.2022 and consists of an activity report, an accounting report and an investment report.

Viljar Arakas

Management member

/digitally signed/

Maie Talts

Management member

/digitally signed/

Tallinn, 07.02.2023

Financial Statements

Statement of the comprehensive income

		IV quarter		12 months	
	Notes	2022	2021	2022	22.06.2021 - 31.12.2021
€ thousand					
Income					
Interest income	7	88	51	308	78
Dividend income	7	0	0	212	0
Net profit / loss from assets recognised in fair value through profit or loss	4,7	239	707	1,148	725
Investments in subsidiaries		-381	628	-199	626
Underlying assets		620	79	1,346	99
Total income		327	758	1,668	803
Costs					
Operating expenses					
Management fee	8	-28	-10	-96	-13
Costs of administering the Fund		-2	-9	-90	-11
Other operating expenses		-13	-2	-44	-3
Total operating expenses		-43	-21	-229	-27
Operating profit		284	737	1,439	776
INCREASE IN THE NET ASSET VALUE OF THE FUND ATTRIBUTABLE TO THE SHAREHOLDERS	6	284	737	1,439	776
Ordinary and diluted profit / loss per share (EUR)					
	6	0.11	0.68	0.66	0,84

Notes on pages 13-25 are an integral part of these financial statements.

Statement of financial position

	Notes	31.12.2022	31.12.2021
€ thousand			
ASSETS			
Current assets			
Cash and cash equivalents	3	8,769	2,743
Other receivables and accrued income	3	385	3,216
Total current assets		9,154	5,959
Non- current assets			
Financial assets at fair value through profit or loss	3,7	12,942	7,924
Investments in subsidiaries		1,152	628
Investment Funds		11,790	7,296
Loans granted	3,7	5,376	2,500
Total non-current assets		18,318	10,424
TOTAL ASSETS		27,472	16,383
Liabilities			
Current liabilities	3	586	4
Total liabilities, excluding net asset value of the Fund attributable to shareholders		586	4
NET ASSET VALUE OF THE FUND			
Net asset value of the Fund attributable to shareholders	5	26,886	16,379
Total liabilities and net asset value of the Fund attributable to shareholders		27,472	16,383

Notes on pages 13-25 are an integral part of these financial statements.

Statement of changes in the net asset value of the Fund attributable to shareholders

	Notes	2022	2021
<i>€ thousand</i>			
Net asset value of the Fund as the beginning of the period		16,379	0
Issuance of the shares		9,863	15,603
Profit distributions to shareholders		-795	0
Total transactions with shareholders	5	9,068	15,603
Increase in net asset value attributable to shareholders		1,439	776
Total net asset value of the Fund attributable to shareholders as at 31.12	5	26,886	16,379
Number of shares outstanding at the end of the reporting period, pcs		2,483,860	1,553,562
Net asset value per share at the end of the reporting period	5	10.82	10.54

Notes on pages 13-25 are an integral part of these financial statements.

Statement of cash flows

(Direct method)

	Notes	IV quarter		12 months	
		2022	2021	2022	22.06.2021-31.12.2021
€ thousand					
Cash flows from operating activities					
Acquisition of subsidiaries		0	0	-723	-2
Sale of associates		583	0	1,504	0
Acquisition of shares in real estate Funds		-997	-6,171	-4,651	-7,197
Loans granted	8	0	0	-2,876	-2,500
Dividends received		0	0	212	0
Interest received		9	0	9	0
Operating expense paid		-53	-18	-239	-22
Total cash flows from operating activities		-458	-6,189	-6,764	-9,721
Proceeds from issuance of shares	5	0	7,285	13,002	12,464
Dividends paid		0	0	-212	0
Total cash flows from financing activities		0	7,285	12,790	12,464
Total cash flows		-458	1,096	6,026	2,743
Cash and cash equivalents at the beginning of the period		9,227	1,647	2,743	0
Change in cash and cash equivalents		-458	1,096	6,026	2,743
Cash and cash equivalents at the end of the period	3	8,769	2,743	8,769	2,743

Notes on pages 13-25 are an integral part of these financial statements.

Notes to the financial statements

Note 1 General information

EfTEN United Property Fund (hereinafter the Fund) was formed on April 26, 2021 and commenced operations on June 22, 2021. The Fund is a contractual public closed-end investment fund. The purpose of the Fund is to offer fund's shareholders the opportunity to take part in the development of the property investment market and real estate-related infrastructure and technology companies in the Baltic countries through a various real estate related sub-sectors (including real estate-related infrastructure companies) and real estate related financial instruments in three Baltic countries, considering capital layers with different risk levels. EfTEN United Property Fund is managed by EfTEN Capital AS, A. Lauteri 5, Tallinn.

The financial statements reflect the Fund's business activities from 01.01.2022 to 31.12.2022. The financial statements are presented in thousands of Euros, unless otherwise stated.

These financial statements have been approved by the Management Company on 07.02.2022

Note 2 Summary of significant accounting policies

2.1 Basis for the report

The interim financial statements of EfTEN United Property Fund have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS EU). This consolidated interim report has been prepared in accordance with International Accounting Standard IAS 34: Interim Reporting. In preparing the interim report, the same accounting methods have been used as in the annual report for the financial year ended 31.12.2021. The interim report should be read in conjunction with the Fund's latest published 2021 financial year report, prepared in accordance with International Financial Reporting Standards (IFRS). In the opinion of the management board, the interim report of EfTEN United Property Fund for the 4rd quarter and 12 months of 2022 correctly and fairly reflects the financial performance of the Fund in accordance with the principle of continuity. This interim report has not been audited or otherwise checked by auditors and contains only Fund reports. The reporting currency is the euro. The interim accounting report is prepared in thousands of euros and all figures are rounded to the nearest thousand, unless otherwise indicated.

Note 3 Financial risk management

The Fund's investment policy

The Fund invests its assets to real estate and shares, bonds and loan agreements (direct investment) related to real estate and investment funds related to real estate (underlying funds). In addition, the Fund's cash may be placed in credit institution's deposits and derivatives.

The Fund invests in the form of equity, equity participations and debt capital (debt securities), as well as through special purpose vehicles (SPVs) created for investment purposes and unquoted instruments.

For investments in underlying funds, the Fund gives preference to investment Funds managed by EfTEN Capital. The Fund diversifies its investments across the three Baltic States (Estonia, Latvia and Lithuania) and across different sectors (commercial, residential and mixed-use real estate, infrastructure, etc.) and real estate-related sub-sectors (offices, logistics, retail, etc.).

The Fund invests in the form of loan capital (bonds, loans) with the aim of spreading the risk level of investments between different capital layers. Generally, the Fund holds such investments until maturity, i.e., the Fund's goal is not to actively

trade in the secondary market with investments made in the form of loan capital. The share of investments made in the form of loan capital reaches a maximum of 30% of the net value of the Fund's assets when they are acquired.

The Fund may use leverage through borrowings or debt securities issued. At the time of leverage, it may amount to a maximum of 65% of the current value of the Direct Investment. Leverage is generally used at the level of SPVs. The Fund may grant loans to SPVs or provide guarantees or other security to ensure the performance of the SPVs' obligations

The Fund's assets will be invested in derivatives only for the purpose of hedging the leverage and currency exposures associated with property investments.

The proportion of the net asset value of the Fund's assets attributable to a single investment (other than debt securities) may not exceed 20% at the time of acquisition and 30% at any other time. The proportion of the net asset value of the Fund represented by an investment in the form of debt capital (debt securities issued, loans granted) made by a single person may not exceed 10% of the net asset value of the Fund at the time of acquisition and the proportion of the net asset value of the Fund represented by an investment in the form of debt capital made by a group may not exceed 15% of the net asset value of the Fund.

The Fund shall place Funds in deposits with credit institutions to secure its day-to-day operations and future real estate investments. Depending on the nature of the real estate investments, the proportion of deposits from credit institutions may fluctuate significantly in the short term.

The investment restrictions and risk diversification requirements laid down in the Terms and Conditions shall not apply during the first two years of the Fund's operation.

As at 31.12.2022 and 31.12.2021, the Fund has the following financial assets and liabilities:

	Notes	31.12.2022	31.12.2021
€ thousand			
Financial assets – loans and receivables at amortised cost			
Cash and cash equivalents		8,769	2,743
Loans given	7	5,376	2,500
Interest receivables	7	377	77
Other receivables and accrued income		8	3,139
Total financial assets – loans and receivables at amortised cost		14,530	8,459
Financial assets at fair value through profit or loss			
Investments in subsidiaries	4	1,152	628
Investments in underlying Funds	4	11,790	7,296
Total financial assets at fair value through profit or loss	7	12,942	7,924
TOTAL FINANCIAL ASSETS		27,472	16,383
Financial liabilities at amortised cost			
Other short-term liabilities		586	4
Total financial liabilities at amortised cost		586	4
TOTAL FINANCIAL LIABILITIES		586	4

The fair value of financial assets and financial liabilities carried at amortised cost in the table above does not differ materially from their fair value. The Fund's investment policy mainly exposes it to the following risks:

1. Market risk
2. Concentration risk
3. Liquidity risk
4. Credit risk
5. Capital risk

3.1 Market risk

Refinancing risk and interest rate risk

The Fund invests in the Baltic real estate market, which is why the Management Company assesses the risk associated with fluctuations in real estate prices in this region as higher than usual. Cyclicity is characteristic of the real estate sector, the biggest influencing factor of which is generally changes in the country's macroeconomic environment. All the Baltic States (Estonia, Latvia and Lithuania) are small open economies (exports of goods and services represent a very significant part of the economy) whose development is largely dependent on changes in the macroeconomic environment of the same main trading partners. The cyclical fluctuations of small open economies can be much larger in amplitude than the global average. In sum, this means that the Baltic countries may have higher than average house price volatility and that house price movements in the three countries may be highly correlated, i.e., house prices in Estonia, Latvia and Lithuania are more likely than average to move in the same direction. For example, according to Eurostat data (https://ec.europa.eu/eurostat/databrowser/view/PRC_HPI_A_custom_920794/default/table?lang=en) residential property prices in the Baltic countries fell by around 40% in the global economic crisis of 2008-2010, while the average fall in residential property prices in the European Union over the same period was around 5%. The materialisation of market

risk (a simultaneous fall in Baltic real estate prices) could have a material adverse impact on the financial performance and return of the Fund.

Currency risk

The Fund does not consider currency risk to be a significant risk as all transactions are carried out in the functional currency, which is the euro, and the presentation currency is also the euro.

Refinancing risk and interest rate risk

In addition to equity, the Fund or the companies belonging to the Fund often use debt capital (mainly bank loans) to make real estate investments. Loan capital agreements are generally for a fixed term, which means that the Funds raised in the form of loan capital must be refinanced at certain intervals (e.g., 5 years). The financial market in the Baltic States is banking-centric in nature. This means that banks are the main credit intermediaries, and the raising of debt or other forms of loan capital is limited. Dependence on a single financier may mean that the terms of the contract are less favourable to the Fund when refinancing Funds raised in the form of debt, e.g., the cost of debt (interest rate) increases significantly and/or the volume of debt financing decreases.

Interest rate risk is the risk of changes in the future cash flows of financial instruments due to changes in market interest rates. Changes in market interest rates mainly affect the long-term floating rate debt obligations of the Fund and of the companies owned by the Fund.

According to the Fund's risk management policy, the Fund manager monitors the risk of interest rate changes and interest sensitivity daily.

In 2022, money market interest rates increased significantly due to the increase in inflation in the Eurozone. While at the beginning of 2022 the EURIBOR rate used as the basis for most loans issued in euro was negative, by the end of the year the 6-month EURIBOR rose to 2.7% and the 1-month EURIBOR to 1.9%. Although EFTEN United Property Fund itself has no loan obligations, the increase in EURIBOR will affect the performance and cash flows of the underlying funds and the subsidiaries that have involved loan capital, as a result of which the periodic profit payments from the underlying funds and subsidiaries will likely decrease to some extent.

The realisation of refinancing and interest rate risk could have a material adverse effect on the Fund's financial performance and return.

3.2 Concentration risk

During the first years of the Fund's operation, some investments and/or cash flows from, for example, a tenant may constitute a large part of the Fund's portfolio and/or cash flows. As a result, unexpected negative developments with such an investment or tenant may have a material adverse effect on the Fund's financial performance and return in the first years of operation.

3.3 Liquidity risk

Liquidity risk is the risk that a fund may not have sufficient financial resources to meet its obligations in full when due, or may only be able to meet its obligations under significantly less favourable conditions.

Investment acquisition and disposal risk

The Fund generally invests in assets that are not traded on a regulated market with low liquidity. In addition, the Baltic real estate market is characterised by a relatively small number of professional and highly leveraged investors. As a result, if the Fund wishes to liquidate its investments, it may not be able to find a buyer at the desired time and price. The realisation

of liquidity risk may have a negative impact on the Fund's financial results and may reduce profits or lead to losses. During the first years of operation, the Management Company will focus primarily on building up the Fund's portfolio of investments, and it is therefore unlikely that liquidity risk will materialise during the Fund's first years of operation. The Fund will also have the capacity to enter into short-term borrowing arrangements to cover liquidity risk during the acquisition and disposal of investments. The Fund has not entered into any such loan agreements during the reporting period.

The table below illustrates the Fund's expected asset liquidity in the event of a liquidity risk materialisation.

As at 31.12.2022	Less than 7 days	7 days to 1 month	1-12 months	More than 12 months	Total
<i>€ thousand</i>					
Total assets	8,769	0	11,790	6,913	27,472

As at 31.12.2021	Less than 7 days	7 days to 1 month	1-12 months	More than 12 months	Total
<i>€ thousand</i>					
Total assets	5,882	0	7,296	3,205	16,383

As at 31.12.2022, the fund's liabilities totaled 586 thousand euros (31.12.2021: 4 thousand euros).

In accordance with the Fund's risk management policy, the Fund Manager monitors liquidity risk on a daily basis.

3.4 Credit risk

Credit risk is the potential loss that could result from the inability of a counterparty to a financial instrument to meet its obligations.

Counterparty risk

Resulting from the inability of the counterparty to a transaction involving the Fund's assets to meet its obligations under the transaction. The Fund is exposed to this type of risk in particular through:

- (1) direct investments in the form of debt (e.g. failure of the counterparty to make interest or principal payments);
- (2) claims against tenants of real estate owned by the Fund (or the SPV) (e.g. the counterparty's failure to make rental payments);
- (3) Fund assets held on deposit with credit institutions (e.g. insolvency of a credit institution). Often, these types of risks are linked to changes in the macroeconomic environment in the Baltic States - in the context of a general economic downturn, the counterparty's financial position deteriorates and they are unable to cover their obligations to the Fund. At the same time, such risks may be 'counterparty specific' - individual companies become insolvent even in favourable macroeconomic conditions. In the early years of a Fund's operation, due to the lower diversification of the Fund's investments, the counterparty risks may be higher than would be expected for this type of fund, and the realisation of the risk may have a material adverse effect on the Fund's financial results and performance. The activity of the Management Company to prevent the loss of counterparty cash flows and to minimise such risk consists in the consistent monitoring and management of the (payment) behaviour of clients, counterparties, which allows the implementation of the necessary measures in an operational manner.

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

	31.12.2022	31.12.2021
€ thousand		
Cash and cash equivalents	8,769	2,743
Granted loans (Note 7)	5,376	2,500
Other receivables	385	3,216
Total maximum credit risk	14,530	8,459

The bank account included in the Fund's cash and cash equivalents is held with a bank rated Aa3 (Moody's long-term).

Granted loans as at 31.12.2022 include loans granted to subsidiaries in the total amount of 5,376 thousand euros (31.12.2021: 2,500 thousand euros). The final term of one loan in the amount of 2,876 thousand euros is 28.02.2027 and the loan bears interest at 4% per year. The term of the second loan in the amount of 2,500 thousand euros is 18.08.2025, and until 18.12.2024 this loan bears interest at 8% per year. From 19.12.2024, the loan interest rate is 15% per year.

Other receivables As at 31.12.2021 included the amount received for the Fund shares issued in December 2021, which was received in the Fund's account on 04.01.2022.

The Fund measures credit risk and expected credit loss using probability of default, exposure to default and loss in default. When determining the expected credit loss, management takes into account both historical information and forward-looking information. Applying the requirements of IFRS 9, the expected credit loss is immaterial for the fund and therefore no expected credit loss has been recorded in the financial statements.

According to the fund's risk management policy, the fund manager monitors credit risk on a daily basis.

3.5 Capital risk

Risk of slow and/or underinvestment of proceeds from the issue

The Fund invests the proceeds from the issue mainly in non-tradable instruments on the regulated market with low liquidity. This means that the Fund may take longer than expected to invest the funds received from the issue, or the Fund may not find profitable investment opportunities. In this case, the funds received from the issue are located in the deposits of the credit institution, where their long-term yield is likely to be lower compared to if these funds were invested in income-generating real estate. Therefore, if the Fund is unable to find attractive investment opportunities for a longer period of time after issuing new units, this may result in a lower return for unit owners. The probability of the risk materializing depends primarily on two circumstances:

- (i) how much the Fund's shares are subscribed to during the offer period and
- (ii) how active the real estate market of the Baltic countries is during the offer period. The risk of slow and/or low-profit investment is greater, the more units of the Fund are subscribed and the lower the activity of the real estate market in the Baltic countries.

The Fund's capital consists of the net value of its assets, i.e. the money received from issuing shares and the Fund's income. The capital of the Fund changes due to the issuance of new shares. In its first year of operation, EFTEN United Property Fund issued 1,553,562 shares, and a total of 15,603 thousand euros were involved in the issuance of shares, including 3,139 thousand euros received in the Fund's account after the balance sheet date, in January 2022. As at 31.12.2022, EFTEN United Property Fund has issued a total of 2,483,860 shares with a total cost of 25,466 thousand euros (Note 5).

According to the Fund's risk management policy, the fund manager monitors the Fund's capital through the fund's net asset value.

EfTEN United Property Fund listed its shares on the Nasdaq Tallinn stock market on 31.05.2022, and all fund shares are freely tradable.

3.6 Risk related to military activities

In February 2022, Russia started a war in Ukraine. In this regard, most countries imposed extensive sanctions, which have a significant negative impact on the Russian economy. As far as the Fund manager is aware, there are no tenants mainly related to business activities in Russia or Ukraine on the rental premises of the real estate objects belonging to the fund. Therefore, the impact of the direct or so-called first round realization of the risk on the Fund's financial results is small. In connection with the imposed sanctions, the effects of the so-called second round of risk realization may gradually appear over time - in particular, they may affect the Fund through a decrease in investors' confidence in the economies of the Baltic countries (thereby increasing the probability of the realization of market risk, refinancing and interest rate risk, as well as liquidity risk).

Note 4 Fair value of financial assets

The balance sheet value of the fund's financial assets and liabilities mostly corresponds to their fair value, taking into account the peculiarities of the valuation techniques used.

The fund's investments in subsidiaries and underlying funds are valued at fair value. Since none of the Fund's subsidiaries or underlying funds are listed on the stock exchange as of 31.12.2022 or 31.12.2021, the Fund calculates the fair value of the investment based on the following:

- the assets and liabilities of the subsidiary on the balance sheet date, where a significant part of the assets are real estate objects valued at fair value. In the event that the subsidiary company does not value the real estate objects among its assets at fair value (mainly because the real estate objects are developed for sale and therefore recorded in inventories), the Fund values the real estate objects of the subsidiary company separately, involving an independent appraiser. The subsidiary's other assets are cash and cash equivalents, claims against buyers and other minor assets, and liabilities are debts to suppliers, loan obligations and other minor liabilities, the balance sheet values of which do not differ significantly from their fair value, therefore, in the formation of the fair value of the subsidiary as a whole, the methods used to find the fair value of real estate investments have inputs of utmost importance.

- from the consolidated assets and liabilities of the underlying funds on the balance sheet date, where a significant part of the assets are real estate investments assessed at fair value by an independent appraiser. Colliers International Advisors OÜ evaluates real estate investments of underlying funds individually using the discounted cash flow method. The cash flow forecasts of all objects are updated when finding the fair value, and the discount rates and exit yields are differentiated depending on the location of the objects, the technical condition and the risk level of the tenants. The balance sheet values of the assets and liabilities of the remaining underlying funds do not differ significantly from their fair value, which is why the inputs used to find the fair value of real estate investments are of the greatest importance in the formation of the fair value of the underlying fund as a whole.

The Fund's subsidiary owns the Uus-Järveküla development project, the fair value of which has been determined using the discounted cash flow method. The main inputs of the cash flows of the development project are the proceeds received from the sale of the properties, costs related to the sale and construction costs. Project cash flows are discounted at a 10% discount rate.

The fair value assets, liabilities and net assets of the subsidiary are shown in the table below:

Uus-Järveküla OÜ	31.12.2022	Adjustment to fair value	Fair value as at 31.12.2022	31.12.2021	Adjustment to fair value	Fair value as at 31.12.2021
€ thousand						
Cash and cash equivalents	120	0	120	915	0	915
Inventory	5,247	603	5,850	3,130	860	3,990
Other current assets	33	0	33	0	0	0
Total current assets	5,400	603	6,003	4,045	860	4,905
Long-term financial investments	3	0	3	3	0	3
Total non-current assets	3	0	3	3	0	3
TOTAL ASSETS	5,403	603	6,006	4,048	860	4,908
Short-term borrowings	12	0	12	12	0	12
Other current liabilities	2,110	0	2,110	561	0	561
Total current liabilities	2,122	0	2,122	573	0	573
Long-term borrowings	3,208	0	3,208	3,440	0	3,440
Other long-term liabilities	346	0	346	110	0	110
Total long-term liabilities	3,554	0	3,554	3,550	0	3,550
TOTAL LIABILITIES	5,676	0	5,676	4,123	0	4,123
NET ASSETS	-273	603	330	-75	860	785
Revenue	0	0	0	0	0	0
12m Net profit / -loss	-199	603	404	-67	860	793

	31.12.2022	31.12.2021
€ thousand		
Fund's share in Uus-Järveküla OÜ	80%	80%
Acquisition cost of the Fund's investment	2	2
Fair value of the Fund's investment	263	628
Profit /- loss on change in fair value	-365	626

The effect of the change in the construction price of the development project, the sale price of the properties and the discount rate on the balance sheet value of the subsidiary.

Value sensitivity analysis.	Effect of a change in construction price		Effect of a change in selling price		Effect of a change in the discount rate	
€ thousand	+1%	-1%	+1%	-1%	0,5pp	-0,5pp
Effect on the fair value of the development project	-300	290	360	-370	-210	210
Effect on the fair value of the subsidiary in the Fund's balance sheet	-240	232	288	-296	-168	168

The property investments of the underlying funds of EFTEN United Property Fund are valued in all Baltic countries by an independent appraiser, Colliers International Advisors OÜ. The following assumptions have been used in the valuation of the fair value of the real estate investments held by the underlying funds as at 31.12.2022:

Underlying fund or subsidiary	The Fund's share	Fair value of the underlying fund or subsidiary	Consolidated annual rental income	Discount rate	Exit yield
<i>€ thousand</i>					
EFTEN Real Estate Fund 5 trust fund	36.47%	5,196	1,708	8.4%	6.0%
EFTEN Kinnisvarafond AS	3.81%	4,766	16,241	7.8%-11.0%	6%-8%
EFTEN Kinnisvarafond II AS	0.71%	1,034	19,360	8.3%-9.45%	6.5%-7.75%
EFTEN Residential Fund trust fund	0.71%	794	1,166	6.7%-8.8%	5.0%-6.0%
subsidiary EFTEN M7 UAB	100.00%	889	466	8.8%	7.8%
Total		12,679	38,941		

Assumptions as at 31.12.2021:

Underlying fund	The Fund's share in the underlying fund	Fair value of the underlying fund in the Fund's balance sheet	Annual rental income	Discount rate	Exit yield
<i>€ thousand</i>					
EFTEN Real Estate Fund 5 trust fund	43.6%	5,685	1,461	7.5%	6.0%
EFTEN Kinnisvarafond AS	0.45%	514	18,410	7.8%-9.3%	6.5%-8%
EFTEN Kinnisvarafond II AS	0.71%	1,003	20,002	7.9%-8.6%	6.6%-7.75%
EFTEN Residential Fund trust fund	0.57%	94	784	6.7%	5.0%
Total		7,296	40,657		

The table below shows the impact of the discount rate, the exit yield and the change in sales proceeds used in the estimates on the value of the underlying funds in the Fund's balance sheet.

As at 31.12.2022:

Sensitivity analysis of underlying property investments		Effect of a change in the discount rate		Effects of a change in exit yield		Effect of a change in revenue	
Underlying fund or subsidiary	Fair value on the Fund's balance sheet	+0,5 pp	-0,5pp	+0,5 pp	-0,5pp	+10%	-10%
EFTEN Real Estate Fund 5 trust fund	5,196	-208	215	-598	711	1,047	-1,047
EFTEN Kinnisvarafond AS	4,766	-147	150	-334	382	829	-830
EFTEN Kinnisvarafond II AS	1,034	-37	38	-91	105	214	-215
EFTEN Residential Fund trust fund	794	-16	16	-52	63	85	-86
Subsidiary EFTEN M7 UAB	889	-120	120	-250	280	660	-660
Total	12,679	-407	419	-1,074	1,261	2,175	-2,177

As at 31.12.2021:

Sensitivity analysis of underlying property investments		Effect of a change in the discount rate		Effects of a change in exit yield		Effect of a change in revenue	
Underlying fund	Fair value on the Fund's balance sheet	+0,5 pp	-0,5pp	+0,5 pp	-0,5pp	+10%	-10%
EFTEN Real Estate Fund 5 trust fund	5 685	-220	229	-625	743	1 087	-1 082
EFTEN Kinnisvarafond AS	514	-17	17	-38	43	94	-95
EFTEN Kinnisvarafond II AS	1 003	-37	38	-89	103	161	-157
EFTEN Residential Fund trust fund	94	-6	7	-2	2	9	-9
Total	7 296	-279	292	-753	891	1 351	-1 343

In 2022, the Fund received a total profit of 1,148 thousand euros from the change in the fair value of subsidiaries and underlying funds (2021: 725 thousand euros).

Name	Acquisition cost 31.12.2022	Fair value 31.12.2022	Gain on change in fair value 2022	Acquisition cost 31.12.2021	Fair value 31.12.2021	Gain on change in fair value 2021
€ thousand						
Subsidiaries						
Uus-Järveküla OÜ	2	263	-365	2	628	626
EFTEN M7 UAB	723	889	166	0	0	0
Total subsidiaries	725	1,152	-199	2	628	626
Underlying Funds						
EFTEN Kinnisvarafond AS	4,497	4,766	255	500	514	14
EFTEN Kinnisvarafond II AS	963	1,034	31	963	1,003	40
EFTEN Real Estate Fund 5 Trust Fund	4,158	5,196	1,015	5,662	5,685	23
EFTEN Residential Fund Trust Fund	727	794	45	72	94	22
Total underlying Funds	10,345	11,790	1,346	7,197	7,296	99
Total securities	11,070	12,942	1,148	7,199	7,924	725

Additional information is provided in Note 3.

In connection with the addition of new investors to the trust fund EFTEN Real Estate Fund 5, a refund of the investment made to EFTEN United Property Fund was received in the amount of 1,504 thousand euros. By this amount, the Fund's participation in the trust fund EFTEN Real Estate Fund 5 decreased and the investment obligation increased.

In other respects, the Fund has not sold or pledged any of its assets during the reporting period.

Fair value The following is an analysis of assets at fair value by valuation technique. Valuation techniques are defined as follows:

Level 1 - Exchange prices on a traded market;

Level 2 - Assets and liabilities directly or indirectly linked to prices set in a traded market;

Level 3 - prices in a non-trading market.

The Fund does not own any assets at fair value as of 31.12.2022 or 31.12.2021 that would belong to the Level 1 group when determining the value. All the Fund's investments in subsidiaries and underlying funds are recorded at fair value and belong to the Level 3 group according to the valuation method. More detailed information about important management decisions and assessments is provided in Note 2.2.

Note 5 Fund's net asset value

In the 12th month of 2022, the Fund issued a total of 930,297 shares, including 660,000 shares issued by the Fund through a public offering. The Fund received a total of 9,863 thousand euros from the issuance of shares in the 12 months of 2022 (2021 12 months: 15,603 thousand euros). The Fund's shares are freely tradable on the Nasdaq Tallinn stock exchange from 31.05.2022.

As at 31.12.2022, EFTEN United Property Fund has issued a total of 2,483,860 shares with a total cost of 25,466 thousand euros (31.12.2021: 1,553,562 shares with a total cost of 15,603 thousand euros). Due to the Fund's relatively large proportion of uninvested capital and the listing of shares on the Nasdaq Tallinn Stock Market, EFTEN United Property Fund does not plan to issue new shares in the near future.

Since its foundation, the Fund has issued units as follows:

Calendar month	Issue price per share	Number of shares issued	Balance of issued shares at the end of the period	Cash received from the issue of shares
30.06.21	10.00	271,797	271,797	2,718
31.07.21	10.00	140,171	411,968	1,405
31.08.21	10.01	105,854	517,822	1,076
30.09.21	10.04	381,484	899,306	3,850
31.10.21	10.06	223,149	1,122,456	2,261
30.11.21	10.08	120,010	1,242,465	1,154
31.12.21	10.09	311,097	1,553,562	3,139
31.01.22	10.54	99,211	1,652,774	1,046
28.02.22	10.56	72,200	1,724,973	762
31.03.22	10.58	97,242	1,822,216	1,046
30.04.22	10.61	1,644	1,823,860	0
31.05.22	10.61	660,000	2,483,860	7,009
Total		2,483,860		25,466

Additional information is provided in Note 3.

In June 2022, the Fund received dividends from the underlying funds in the total amount of 212 thousand euros. The received dividends were paid to shareholders in July 2022. In December 2022, EFTEN Real Estate Fund 5 returned capital to investors in the total amount of 583 thousand euros. The received money was paid out to shareholders of EFTEN United Property Fund in January 2023.

he net value of the fund's share as at 31.12.2022 was 10.82 euros (2021 12 months: 10.54 euros). The net asset value of the Fund was 26,886 thousand euros as of 31.12.2022 (31.12.2021: 16,379 thousand euros).

Note 6 Earnings per share

	12 months		IV quarter	
	2022	22.06.2021-31.12.2021	2022	2021
Growth in net asset value attributable to shareholders, € thousand	1,439	776	284	737
Weighted average number of shares during the period, pcs.	2,166,204	928,165	2,483,860	1,087,702
Earnings per share, EUR	0.66	0.84	0.11	0.68

Note 7 Segment reporting

SEGMENT'S RESULT

12 months 2022	Commercial property	Residential property	Property development	Unallocated	Total
<i>€ thousand</i>					
Net gain/loss on assets at fair value through profit or loss	1,468	45	-365	0	1,148
Dividend income	212	0	0	0	212
Interest income	99	0	200	9	308
Total income	1,779	45	-165	9	1,668
Growth in net asset value attributable to shareholders	1,779	45	-165	-220	1,439

22.06.2021 – 31.12.2022	Commercial property	Residential property	Property development	Unallocated	Total
<i>€ thousand</i>					
Net gain/loss on assets at fair value through profit or loss	75	22	628	0	725
Dividend income	0	0	0	0	0
Interest income	0	0	78	0	78
Total income	75	22	706	0	803
Growth in net asset value attributable to shareholders	75	22	706	-27	776

SEGMENTS ASSETS

As at 31.12.2022	Commercial property	Residential property	Property development	Total
<i>€ thousand</i>				
Financial assets at fair value (Note 3)	11,885	794	263	12,942
Loans given (Note 3)	2,876	0	2,500	5,376
Interest receivables (Note 3)	100	0	277	377
Total investments	14,861	794	3,040	18,695
Net debt (cash minus total liabilities)				8,183
Other current assets				8
Net asset value				26,886

As at 31.12.2021	Commercial property	Residential property	Property development	Total
<i>€ thousand</i>				
Financial assets at fair value (Note 3)	7,202	94	628	7,924
Loans given (Note 3,9)	0	0	2,500	2,500
Interest receivables (Note 3,9)	0	0	77	77
Total investments	7,203	94	3,205	10,501
Net debt (cash minus total liabilities)				2,739
Other current assets				3,139
Net asset value				16,379

During the reporting period, the business segments did not transact with each other. The main income of the Fund was obtained in the 12 months of 2022 from the economic performance of commercial real estate belonging to subsidiaries and underlying Funds and from the increase in the fair value of property investments

Note 8 Related party transactions

EfTEN United Property Fund counts as related parties:

- Persons holding more than 10% of the paid-up capital of the Fund;
- a subsidiary of EfTEN United Property Fund;
- EfTEN Capital AS (the Fund manager).
- The management of EfTEN Capital AS and companies controlled by the management

During the reporting period, the Fund bought management services in the amount of 96 thousand euros (2021 12 months: 13 thousand euros). The Fund did not buy from other related parties or sell other goods or services to related parties during the reporting period.

During the reporting period, the Fund granted loans to subsidiaries for a total amount of 5 376 thousand euros (2021: 2 500 thousand euros) and received interest income from loans granted in the amount of 299 thousand euros (2021: 78 thousand euros). The base currency of the loan is the euro.

As of 31.12.2022, the management of the Fund and the companies controlled by the management of the Fund held 39,789 (31.12.2021: 25,716) EfTEN United Property Fund's shares. The management of the Fund includes members of the management board of the management company EfTEN Capital AS, as well as the head of business and the head of investments.

EfTEN United Property Fund does not pay any remuneration to the management of the Fund. The management receives remuneration from the Fund manager EfTEN Capital AS.

Fund`s investment report as at 31.12.2022

Subsidiaries

Name	Location	Participation in investment	Participation in investment	Participation in investment	Share in the Fund's assets market value
<i>€ thousand</i>					
Subsidiaries					
Uus-Järveküla OÜ	Tallinn	80.0%	2	263	1.0%
EfTEN M7 UAB	Vilnius	100.0%	723	889	3.3%
Total subsidiaries			725	1,152	4.3%

Funds

Name	Type of the fund	Country of origin	Fund management company	Share in the Fund 31.12.2022	Acquisition	Average share acquisition cost	Total market value	Market value per share	Share in the Fund's net asset value
<i>€ thousand</i>									
Underlying Funds									
EfTEN Real Estate Fund 5 Trust Fund	Trust Fund	Estonia	EfTEN Capital AS	36.5%	4,158	4,158	5,196	5,196	19.3%
EfTEN Kinnisvarafond AS	Equity Fund	Estonia	EfTEN Capital AS	3.81%	4,497	0.0030	4,766	0.0031	17.7%
EfTEN Kinnisvarafond II AS	Equity Fund	Estonia	EfTEN Capital AS	0.71%	963	0.0148	1,034	0.0159	3.8%
EfTEN Residential Fund Trust Fund	Trust Fund	Estonia	EfTEN Capital AS	3.14%	727	727	794	794	3.0%
Total underlying funds					10,345		11,790		43.9%
Total securities					11,070		12,942		48.1%

All Funds whose shares and participations are held by EfTEN United Property Fund disclose their net asset value monthly.

Loans granted

Borrower	Borrower's country of origin	Maturity	Interest rate	Contractual loan amount	Loan balance 31.12.2022	Share in the Fund's asset's market value
<i>€ thousand</i>						
EFTEN M7 UAB	Lithuania	28.02.2027	4%	2,876	2,876	10.7%
Uus-Järveküla OÜ	Estonia	18.08.2025	8% until 18.12.2024 15% from 19.12.2024	2,500	2,500	9.3%
Total loans granted				5,376	5,376	20.0%

Other assets

Name	Market value	Share in the Fund's asset's market value
<i>€ thousand</i>		
Interest receivables	377	1.4%
Other short-term receivables	8	0.0%
Total other assets	385	1.4%

Deposits

Credit Institution	Type	Country of origin	Rating of the Credit institution and name of the rating agency	Maturity date	Interest rate	Amount	Share in the Fund's net asset value
<i>€ thousand</i>							
Swedbank Eesti	On demand deposit	Estonia	Moody's Aa2	On demand	-	8,769	32.6%
TOTAL ASSETS						27,472	102.18%

Fund liabilities	-586	-2.18%
NET ASSET VALUE OF THE FUND	26,886	100.00%