Annual report 01.01.2022 – 31.12.2022

Business name	EfTEN United Property Fund
ISIN code	EE3500001609
Address	A. Lauteri 5, 10114 Tallinn, Estonia
Telephone	+372 655 9515
Fax	+372 618 1818
Email	info@eften.ee
Main activity	Management of funds
Financial year	1. January – 31. December
Fund manager	EfTEN Capital AS
Management board of	Viljar Arakas
the fund manager	Maie Talts
Type of Fund	Contractual alternative investment fund
Shares	Listed on the Nasdaq Tallinn Stock Exchange
Auditor	AS PricewaterhouseCoopers

Table of contents

The Fund's annual report in .pdf format. The original document has been submitted to the Tallinn Stock Exchange in machine-readable .xhtml format and digitally signed (link:https://nasdaqbaltic.com/statistics/en/instrument/EE3500001609/reports).

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 April and November 2022, EfTEN United Property Fund increased its stake in EfTEN Kinnisvarafond AS, acquiring 1,347 thousand fund shares at a total price of 3,997 thousand euros. The shares were acquired at a 10% discount to the net value of the share.

In June 2022, the EfTEN United Property Fund received dividends from the underlying funds in the total amount of 212 thousand euros, which were paid to the shareholders in July 2022, and in December 2022, 584 thousand euros were received from the EfTEN Real Estate Fund 5 usaldusfond, which in turn was paid out to investors after the balance sheet date in January of 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 Nasdaq Tallinn stock exchange in the list of Baltic traded funds.

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

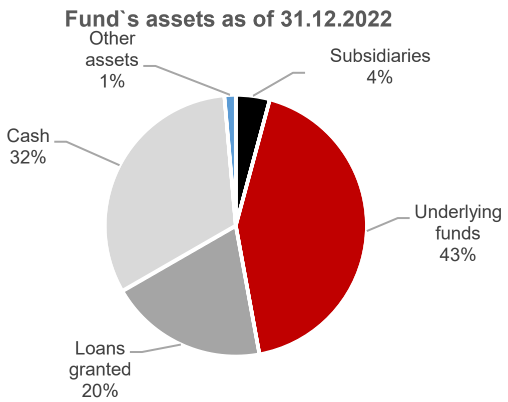
During the 12 months of 2022, the Fund earned a total of 1,439 thousand euros in net profit (22.06-31.12.2021: 776 thousand euros), including 1,346 thousand euros in profit from underlying funds (22.06-31.12.2021: 99 thousand euros in profit) and 199 thousand euros loss from the subsidiaries (22.06-31.12.2021: profit 626 thousand euros).

The Fund's expenses in 12 months totalled 229 thousand euros (22.06-31.12.2021: 27 thousand euros). The volume of assets of EfTEN United Property Fund as of 31.12.2022 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	31.12.2022	31.12.2021
€ 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 unit, in euros (net asset value at the end of the period / number of shares at the end of the period)	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 (comprehensive income for the reporting period / average number of shares in the period)	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 underlying 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 of subsidiaries in the amount of 1.1 million euros (31.12.2021: 0.6 million euros).

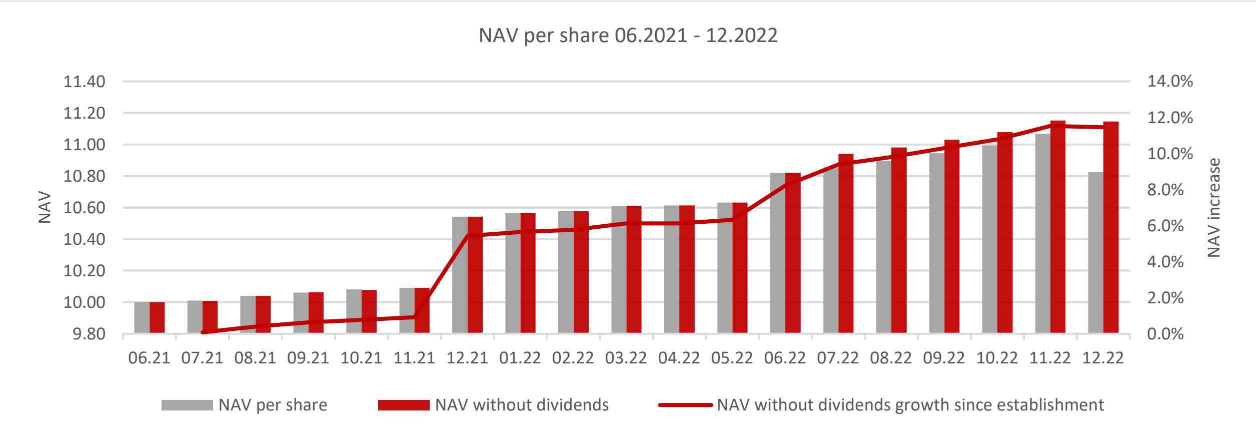


As of 31.12.2022, the fund has 8.19 million euros in funds for new investments, and the fund has made investment commitments to EfTEN Real Estate Fund 5 and EfTEN Residential Fund in the amount of 7.4 million euros.

Net asset value of the Fund

The value of the share of EfTEN United Property Fund as of 31.12.2022 was 10.82 euros (2021: 10.54 euros). Since the foundation of the Fund, the net value of the share 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).

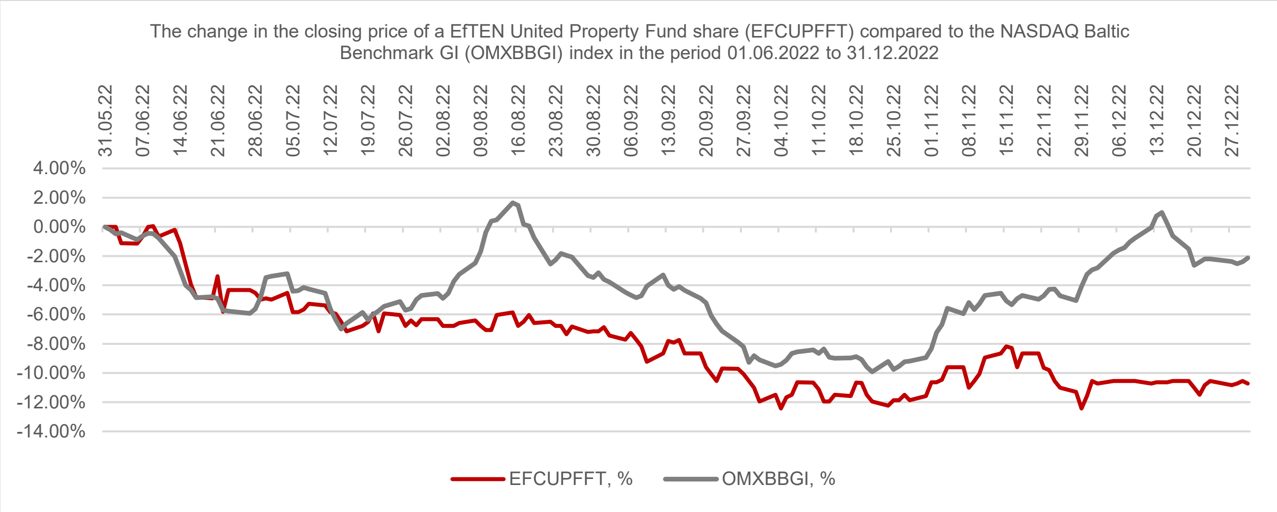
As of 31.12.2022, EfTEN United Property Fund has raised a total of 25.466 million euros of capital, of which more than 8 million euros are uninvested as of the end of 2022. All existing investments are performing well and do not currently appear to require higher capital injections than usual. Due to the slump in the real estate market, the Fund is unlikely to make new major investments in the first months of 2023, thus it can be assumed that the amount of uninvested capital of the Fund will remain high in the coming months. Before investing the available free capital, the fund does not raise new capital.



Due to the general continued decline of stock markets and the real estate sector, the value of the Fund's share 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 of 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 shares are shown in the table below.



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 likelihood of the realization of market risk, refinancing and interest rate risk, as well as liquidity risk).

Fund management

EfTEN United Property Fund is a contractual alternative investment fund. EfTEN United Property Fund is not a legal entity, therefore the corporate governance procedure applicable to companies does not apply to the fund. The fund does not have a general meeting of unit owners, an audit committee or a remuneration committee.

In accordance with the terms of the fund and the Investment Funds Act, the Fund is managed by the fund manager - EfTEN Capital AS. The fund manager is responsible for the day-to-day management of the fund, including investment activities and risk management. The fund manager's activities are described in more detail in the fund's prospectus.

EfTEN United Property Fund does not pay any fees or benefits to fund manager's Supervisory Board, members of the Management Board, and employees of the fund manager. The Fund pays a management fee to the fund manager.

The fund manager informs the shareholders of EfTEN United Property Fund about important circumstances in accordance with the principles stipulated in the terms of the fund and the regulations of the stock exchange. In addition to the semi-annual, quarterly and annual reports, the fund manager also publishes the net value of the fund's unit to the unit owners on a monthly basis via the stock exchange information system, which is then also available on the fund manager's and the fund's websites.

/signed digitally/

Kristjan Tamla

EFTEN Capital AS

Head of retail business

Signatures of the EfTEN United Property Fund’s fund manager’s management to Annual Report 2022

The management board of fund manager EfTEN Capital AS has prepared the Annual Report of EfTEN United Property Fund for the financial year 2022, covering the period from 01.01.2022 to 31.12.2022, consisting of the Management Report, the Financial Statements, the Fund’s Investment Report and the Independent Auditor's Report.

/signed digitally/

Viljar Arakas

Member of the Management Board

/signed digitally/

Maie Talts

Member of the Management Board

Tallinn, 01.03.2023

Financial Statements

Statement of comprehensive income

	Notes	2022	22.06.2021 - 31.12.2021
€ thousand			
Income			
Interest income	7	308	78
Dividend income	7	212	0
Net profit / loss from assets recognised in fair value through profit or loss	**4,7**	**1,148**	**725**
Investments in subsidiaries		-199	626
Underlying funds		1,346	99
Total income		**1,668**	**803**
Costs			
Operating expenses			
Management fee	8	-96	-13
Costs of administering the Fund		-90	-11
Other operating expenses		-44	-3
Total operating expenses		**-229**	**-27**
Operating profit		**1,439**	**776**
Profit before income tax		**1,439**	**776**
Net profit for the reporting period		**1,439**	**776**
Total comprehensive profit for the reporting period	**6**	**1,439**	**776**
INCREASE IN THE NET ASSET VALUE OF THE FUND ATTRIBUTABLE TO THE SHAREHOLDERS	**6**	**1,439**	**776**
Ordinary and diluted earnings per share (in euros)	6	0.66	1.04

Notes on pages 14-36 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
Underlying 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 14-36 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
€ thousand			
Net asset value of the Fund as the beginning of the period		**16,379**	**0**
Subscription of shares		9,863	15,603
Payments to unitholders		-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 of 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 14-36 are an integral part of these financial statements.

Statement of cash flows

(Direct method)

	Notes	2022	22.06.2021-31.12.2021
€ thousand			
Cash flows from operating activities			
Acquisition of subsidiaries	4	-723	-2
Sale of associates	4	1,504	0
Acquisition of shares in real estate funds	4	-4,651	-7,197
Loans granted	8	-2,876	-2,500
Dividends received		212	0
Interest received		9	0
Operating expense paid		-239	-22
Total cash flows from operating activities		**-6,764**	**-9,721**
Proceeds from subscription of shares	5	13,002	12,464
Dividends paid		-212	0
Total cash flows from financing activities		**12,790**	**12,464**
Total cash flows		**6,026**	**2,743**
Cash and cash equivalents at the beginning of the period		**2,743**	**0**
Change in cash and cash equivalents		6,026	2,743
Cash and cash equivalents at the end of the period	**3**	**8,769**	**2,743**

Notes on pages 14-36 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 established on 26 April 2021 and commenced operations on 22 June 2021. The Fund is a contractual public closed-end investment fund. The objective of the Fund is to provide the holders of the fund's shares with the opportunity to participate in the development of the Baltic real estate market and real estate related infrastructure and technology companies through an actively managed investment portfolio. The Fund intends to have an investment portfolio diversified between real estate, various real estate related sub-sectors (including real estate related infrastructure companies) and real estate related financial instruments in the three Baltic States, considering capital layers with different risk level.

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 01.03.2023.

Note 2 Summary of significant accounting policies

2.1 Basis for the report

The 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). The principles of financial reporting of investment funds are set out in the Investment Funds Act, the Accounting Act and Regulation of the Minister of Finance No. 8 "Requirements for Fund Reports Subject to Disclosure" of 18 January 2017. The report has been prepared taking into account the procedure for determining the net asset value of the fund established under § 54(11) of the Investment Funds Act and other specific provisions of the aforementioned Regulation.

1.2.1 Application of new or revised standards and interpretations

As of January 1, 2022, the following new or amended standards and interpretations became mandatory for the fund:

Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant or equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity has to use IAS 2 to measure the cost of those items. Cost does not include depreciation of the asset being tested because it is not yet ready for its intended use. The amendment to IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.

The amendment to IAS 37 clarifies the meaning of ‘costs to fulfil a contract’. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.

IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent’s consolidated financial statements, based on the parent’s date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis

The above-mentioned changes did not have a significant impact on the Fund's financial statements.

The standards will come into force in the following reporting periods

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies

(effective for annual periods beginning on or after 1 January 2023)

IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The fund will analyse and disclose the impact of the said change after implementation.

Amendments to IAS 8: Definition of Accounting Estimates

(effective for annual periods beginning on or after 1 January 2023)

The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.

The fund will analyse and disclose the impact of the said change after implementation.

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12

(effective for annual periods beginning on or after 1 January 2023)

The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which both an asset and a liability are recognised. The amendments clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The fund will analyse and disclose the impact of the said change after implementation.

Standards not yet adopted

Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1

(effective for annual periods beginning on or after 1 January 2024; not yet adopted by the EU)

These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

The fund will analyse and disclose the impact of the said change after implementation.

Leases: Lease Liability in a Sale and Leaseback - Amendments to IFRS 16

The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate.

The fund will analyse and disclose the impact of the said change after implementation.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28

These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary.
The fund will analyse and disclose the impact of the said change after implementation.

2.2 Management decisions and assessments

The preparation of financial statements in accordance with IFRS requires management to make judgements, assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge as facts, actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on a continuous basis, and changes in estimates are recognised in the period in which the change occurs and in each subsequent period affected by the change in estimate.

Areas where there is a higher than normal risk of adjustment due to estimation uncertainty are described below.

a) Investment entity

The terms of the Fund and the agreements with investors require that the Fund primarily provides investors with a return (i.e. capital growth and dividends) on real estate related investments. In order to provide the clearest understanding of the Fund's returns, the Fund measures the results of the subsidiaries' operations and their equity value at fair value. The Fund is a contractual public closed-end investment fund, the objective of which is to offer unit-holders of the Fund the opportunity to participate in the development of the Baltic real estate market and real estate-related infrastructure and technology companies through an actively managed investment portfolio. The terms and conditions of the fund allow investors to raise capital on a monthly basis and to make distributions with fewer restrictions than other types of companies (e.g. equity funds).

Consequently, the Fund meets the definition of an investment entity (IFRS 10 para 31). In accordance with the requirements of IFRS 10 p. 31, an investment entity does not consolidate the subsidiaries it owns but recognises them at fair value through profit or loss in accordance with IFRS 9.

b) Investments in subsidiaries: fair value measurement

The Fund's investments in subsidiaries are measured at fair value at each balance sheet date. As the Fund's subsidiary is not quoted on a stock exchange, the Fund bases the determination of the fair value of the subsidiary on the assets and liabilities of the subsidiary at the balance sheet date, which are largely measured at fair value. The principal assets of the subsidiary are cash and cash equivalents, trade receivables and property held as inventories. The main liabilities are trade payables, loan payables and other minor liabilities. Real estate owned by the subsidiary is measured at fair value at each balance sheet date.

The properties owned by the Fund's subsidiary are valued by an independent appraiser, Colliers International Advisors OÜ. The properties are valued using the discounted cash flow method, taking into account investments in property development and the expected proceeds from the sale of the properties. The discount rates and exit yields used to determine the fair value are differentiated according to the location and risk level of the properties.

c) Investments in underlying funds: fair value measurement

The Fund's investments in underlying funds are valued at fair value at each balance sheet date. In the case of an unlisted underlying fund, the Fund will base the fair value of the underlying on the assets and liabilities of the underlying at the balance sheet date, which are largely valued at fair value. The underlying real estate properties are valued by an independent appraiser, Colliers International Advisors, within the underlying fund itself and, to the extent that the amortised cost of the other assets and liabilities of the underlying fund does not differ materially from their fair value, the fair value of the underlying fund is based on the net asset value of the underlying fund at the reporting date.

If the underlying fund is listed on a stock exchange, the fair value of the underlying shall be based on the closing price on the last stock exchange trading day of the reporting period.

Further information on the assumptions and sensitivities used in the asset valuations can be found in Note 4

Segment reporting

The fund allocates the capital employed and the available funds to investments in accordance with the fund's investment policy, analysing a reasonable risk distribution across the real estate sub-sectors.

Disclosure of segment information shall be based on the grouping principles used in the Fund's internal accounting and reporting. Stand-alone business segments are considered to be real estate sub-sectors that are distinguished from each other in terms of expected return and risk level. Business segments are expected to have different rates of return (return on investment, interest rates) and different business segments are often affected by different risks.

The Fund's business segments are presented in the following table:

Commercial property	Ownership - EfTEN Real Estate Fund 5 usaldusfond
	EfTEN Kinnisvarafond AS shares
	EfTEN Kinnisvarafond II AS shares
	EfTEN M7 UAB
	Loan granted to EfTEN M7 UAB
Residential property	Ownership - EfTEN Residential Fund
Real estate development	Ownership - Uus-Järveküla OÜ (former name Tohvri-Kivi OÜ)
	Loan granted to Uus-Järveküla OÜ (former name Tohvri-Kivi OÜ)

The main indicators used by management to make business decisions are segment revenue and segment profit. It is also important to monitor the volume of investment by segment. The Fund analyses all indicators on a monthly basis.

Impact of climate change on the fair value of the Fund's investments

The Fund's management has assessed the potential impact of climate change on the fair value of the Fund's investments and considers that, at the time of writing, climate change has no impact on the fair value of the Fund's investments. In assessing potential future environmental risks, it cannot be excluded that climate change may have an impact on, for example, the cost of financing investments or the market value of assets when they are sold in the future. These risks will be monitored by the Fund's management on an ongoing basis and disclosed in the Fund's subsequent reports.

2.3 Classification of financial assets and liabilities

The Fund classifies financial assets and financial liabilities into the following categories:

- financial assets at fair value through profit or loss - shares in subsidiaries, investment fund shares and units;

- financial assets at amortised cost - cash and cash equivalents, time deposits, interest and dividend receivable, loans receivable;

- financial liabilities at amortised cost - amounts payable on transactions recognised at the trade date, liabilities to the management company and to the custodian bank.

Recognition and derecognition

The Fund recognises a financial asset or financial liability when the Fund becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets in an arm's length transaction are recognised on the trade date, which is the date on which the Fund commits to purchase or sell the asset. The Fund recognises a financial asset or financial liability on initial recognition at its fair value plus, in the case of a financial asset or financial liability not recognised at fair value through profit or loss, transaction costs (such as fees) directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction fees for financial assets and financial liabilities at fair value through profit or loss are recognised as an expense in profit or loss.

Financial assets are derecognised when the rights to the cash flows from the financial asset expire or are transferred and the Fund transfers substantially all risks and rewards of ownership. A financial liability (or part of a financial liability) is removed from the statement of financial position when, and only when, it is extinguished (i.e., when the obligation specified in the contract is discharged or cancelled or expires).

Further measurement

Other receivables

Other receivables are initially recognised at fair value and subsequently measured at amortised cost. The remaining receivables are held for collection.

The Fund measures at each reporting date any allowance for doubtful accounts for other receivables at an amount equal to the expected credit losses over the life of the receivable if the credit risk has increased significantly since initial recognition. If, at the reporting date, there has been no significant increase in credit risk since initial recognition, the Fund shall measure a loss allowance equal to 12 months of expected credit losses. An example of an impairment may be the bankruptcy or reorganisation of a counterparty. If the credit risk increases to the extent that the receivables have to be written down, interest income is calculated on the basis of the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management when any contractual payment is more than 30 days past due. All contractual payments that are more than 90 days past due are written down.

Equity instruments

The Fund consistently values all equity investments at fair value. Dividends received on such investments are recognised as other income in the income statement when the Fund becomes entitled to receive distributions. Changes in the fair value of financial assets are recognised in the income statement. Write-downs (and reversals of write-downs) of equity investments measured at fair value through profit or loss are not recognised separately from other changes in fair value.

Financial assets: debt instruments

Subsequent recognition of debt instruments depends on the Fund's business model for managing financial assets and the contractual terms of the cash flows of the financial asset.

At fair value through profit or loss: Assets that do not meet the criteria of cost or fair value through profit or loss are carried at fair value through profit or loss. Gains and losses on debt instruments at fair value through profit or loss are recognised in the income statement in the period in which the change in fair value occurs in the line Net profit / loss at fair value through profit or loss. Such fair value gains and losses also include contractual interest earned on the related instruments.

Amortised cost: Assets that are held to collect contractual cash flows and for which the cash flows consist solely of principal and interest accrued on the unpaid principal balance are carried at amortised cost. Interest income on these assets is recognised as interest income in the income statement using the effective interest method. On derecognition, the resulting gain or loss is recognised in the profit and loss account under other income/expenses.

Loans and receivables from other parties

Loans and receivables from other parties

Subsequent to acquisition, loans and receivables are stated at their amortised cost, calculated using the internal rate of interest. The amortised cost is determined over the useful life of the financial asset, taking into account any discounts and premiums on acquisition and any directly attributable transaction costs.

If there is any objective evidence that the recoverable amount of an asset has decreased below its carrying amount, the financial assets carried at amortised cost are written down by the difference between the carrying amount and the recoverable amount. The recoverable amount is the present value of the future cash flows expected to arise from the financial asset, discounted at the internal rate of interest fixed at initial recognition.

In the case of a significant financial asset, the impairment loss is assessed individually for each item. If 180 days or more have elapsed from the due date for collection of the receivable, the receivable is considered as unlikely to be collected and is charged at 100 % as an expense. If the decrease in the value of an asset occurs more quickly, the receivables are written down earlier.

However, if a written-down receivable is recovered or another event occurs that reverses the write-down, the reversal of the write-down is presented as a reduction in the income statement as a reduction of the expense item in which the write-down was initially recognised.

Interest income on loans and advances shall be recognised in the income statement under financial income.

A financial asset is derecognised when the entity loses the right to the cash flows from the financial asset and when the obligation to transfer substantially all the risks and rewards of the financial asset are transferred to a third party without significant delay.

Impairment of assets

The entity estimates the expected credit loss on debt instruments carried at amortised cost and fair value through profit or loss on the basis of forward-looking information. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The measurement of expected credit losses takes into account (i) an unbiased, probability-weighted measure that assesses a range of possible outcomes, (ii) the time value of money and (iii) reasonable and supportable information about past events, current conditions and projections of future economic conditions that is available at the end of the reporting period without undue cost or effort.

For trade receivables and contract assets that do not have a significant financing component, the entity applies the simplified approach permitted by IFRS 9 and accounts for the allowance for doubtful debts as an expected credit loss for the length of the receivable on initial recognition. The entity uses a discounting matrix where the discount is calculated on the basis of claims with different maturity dates.

Financial liabilities

All financial liabilities (debts to suppliers, borrowings, accrued charges, bonds issued and other current and non-current liabilities) are initially recognised at cost, which includes all expenses directly linked to the acquisition. Subsequent recognition is by the amortised cost method (except for financial liabilities acquired for resale, which are measured at fair value).

The amortised cost of current financial liabilities is generally equal to their nominal value, and therefore current financial liabilities are carried in the balance sheet at the amount due. For the purpose of calculating amortised cost, long-term financial liabilities are initially recognised at the fair value of the consideration received (net of transaction costs), and subsequently interest is accrued on the liabilities using the effective interest method. Interest expense on financial liabilities is recognised on an accruals basis in the income statement under the headings financial and investment income and financial and investment expenses. Interest relating to the financing of the development of assets (property projects, investment properties, tangible fixed assets included in inventories) from the beginning of the development period until the acceptance of the finished asset is capitalised in the cost of the asset.

A financial liability is classified as current if it is due to be settled within 12 months of the balance sheet date or if the enterprise does not have an unconditional right to defer settlement beyond 12 months from the balance sheet date. Borrowings that are repayable within 12 months of the balance sheet date but are refinanced to long-term maturity after the balance sheet date but before the approval of the financial statements are classified as current. Similarly, loan commitments which the lender has the right to call at the balance sheet date on account of a breach of the loan agreement are also classified as current.

A financial liability is derecognised when the contractual obligation is discharged or cancelled or expires

2.4 Fair value measurement

Fair value means the value at which the Fund's assets could be sold to a willing party, independent of the Fund, at the valuation date. In the case of financial assets and liabilities traded on a stock exchange (e.g. equities, funds, bonds, derivatives), the fair value is based on the closing price on the day of trading. The Fund records all investments in securities at fair value through profit or loss, except for those investments for which fair value cannot be determined. In accordance with IFRS 13 'Fair Value Measurement', the fair value of exchange traded financial assets and liabilities is the closing price.

The basis for determining the value of the Fund's assets is the "Rules for Calculation of the Net Asset Value of a Fund's Assets" approved by the Board of Directors of EfTEN Capital AS, which determine the principles for determining the net asset value of the Fund's financial assets and liabilities traded on regulated markets, those not traded on regulated markets and other financial assets and liabilities of the Fund.

The value of a share of a listed investment fund shall be determined in the same way as the value of a listed share. The value of a unit of an unquoted mutual fund shall be determined on the basis of the last known redemption price or, if no price is available, on the basis of the net asset value of the fund. The value of a listed debt security is determined on the basis of the last bid-price available on the regulated market. If the fair value of the instruments cannot be reliably estimated, they may be carried at cost or their fair value may be determined by the Management Company's Board of Directors using valuation techniques. The Management Company uses a variety of valuation techniques to determine its own fair value, including recent arm's length market transactions, references to other instruments that are approximately the same, discounted cash flow analysis and option pricing models and other valuation techniques, relying as much as possible on market information and as little as possible on company-specific inputs.

Asset valuation risk

The fund invests predominantly in assets that are not traded on a regulated market. As a result, at certain points in time (e.g. rapid changes in the economic environment and a significant reduction in the number of real estate transactions), it may be difficult to determine the fair value of all the Fund's investments. The Fund's direct investments in real estate (including SPVs) are valued by an independent real estate appraiser with a good reputation and long experience, in accordance with the Internal Rules for the Valuation of Real Estate published on the Management Company's website. The properties are valued regularly twice a year: at the end of the financial year and on 30.06. In addition, the Fund may commission ad hoc property valuations as required. The realisation of the risk associated with the valuation of assets may lead to a higher volatility of the Fund's returns than would be expected for this type of fund.

2.5 Netting

Financial assets and financial liabilities shall be offset and presented net in the balance sheet only if the Fund has the legal right and the intention to settle on a net basis, or to realise the assets and liabilities simultaneously. The Fund did not apply netting of assets and liabilities during the reporting or comparative period.

2.6 Interest

Interest income and expenses are recognised in the profit and loss account using the internal rate method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the carrying amount of the financial asset. In calculating the effective interest rate, the Foundation estimates the cash flows taking into account all the contractual terms of the financial instrument but does not take into account future credit losses. Interest income on financial assets classified as loans carried at amortised cost is recognised separately under "Interest income".

2.7 Dividend income

Dividends will be accounted for on the first day on which the share is traded without dividend (ex-dividends date), taking into account the declared dividend rate, the number of shares held by the Fund on the date of fixing the list of shareholders and the applicable tax rate. The dividend claim will be removed from the assets when the corresponding amount of money is received by the Fund. Dividend income from financial assets designated at fair value through profit or loss is recognised in the income statement under a separate line "Dividend income".

2.8 Accrued income

Accrued income generally includes dividends receivable (see accounting policy "Dividends"), accrued but unearned income, including interest and receivables of an interest nature, and sales with a value date later than the balance sheet date.

2.9 Cash and cash equivalents

Cash and cash equivalents include balances on demand deposits in bank accounts, overnight deposits and fixed-term deposits up to 3 months.

2.10 Term deposits

Term deposits are deposits held with credit institutions. According to the Investment Funds Act, the open-ended Public Fund may invest in deposits with credit institutions with a maturity of up to 12 months. Interest accrued on fixed-term deposits but not received at the valuation date is recorded in the balance sheet under the item "Fixed-term deposits" and in the profit and loss account under the item "Interest income".

2.11 Determining the net asset value of the fund

The net asset value of the Fund is determined in accordance with the Investment Funds Act, the Procedure for Determining the Net Asset Value of Investment Funds established by the Minister of Finance, the internal rules of procedure of EfTEN Capital AS (the Management Company) and the Fund's Terms and Conditions. The net asset value (NAV) of the Fund is determined by calculating the market value of the total assets of the Fund and deducting the liabilities of the Fund. The NAV per unit is calculated by dividing the total net asset value by the number of units outstanding.

2.12 Management fees

A management fee of 1.5% per annum is paid to the Fund Manager out of the Fund for the management of the Fund. The management fee is calculated on the net asset value of the Fund, excluding investments in other investment funds managed by EfTEN Capital AS and deposits with credit institutions. The management fee shall be calculated on a monthly basis (on the basis of 1/12 per year). There is no success fee.

2.13 Subscription of shares

The Financial Supervision Authority approved changes to the terms of the EfTEN United Property Fund after the balance sheet date, 23.01.2023.

The change in the terms of the fund was primarily due to the need to exclude provisions that are no longer relevant after the listing of the fund's shares 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 shares is no longer necessary to provide a regular investment opportunity.

Until the listing of the fund's shares on the stock exchange in May 2022, EfTEN United Property Fund offered its shares monthly from the first calendar day of the month to the last working day of the month. The fund share price was the net value of the unit in the previous calendar month.

According to the terms of the fund, the fund does not take back units from shareholders at their request or exchange them for units or shares of other funds of the fund management company, i.e., the fund units do not have a debt component.

2.14 Consolidation exemption

As of 31.12.2022, EfTEN United Property Fund owns an 80% shareholding in the company Uus-Järveküla OÜ (formerly Tohvri-Kivi OÜ), which in turn has a 100% shareholding in the company Järveküla Majad OÜ and the Fund also has a 100% shareholding in the company EfTEN M7 UAB.

EfTEN United Property Fund is an investment entity under the terms of IFRS 10, therefore the Fund does not consolidate its subsidiaries and does not apply IFRS 3 principles but recognises the investment in the subsidiary at fair value in accordance with IFRS 9.

Investment in subsidiaries

In the Fund's financial statements, investments in subsidiaries are accounted for using the fair value method. The subsidiary is initially recognised at cost and subsequently measured at fair value through profit or loss. Dividends declared by subsidiaries are recognised when the Fund becomes entitled to receive them.

2.15 Events after the balance sheet date

The financial statements reflect significant events that occurred between the balance sheet date and the date of the preparation of the financial statements that affect the valuation of the assets but relate to events that occurred during the reporting period or in prior periods. For further information on events after the balance sheet date, see note 9 to the financial statements.

2.16 Income tax

The Fund is a contractual investment fund, which means that the income earned by the Fund is taxable only in limited cases.

Income earned by the Fund in Estonia is taxable in the following cases:

- on the disposal of immovable property located in Estonia and on the transfer of rights and claims relating to immovable property;

- on the disposal of an Estonian subsidiary, if the Fund held at least 10% of the shares in the subsidiary;

- in case of disposal of a share in a real estate fund (including the payment of capital income from the realization of real estate from a limited partnership type fund/return of the share), of which real estate directly or indirectly located in Estonia (including real estate owned by subsidiaries and affiliates of the real estate fund) made up more than 50% of the property at the time of transfer or during the two years preceding it, and in which the real estate fund had at least a 10% shareholding;

- interest income from a real estate fund, in which, at the time of receiving interest or during the two years preceding it, real estate located directly or indirectly in Estonia (including real estate owned by subsidiaries and affiliates of the real estate fund) accounted for more than 50% and in which the real estate fund had at least a 10% shareholding.

The income of the Fund listed above is taxed at a rate of 20/80.

Income earned by the fund in a foreign country is taxed in accordance with the legislation in force in the respective country.

If EfTEN United Property Fund makes a cash payment to unit owners at its own expense, it is an interest payment. Income tax is withheld from payments to natural persons resident in Estonia who did not inform the fund of the existence of an investment account or pension investment account.

Income tax is not withheld upon liquidation of the fund from that part of the liquidation section that does not exceed the contributions made to the fund.

Note 3 Financial risk management

The Fund´s investment policy

The Fund invests its assets to investment property 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 investment properties.

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 of 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 granted	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

Risk related to property price fluctuations

The Fund invests in the Baltic investment property market, which is why the Management Company assesses the risk associated with fluctuations in property prices in this region as higher than usual. Cyclicality 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 property 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 of 31.12.2022	Less than 7 days	7 days to 1 month	1-12 months	More than 12 months	**Total**
€ thousand					
Total assets	8,769	0	11,790	6,913	**27,472**

As of 31.12.2021	Less than 7 days	7 days to 1 month	1-12 months	More than 12 months	**Total**
€ thousand					
Total assets	5,882	0	7,296	3,205	**16,383**

As of 31.12.2022, the fund's liabilities totalled 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 of 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 due date 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 due date 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 due for the fund units subscribed in December 2021, which was credited to the fund 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 of 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.

Note 4 Fair value of financial assets

The balance sheet value of the Fund's financial assets and liabilities generally corresponds to their fair value, taking into account the differences in 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 at the balance sheet date, with a significant portion of the assets being properties carried at fair value. If the subsidiary does not value the properties included in its assets at fair value (mainly because the properties are being developed for sale and are therefore included in inventories), the Fund values the subsidiary's properties separately by engaging an independent valuer. Other assets of the subsidiary comprise cash and cash equivalents, trade receivables and other minor assets, and liabilities comprise trade payables, loan payables and other minor liabilities, the carrying amounts of which do not differ materially from their fair values, so that the inputs used to determine the fair value of investment property are the most significant in determining the fair value of the subsidiary as a whole. ˇ
- of the consolidated assets and liabilities of the underlying funds at the balance sheet date, where a significant portion of the assets are investment property measured at fair value by an independent valuer. The investment properties of the underlying funds are valued individually by Colliers International Advisors OÜ using the discounted cash flow method. The cash flow projections for all properties are updated in the fair value calculation and the discount rates and exit yields are differentiated according to the location of the properties, their technical condition and the risk level of the tenants. The carrying amounts of the remaining underlying assets and liabilities do not differ materially from their fair values, so the inputs used to determine the fair value of investment property are the most significant in determining the fair value of the underlying fund as a whole.

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

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

Uus-Järveküla OÜ (formerly named Tohvri-Kivi OÜ)	31.12.2022	Adjustment to fair value	Fair value as of 31.12.2022	31.12.2021	Adjustment to fair value	Fair value as of 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
12 months Net profit / -loss	**-199**	**603**	**404**	**-67**	**860**	**793**

	31.12.2022	31.12.2021
€ thousand		
Fund`s share in Uus-Järveküla OÜ (formerly named Tohvri-Kivi 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 investment property 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 of 31.12.2022:

Underlying fund or subsidiary	The Fund's share	Fair value of the underlying fund or subsidiary	Annual rental income	Discount rate	Exit yield
€ thousand					
EfTEN Real Estate Fund 5 usaldusfond	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 usaldusfond	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 of 31.12.2021:

Underlying fund	The Fund's share	Fair value of the underlying fund	Annual rental income	Discount rate	Exit yield
€ thousand					
EfTEN Real Estate Fund 5 usaldusfond	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 usaldusfond	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 of 31.12.2022:

Fair value sensitivity analysis of investment property of underlying funds and subsidiaries		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 usaldusfond	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 usaldusfond	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 of 31.12.2021:

Sensitivity analysis of underlying funds' investment properties		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 usaldusfond	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 usaldusfond	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 (2021: 725 thousand euros) from the change in the fair value of subsidiaries and underlying funds.

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 (formerly named Tohvri-Kivi)	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 usaldusfond	4,158	5,196	1,015	5,662	5,685	23
EfTEN Residential Fund usaldusfond	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 January 2022, the Fund acquired a 100%-owned subsidiary in Lithuania (EfTEN M7 UAB), paying 3 thousand euros for the share capital of the subsidiary. In February 2022, the Fund paid an additional 720 thousand euros to the share capital of the subsidiary and granted a loan of 2,876 thousand euros to the subsidiary. The subsidiary owns the office building Menulio 2 in Vilnius.

In April and November 2022, EfTEN United Property Fund increased its shareholding in EfTEN Kinnisvarafond AS, acquiring 1,347 thousand fund shares at a total price of 3,997 thousand euros. The shares were acquired at a 10% discount to the net value of the share.

In connection with the addition of new investors to the EfTEN Real Estate Fund 5 usaldusfond, 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 EfTEN Real Estate Fund 5 usaldusfond decreased and the investment obligation increased.

In April, May and September 2022, EfTEN United Property Fund made an investment by placing an additional 654 thousand euros in the EfTEN Residential Fund usaldusfond, which was used to the development of rental houses in Kaunas and Riga.

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 for valuation purposes. All the Fund's investments in subsidiaries and underlying funds are carried at fair value and are included in the Level 3 group according to the valuation methodology. Details of significant management judgements and estimates are disclosed in note 2.2.

Note 5 Net asset value of the Fund

During the twelve months 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 (22.06-31.12.2021: 15,603 thousand euros). The Fund's shares are freely tradable on the Nasdaq Tallinn stock exchange from 31.05.2022.

As of 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 shares 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.

The net value of the fund`s share as of 31.12.2022 was 10.82 euros (22.06-31.12.2021: 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).

Lisa 6 Earnings per share

	2022	22.06.2021-31.12.2021
Growth in net asset value attributable to shareholders, € thousand	1,439	776
Weighted average number of shares during the period, pcs.	2,166,204	743,478
Earnings per share, EUR	0.66	1.04

Note 7 Segment reporting

SEGMENT`S RESULT

12 months 2022	Commercial property	Residential property	Property development	Unallocated	Total
€ thousand					
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**
Increase in net asset value attributable to shareholders	**1,779**	**45**	**-165**	**-220**	**1,439**

22.06.2021 – 31.12.2021	Commercial property	Residential property	Property development	Unallocated	Total
€ thousand					
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**
Increase in net asset value attributable to shareholders	**75**	**22**	**706**	**-27**	**776**

SEGMENT`S ASSETS

As of 31.12.2022	Commercial property	Residential property	Property development	Total
€ thousand				
Financial assets at fair value (Note 3)	11,885	794	263	12,942
Loans granted (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 of 31.12.2021	Commercial property	Residential property	Property development	Total
€ thousand				
Financial assets at fair value (Note 3)	7,202	94	628	7,924
Loans granted (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 growth of commercial real estate owned by subsidiaries and underlying funds and the increase in fair value.

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 (22.06-31.12.2021: 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 fund manager EfTEN Capital AS, as well as the head of the retail division 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.

Note 9 Events after the balance sheet date

EfTEN United Property Fund Terms Amendment

The Financial Supervisory Authority approved changes to the terms of the EfTEN United Property Fund after the balance sheet date, 23.01.2023.

The change in the terms of the Fund 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 amended terms and conditions of EfTEN United Property Fund will come into force one month after their publication, i.e., 25.02.2023. See also Appendix 2.15.

Fund`s investment report

Subsidiaries

As of 31.12.2022

Name	Location	Participation in investment	Acquisition cost	Fair value	Share in the Fund´s net asset value
€ thousand					
Subsidiaries					
Uus-Järveküla OÜ (formerly named Tohvri-Kivi)	Tallinn	80.0%	2	263	1.0%
EfTEN M7 UAB	Vilnius	100.0%	723	889	3.3%
Total subsidiaries			**725**	**1,152**	**4.3%**

As of 31.12.2021

Name	Location	Participation in investment	Acquisition cost	Fair value	Share in the Fund´s net asset value
€ thousand					
Subsidiaries					
Tohvri-Kivi OÜ	Tallinn	80.0%	2	628	3.8%

Funds

As of 31.12.2022

Name	Type of the fund	Country of origin	Fund manager	Share in the Fund 31.12.2022	Acquisition cost	Average share acquisition cost	Total market value	Market value per share	Share in the Fund´s net asset value
€ thousand									
Underlying funds									
EfTEN Real Estate Fund 5 usaldusfond	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 usaldusfond	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%**

As of 31.12.2021

Name	Type of the fund	Country of origin	Fund manager	Share in the Fund 31.12.2021	Acquisition cost	Average share acquisition cost	Total market value	Market value per share	Share in the Fund´s net asset value
€ thousand									
Underlying funds									
EfTEN Real Estate Fund 5 usaldusfond	Trust Fund	Estonia	EfTEN Capital AS	43.6%	5,662	5,662	5,685	5,685	34.7%
EfTEN Kinnisvarafond AS	Equity Fund	Estonia	EfTEN Capital AS	0.45%	500	0.0029	515	0.0030	3.1%
EfTEN Kinnisvarafond II AS	Equity Fund	Estonia	EfTEN Capital AS	0.71%	963	0.0148	1,003	0.0154	6.1%
EfTEN Residential Fund usaldusfond	Trust Fund	Estonia	EfTEN Capital AS	0.57%	72	72	94	94	0.6%
Total underlying funds					**7,197**		**7,297**		**44.6%**
Total securities					**7,199**		**7,925**		**48.4%**

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

Loans granted

As of 31.12.2022

Borrower	Borrower´s country of origin	Due date	Interest rate	Contractual loan amount	Loan balance 31.12.2022	Share in the Fund´s net asset value
€ thousand						
EfTEN M7 UAB	Lithuania	28.02.2027	4%	2,876	2,876	10.7%
Uus-Järveküla OÜ (formerly named Tohvri-Kivi)	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%**

As of 31.12.2021

Borrower	Borrower´s country of origin	Due date	Interest rate	Contractual loan amount	Loan balance 31.12.2022	Share in the Fund´s net asset value
€ thousand						
Tohvri Kivi OÜ	Estonia	18.08.2025	8% until 18.12.2024 15% from 19.12.2024	2,500	2,500	15.3%

Other assets

As of 31.12.2022

Name	Fair value	Share in the Fund´s net asset value
€ thousand		
Interest receivables	377	1,4%
Other short-term receivables	8	0,0%
Total other assets	**385**	**1,4%**

As of 31.12.2021

€ thousand	Fair value	Share in the Fund´s net asset value
thousand		
Shares issues in the reporting period, which are received after the balance sheet date	3,139	19.2%
Interest receivables	77	0.5%
Total other assets	**3,215**	**19.6%**

Deposits

As of 31.12.2022

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
€ thousand							
Swedbank Estonia	On demand deposit	Estonia	Moody's Aa2	On demand	-	8,769	**32.6%**
TOTAL ASSETS						**27,472**	**102.18%**

As of 31.12.2021

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
€ thousand							
Swedbank Estonia	On demand deposit	Estonia	Moodyś Aa3	On demand	-	2,743	**16.7%**
TOTAL ASSETS						**16,383**	**100.0%**

As of 31.12.2022

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

As of 31.12.2021

Fund`s liabilities	**-4**	**-0.02%**
NET ASSET VALUE OF THE FUND	**16,379**	**100.00%**

Independent Auditor's Report

To the Shareholders of EfTEN United Property Fund

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of EfTEN United Property Fund (the "Fund") managed by EfTEN Capital AS (the "Fund Manager") as at 31 December 2022, and the Fund's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the management board of the Fund Manager dated 1 March 2023.

What we have audited

The Fund's financial statements comprise:

- the statement of comprehensive income for the year ended as at 31 December 2022;
- the statement of financial position as at 31 December 2022;
- the statement of changes in the net asset value of the Fund attributable to shareholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the 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 Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Translation note:

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

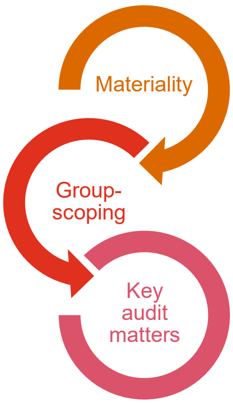
This independent auditor's report (translation of the Estonian original) should only be used with the original document submitted in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3500001609/reports).

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Fund and its subsidiaries are in accordance with the applicable law and regulations in the Republic of Estonia and that we have not provided non-audit services that are prohibited under § 59^1 of the Auditors Activities Act of the Republic of Estonia.

During the period from 1 January 2022 to 31 December 2022, in addition to auditing the financial statements, we have provided the following services to the Fund and its subsidiaries: translation services and other services for specified procedures.

Our audit approach

Overview



- Overall Fund audit materiality is EUR 269 thousand, which represents approximately 1% of net asset value of the Fund attributable to shareholders.

- The Fund audit team and component auditor, under our instructions, audited the Fund and Fund´s subsidiaries essentially covering all parts of the statements of financial position and comprehensive income.

- Valuation of financial assets at fair value.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the management board of the Fund Manager made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Translation note:

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

This independent auditor’s report (translation of the Estonian original) should only be used with the original document submitted in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3500001609/reports).

Overall Fund materiality	EUR 269 thousand
How we determined it	Approximately 1% of net asset value of the Fund attributable to shareholders
Rationale for the materiality benchmark applied	We have applied net asset value of the Fund attributable to shareholders as benchmark, as this is the key indicator on which the Fund's value depends and that is monitored by the management board of the Fund Manager and the Fund unit owners

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of financial assets at fair value	
Additional information is disclosed in Note 2 "Summary of significant accounting policies" and Note 4 "Fair value of financial assets". As at 31 December 2022, the Fund had financial assets at fair value through profit or loss in the amount of EUR 12,942 thousand, including: - investments in subsidiaries in the amount of EUR 1,152 thousand; and - investments in underlying funds in the amount of EUR 11,790 thousand; and related net profit / loss from those assets recognised in fair value through profit or loss in the statement of comprehensive income in 2022 in the amount of EUR 1,148 thousand, including: - loss from investments in subsidiaries in the amount of EUR 199 thousand; and - profit from underlying funds in the amount of EUR 1,346 thousand.	Given the inherent subjectivity involved in the valuation of the property investments and the need for market knowledge and valuation expertise, we engaged PwC valuation specialists to assist us in our audit of this area. We obtained and read the valuation reports and valuation inputs for all the property investments and assessed whether the valuation approach for each investment was in accordance with the principles of measuring fair value under IFRS. We assessed the qualifications and expertise of the external appraisers and we found that the appraisers performed their work in accordance with the respective professional valuation standards and that they have considerable experience in the markets in which the Fund operates. We compared the major assumptions such as development cost, sales price, rental rates, discount rates, capitalisation rates and vacancy rates used by the appraisers with our internally developed estimated ranges, determined via

Translation note:

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

This independent auditor's report (translation of the Estonian original) should only be used with the original document submitted in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3500001609/reports).

Investments in subsidiaries

The Fund's subsidiaries are not quoted on a stock exchange; thus, the fair value of subsidiaries is determined by reference to their respective assets and liabilities at balance sheet date, valued largely at fair value. The principal asset of the subsidiaries includes property investments as an estimated component which are measured at fair value at each balance sheet date.

The management board of the Fund Manager uses independent professional appraisers to evaluate the fair values of properties, ordering an external evaluation for each asset at least twice a year.

Investments in underlying funds

The Fund will base the fair value of the underlying funds on the assets and liabilities of the underlying at the balance sheet date, which are largely valued at fair value. The underlying real estate properties are valued by an independent professional appraiser within the underlying fund itself.
If the underlying fund is listed on a stock exchange, the fair value of the underlying shall be based on the closing price on the last stock exchange trading day of the reporting period.

The management board of the Fund Manager uses the discounted cash flow method to find the fair value of the real estate objects belonging to the subsidiaries and the underlying funds, in which:

- the rental price input used is determined in the case of leased objects based on valid lease agreements; or
- the investments made for real estate developments and the income expected from the sale of the real estate are taken into account;
- when determining the yield and the estimated market cash flow,

reference to published benchmarks when applicable. Where assumptions were outside the expected range or otherwise deemed unusual, or valuations showed unexpected movements not consistent with general trends in the market, we undertook further investigations and challenged the appraisers and the management board of the Fund Manager by requesting additional information and explanations on inputs and assumptions used.

It was evident from our interaction with the management board of the Fund Manager and the appraisers, and from our procedures in respect of the valuation reports that close attention had been paid to each property investment's individual characteristics, such as considering the overall quality, geographic location and cash flow potential of the property as a whole.
We also found that the impact of recent and significant market transactions on each individual property investment's valuation were appropriately considered for when determining the assumptions used in the valuation. We saw evidence that alternative assumptions had been considered and evaluated by the management board of the Fund Manager and the appraisers before determining the final fair value. We concluded that the assumptions used in the valuations were supportable in light of available and comparable market evidence.

We also considered whether the disclosures made in note 4 to the financial statements met the requirements set out in IFRS.

Translation note:

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

This independent auditor's report (translation of the Estonian original) should only be used with the original document submitted in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3500001609/reports).

assumptions are used that are based on the market yield and information on comparable transactions.

Valuation of real estate owned by the Fund's subsidiaries and underlying funds is inherently subjective, as the values depend on the nature, location and expected future cash flow of each real estate object, among other factors.

The existence of significant estimation uncertainty, coupled with the fact that only a small percentage difference in individual investment property valuations, when aggregated, could result in a material impact, warranted specific audit focus in this area.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Fund has two subsidiaries as at 31 December 2022. Based on our risk and materiality assessments, we determined which entities were required to be audited at full scope considering the relative significance of each entity to the Fund and the overall coverage obtained over each material line item in the financial statements. Full scope statutory audits were performed for EfTEN United Property Fund and Uus-Järveküla OÜ (former business name Tohvri-Kivi OÜ) by the Fund audit team. For subsidiary EfTEN M7 UAB the Group audit team performed audit procedures on investment properties' balances and the component auditor performed full scope audit procedures on cash and bank accounts, receivables from customers, notes payable and long-term debt, tax balances and revenue transactions from rental income. For the audit procedures performed by component auditors, we determined the level of involvement we needed to have in their audits to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Fund financial statements as a whole.

Reporting on other information including the Management report

The management board of the Fund Manager is responsible for the other information. The other information comprises Management report and Fund`s investment report (but does not include the financial statements and our auditor's report thereon).

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

Translation note:

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

This independent auditor's report (translation of the Estonian original) should only be used with the original document submitted in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3500001609/reports).

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management report, we also performed the procedures required by the Auditors Activities Act. Those procedures include considering whether the Management report is consistent, in all material respects, with the financial statements and is prepared in accordance with the requirements of the Accounting Act.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management report for the financial year for which the financial statements are prepared is consistent, in all material respects, with the financial statements; and
- the Management report has been prepared in accordance with the requirements of the Accounting Act.

In addition, in light of the knowledge and understanding of the Fund and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of the management board of the Fund Manager and those charged with governance for the financial statements

The management board of the Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the management board of the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management board of the Fund Manager is responsible for assessing the Fund'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 of the Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Translation note:

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

This independent auditor's report (translation of the Estonian original) should only be used with the original document submitted in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3500001609/reports).

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board of the Fund Manager.
- Conclude on the appropriateness of the management board of the Fund Manager'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 Fund'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 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 Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied .

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report on the compliance of the format of the financial statements with the requirements of the European Single Electronic Reporting format (ESEF)

Translation note:

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

This independent auditor's report (translation of the Estonian original) should only be used with the original document submitted in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3500001609/reports).

The European single electronic reporting format has been applied by the management board of the Fund Manager to the Fund's financial statements to comply with the requirements of Article 3 of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). These requirements specify the Company's obligation to prepare its financial statements in a XHTML format. We confirm that the European single electronic reporting format of the financial statements for the year ended 31 December 2021 complies with the ESEF Regulation in this respect.

Appointment and period of our audit engagement

In connection to listing the shares of EfTEN United Property Fund in Tallinn Nasdaq stock exchange on 31 May 2022, it is our first year as an auditor of EfTEN United Property Fund, as a public interest entity. Our uninterrupted engagement appointment period for EfTEN United Property Fund as a public interest entity can be up to 20 years. In accordance with the Auditors Activities Act of the Republic of Estonia and the Regulation (EU) No 537/2014, our appointment as the auditor of EfTEN United Property Fund can be extended for up to the financial year ending 31 December 2041.

AS PricewaterhouseCoopers

/signed digitally/

Lauri Past
Certified auditor in charge, auditor's certificate no.567

/signed digitally/

Rando Rand
Auditor's certificate no.617

1 March 2023
Tallinn, Estonia

Translation note:

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

This independent auditor's report (translation of the Estonian original) should only be used with the original document submitted in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link: https://nasdaqbaltic.com/statistics/en/instrument/EE3500001609/reports).