

# Interim report for the 1st quarter of 2023

(translation of the Estonian original)

EfTEN Real Estate Fund AS

Commercial register number: 12864036

Beginning of financial period: 01.01.2023

End of financial period: 31.03.2023

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## Table of contents

<b>INTERIM FINANCIAL STATEMENTS OF THE CONSOLIDATION GROUP .....</b>	<b>9</b>
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME .....	9
CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	10
CONSOLIDATED STATEMENT OF CASH FLOW .....	11
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	12
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS .....	13
1 <i>Accounting policies and measurement bases used in the preparation of the consolidated interim financial statements</i> .....	13
2 <i>Subsidiaries and joint ventures</i> .....	15
3 <i>Segment reporting</i> .....	17
4 <i>Sales income</i> .....	18
5 <i>Cost of services sold</i> .....	18
6 <i>Marketing costs</i> .....	19
7 <i>General and administrative expenses</i> .....	19
8 <i>Profit / loss from joint ventures</i> .....	19
9 <i>Other financial income and expenses</i> .....	20
10 <i>Income tax</i> .....	20
11 <i>Earnings per share</i> .....	20
12 <i>Cash and cash equivalents</i> .....	21
13 <i>Receivables and accrued income</i> .....	21
14 <i>Investment properties</i> .....	22
15 <i>Borrowings</i> .....	24
16 <i>Payables and prepayments</i> .....	26
17 <i>Financial instruments, management of financial risks</i> .....	26
18 <i>Share capital</i> .....	30
19 <i>Contingent liabilities</i> .....	31
20 <i>Related party transactions</i> .....	31

## MANAGEMENT REPORT

### Fund manager's comment

On the balance sheet date of 01.01.2023, EFTEN Real Estate Fund AS (formerly EFTEN Real Estate Fund III AS) merged with EFTEN Kinnisvarafond AS. After the merger, the volume of consolidated assets of the fund increased by 211 million euros, i.e. from 182 million euros to 393 million euros, and the equity of the fund increased by 126 million euros, i.e. from 104 million euros to 230 million euros. The merger was entered in the business register on 28.02.2023.

As a result of the merger, the investment portfolio of EFTEN Real Estate Fund AS was added to the EFTEN Kinnisvarafond AS subsidiaries. 17 new investment properties in Estonia, Latvia and Lithuania with a fair value of 196.3 million euros and investment property owned by a 50% joint venture with a fair value of 10 million euros were added. After the merger, the fund's investment portfolio is even better spread across sectors and tenants.

### Financial overview

EFTEN Real Estate Fund AS'i consolidated sales income for the first quarter of 2023 was 7.788 million euros (2022 I quarter: 3.458 million euros). The Group's net rental income in the first quarter of 2023 was 7.298 million euros (2022: 3.324 million euros). The Group's net profit for the same period was 4.634 million euros (2022: 2.278 million euros).

	I quarter	
	2023	2022
<i>€ million</i>		
Rental income, other fees from investment properties	7.788	3.458
Expenses related to investments incl. marketing costs	-0.490	-0.134
<b>Net rental income</b>	<b>7.298</b>	<b>3.324</b>
<i>Net rental income margin</i>	94%	96%
Interest expense and interest income	-1.544	-0.427
<b>Net rental sales less finance costs</b>	<b>5.754</b>	<b>2.897</b>
Management fees	-0.536	-0.286
Other income and other expenses	-0.321	-0.143
<b>Profit before change in the value of investment property, fair value change of the interest rate swap and income tax expense</b>	<b>4.897</b>	<b>2.468</b>

Consolidated net rental income margin for the first quarter of 2023 was 94% (2022: 96%), so costs directly related to property management (incl. land tax, insurance, maintenance and improvement costs) and marketing costs accounted for 6% (2022: 4%) of sales.

The Group's total assets as at 31.03.2023 amounted for 395.993 million euros (31.12.2022: 181.956 million euros), including the fair value of investment properties forming 92% (31.12.2022: 93%) of the total assets.

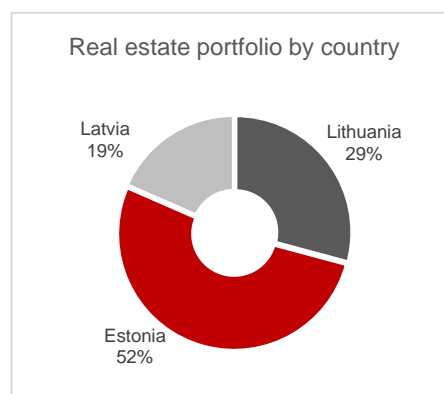
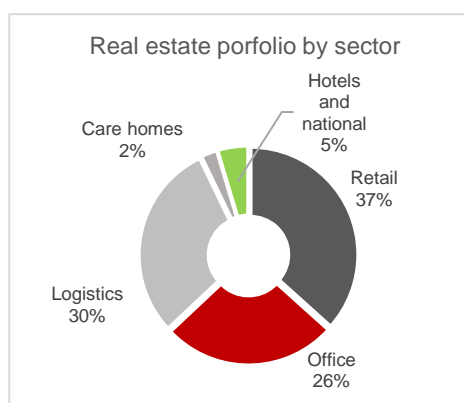
	31.03.2023	31.12.2022
<i>€ million</i>		
Investment properties	365.977	168.875
Other non-current assets	2.902	0.179
Current assets, excluding cash	1.948	1.571
Net debt (cash deposits minus short-term and long-term bank loans)	-123.806	-56.730
Net asset value (NAV)	234.804	104.264
EPRA net asset value (EPRA NAV)	241.884	111.123
Net asset value (NAV) per share, in euros	21.70	20.55
EPRA net asset value (EPRA NAV) per share, in euros	22.36	21.91

## Key performance and liquidity ratios

For 1 <sup>st</sup> quarter	2023	2022
ROE, % (net profit of the period / average equity of the period) * 100	2.7	2.3
ROA, % (net profit of the period / average assets of the period) * 100	1.6	1.3
ROIC, % net profit of the period / average invested capital of the period) * 100 <sup>1</sup>	2.4	3.4
Revenue (€ thousands)	7,788	3,458
Rental income (€ thousands)	7,499	3,284
EBITDA (€ thousands)	6,458	2,907
EBITDA margin, %	83%	84%
EBIT (€ thousands)	6,441	2,895
EPRA profit (€ thousands)	4,855	2,391
Liquidity ratio (current assets / current liabilities)	0.5	1.4
DSCR (EBITDA/(interest expenses + scheduled loan payments))	2.1	2.0

## Investment portfolio

As of the end of March 2023 the Group has 35 (31.12.2022: 18) commercial investment property with a fair value as at the balance sheet date of 365.977 million euros (31.12.2022: 168.875 million euros) and the acquisition cost is 325.583 million euros (31.12.2022: 151.426 million euros). In addition, the Group's joint venture owns the Palace hotel in Tallinn, the fair value of which as of 31.03.2023 was 10.075 million euros.



## Main indicators of the investment portfolio

Investment property as of 31.03.2023	Group's ownership	Fair value of the investment property, € thousands	Net leasable area	Prognosed rental revenue per annum, € thousands	Occupancy, %	Average length of rental agreements	Number of tenants
Premia Külmhoone, Tallinn	100	6,840	7,258	552	100	4.3	1
Kuuli 10, Tallinn	100	11,450	15,197	871	100	5.2	1
Betooni 1a, Tallinn	100	9,190	10,678	698	100	4.1	1
Betooni 6, Tallinn	100	9,270	16,482	765	97	1.3	21
Jurkalne Technology Park, Riga	100	24,322	44,054	2230	99	5.0	57
DSV logistics centre, Vilnius	100	9,472	11,751	732	100	3.6	1
DSV logistics centre, Tallinn	100	13,610	16,014	1,062	100	3.6	1
DSV logistics centre, Riga	100	8,831	12,149	745	100	3.7	1
Piepilsetas logistics centre, Kekava	100	8,733	13,380	751	100	2.0	7
Ramygalos logistics centre, Panevežys	100	10,660	20,126	826	100	14.1	1
<b>Total logistics</b>		<b>112,378</b>	<b>167,089</b>	<b>9,232</b>	<b>99</b>	<b>4.8</b>	<b>92</b>
Võru Rautakesko	100	2,890	3,120	258	100	5.0	1
Uku centre, Viljandi	100	13,592	8,919	1,139	100	6.1	43
Mustika centre, Tallinn	100	36,970	27,094	3,020	99	3.6	65
RAF Centrs, Jelgava	100	9,280	6,225	979	99	1.9	33
Tammsaare tee Rautakesko, Tallinn	100	15,700	9,120	1,299	100	8.9	1
Jelgava development project, Jelgava	100	2,342			Under construction		
Saules Miestas Shopping centre, Šiauliai	100	36,543	20,294	3,267	99	4.8	129
Laagri Selver, Tallinn	100	7,810	3,059	514	100	5.5	11
Hortes gardening centre, Laagri	100	3,720	3,470	294	100	9.2	1
Hortes gardening centre, Tallinn	100	5,600	5,300	428	100	14.6	1
ABC Motors Autokeskus, Tallinn	100	3,410	2,149	300	100	5.9	1

Investment property as of 31.03.2023 (continues)	Group's ownership	Fair value of the investment property, € thousands	Net leasable area	Prognosed rental revenue per annum, € thousands	Occupancy, %	Average length of rental agreements	Number of tenants
<b>Total retail</b>		<b>137 857</b>	<b>88 750</b>	<b>11,498</b>	<b>99</b>	<b>5.3</b>	<b>286</b>
Lauteri 5, Tallinn	100	5,850	3,822	422	96	1.6	21
Pärnu mnt 105, Tallinn	100	8,052	4,793	633	93	1.9	30
Pärnu mnt 102, Tallinn	100	16,200	9,440	1,203	89	1.3	16
Terbata office building, Riga	100	8,974	6,057	619	89	2.1	14
Menulio 11, Vilnius	100	8,120	5,617	740	95	1.8	14
Ulonu office building, Vilnius	100	9,320	5,290	717	97	2.5	12
L3 office building, Vilnius	100	10,773	6,150	787	100	2.6	35
Evolution office building, Vilnius	100	11,792	6,614	903	97	3.2	26
airBaltic office building, Riga	100	6,920	6,217	530	100	2.9	1
Rutkausko office building, Vilnius	100	13,010	6,812	914	100	7.5	3
<b>Total office buildings</b>		<b>99,011</b>	<b>60,812</b>	<b>7,468</b>	<b>95</b>	<b>2.9</b>	<b>172</b>
Pirita Pansionaat, Tallinn	100	6,320	5,983	363	100	7.7	1
Valkla Südamekodu, Valkla	100	2,729	2,759	268	100	9.1	1
Tartu Südamekodu, Tartu	100	322			Under construction		
<b>Total care homes</b>		<b>9,371</b>	<b>8,742</b>	<b>631</b>	<b>100</b>	<b>8.3</b>	<b>2</b>
Rakvere Police and rescue common building (national)	100	7,360	5,775	813	100	2.6	1
Hotel Palace, Tallinn (hotels)	50	10,075	4,874	474	100	7.4	1
<b>Total investment portfolio</b>		<b>376,052</b>	<b>336,042</b>	<b>30,116</b>	<b>99</b>	<b>4.5</b>	<b>554</b>

<sup>1</sup>Hotel Palace belongs to a joint venture with a 50% share of the group, therefore the group does not consolidate this Investment property and rental income line by line. Therefore, the mentioned indicators are not included in consolidated Investment properties or sales income.

In the first quarter of 2023 the Group's rental income amounted to 7.499 millions euros. Rental income calculated on a comparable basis in the first quarter of 2023 totalled 3.427 million euros, which is 4% more than the same period in 2022.

#### Like-for-like rental income by business segments

€ thousands	Fair value 31.03.2023	I quarter			
		Rental income 2023	Rental income 2022	Change	Change, %
Office	51,816	1,057	997	60	6%
Logistics	51,306	1,024	992	32	3%
Retail	57,083	1,240	1,191	49	4%
Care homes	6,320	106	104	2	2%
<b>Total comparable assets and rental income</b>	<b>166,525</b>	<b>3,427</b>	<b>3,284</b>	<b>143</b>	<b>4%</b>
Acquired assets and rental income	3,050	43	0	43	
Merger assets and rental income <sup>1</sup>	196,402	4,029	0	4,029	
<b>Total investment property portfolio and rental income</b>	<b>365,977</b>	<b>7,499</b>	<b>3,284</b>	<b>4,215</b>	<b>128%</b>

#### Like-for-like rental income by countries

€ thousands	Fair value 31.03.2023	I quarter			
		Rental income 2023	Rental income 2022	Change	Change, %
Estonia	40,470	754	750	4	1%
Latvia	24,484	498	480	18	4%
Lithuania	101,571	2,175	2,054	121	6%
<b>Total comparable assets and rental income</b>	<b>166,525</b>	<b>3,427</b>	<b>3,284</b>	<b>143</b>	<b>4%</b>
Acquired assets and rental income	3,050	43	0	43	
Merger assets and rental income <sup>1</sup>	196,402	4,029	0	4,029	
<b>Total investment property portfolio and rental income</b>	<b>365,977</b>	<b>7,499</b>	<b>3,284</b>	<b>4,215</b>	<b>128%</b>

<sup>1</sup> The assets and rental income obtained during the merger consist of the results of the objects added to the investment property portfolio during the merger of EFTEN Real Estate Fund AS with EFTEN Kinnisvarafond AS. In the tables below, to illustrate the transparency and better comparability of the information, the consolidated rental income of EFTEN Kinnisvarafond AS has also been included for the first quarter of 2022. Since the merger of the two funds took place on the balance sheet date of 01.01.2023, the comparable consolidated rental income of EFTEN Real Estate Fund AS in 2022 does not include the mentioned indicators.

**Like-for-like rental income by business segments - Assets acquired from EFTEN Kinnisvarafond AS during the merger**

€ thousands	Fair value 31.03.2023	Rental income 2023	Rental income 2022 <sup>2</sup>	Change	Change, %
Office	47,196	876	862	14	2%
Logistics	61,071	1,272	1,220	52	4%
Retail	80,775	1,676	1,547	129	8%
National	7,360	205	186	19	10%
<b>Total like-for-like assets and rental income</b>	<b>196,402</b>	<b>4,029</b>	<b>3,815</b>	<b>214</b>	<b>6%</b>
<b>Total assets and rental income acquired during the merger from EFTEN Kinnisvarafond AS</b>	<b>196,402</b>	<b>4,029</b>	<b>3,815</b>	<b>214</b>	<b>6%</b>

**Like-for-like rental income by countries - Assets acquired from EFTEN Kinnisvarafond AS during the merger**

€ thousands	Fair value 31.03.2023	Rental income 2023	Rental income 2022 <sup>2</sup>	Change	Change, %
Estonia	143,364	2,896	2,771	125	5%
Latvia	44,918	944	862	82	10%
Lithuania	8,120	189	182	7	4%
<b>Total like-for-like assets and rental income</b>	<b>196,402</b>	<b>4,029</b>	<b>3,815</b>	<b>214</b>	<b>6%</b>
<b>Total assets and rental income acquired during the merger from EFTEN Kinnisvarafond AS</b>	<b>196,402</b>	<b>4,029</b>	<b>3,815</b>	<b>214</b>	<b>6%</b>

<sup>2</sup> The consolidated rental income of EFTEN Kinnisvarafond AS for 2022 is presented only for comparability purposes. The said rental income is not included in EFTEN Real Estate Fund AS's consolidated 2022 figures.

**The largest tenants of EFTEN Real Estate Fund AS as 31.03.2023**

Tenant	Share of total rental income
Kesko Senukai Estonia AS	5.7%
LIVONIA PRINT SIA	5.5%
Prisma Peremarket AS	5.0%
DSV Estonia AS	3.5%
Logistika Pluss OÜ	2.9%
Adax UAB	2.8%
Riigi Kinnisvara Aktsiaselts	2.7%
DSV Latvia SIA	2.5%
DHL Logistics Estonia OÜ	2.5%
DSV Lithuania, UAB	2.5%
Atea, UAB	2.4%
Hortes AS	2.4%
AIR BALTIC CORPORATION AS	2.0%
Premia Tallinna Külkhoone AS	1.9%
Rimi Lietuva, UAB	1.7%
Südamekodud AS	1.5%
Vilniaus apskrities vyriausiasis policijos komisariatas	1.4%
Selver AS	1.2%
Others	49.8%
<b>Total</b>	<b>100.0%</b>

## EPRA performance indicators

### EPRA performance indicators

As of the balance sheet date	31.03.2023	31.03.2022	Change
EPRA profit, € thousands	4,855	2,391	103%
EPRA profit per share, in euros	0.45	0.47	-5%
EPRA NRV (net reinstatement value), € thousands	241,884	105,099	130%
EPRA NRV per share, in euros	22.36	20.72	8%
EPRA NDV (net disposal value), € thousands	234,804	99,192	137%
EPRA NDV per share, in euros	21.70	19.55	11%
EPRA cost ratio, including direct vacancy costs	14%	13%	13%
EPRA cost ratio, excluding direct costs related to vacancy	14%	13%	9%
EPRA vacancy rate	0.2%	0.3%	-19%

### EPRA indicator calculations

#### EPRA net asset value indicators

##### As at 31.03.2023

€ thousands	EPRA NRV	EPRA NTA	EPRA NDV
<b>Net asset value calculated in accordance with IFRS</b>	<b>234,804</b>	<b>234,804</b>	<b>234,804</b>
Adjustments:			
Deferred income tax liability related to the change in the fair value of investment property and tax depreciation	7,133	7,133	-
Fair value of derivatives	-53	-53	-
<b>EPRA net asset value</b>	<b>241,884</b>	<b>241,884</b>	<b>234,804</b>
<b>Number of fully diluted shares</b>	<b>10,819,796</b>	<b>10,819,796</b>	<b>10,819,796</b>
<b>EPRA net asset value per unit, in euros</b>	<b>22.36</b>	<b>22.36</b>	<b>21.70</b>

##### As at 31.03.2022

€ thousands	EPRA NRV	EPRA NTA	EPRA NDV
<b>Net asset value calculated in accordance with IFRS</b>	<b>99,192</b>	<b>99,192</b>	<b>99,192</b>
Adjustments:			
Deferred income tax liability related to the change in the fair value of investment property and tax depreciation	5,851	5,851	-
Fair value of derivatives	56	56	-
<b>EPRA net asset value</b>	<b>105,099</b>	<b>105,099</b>	<b>99,192</b>
<b>Number of fully diluted shares</b>	<b>5,072,535</b>	<b>5,072,535</b>	<b>5,072,535</b>
<b>EPRA net asset value per unit, in euros</b>	<b>20.72</b>	<b>20.72</b>	<b>19.55</b>

#### EPRA profit

€ thousands	2023	2022
<b>Net profit (IFRS)</b>	<b>4,634</b>	<b>2,278</b>
Adjustments:		
Change in fair value of financial instruments	0	-65
Deferred income tax expense related to EPRA adjustments	221	178
<b>EPRA profit</b>	<b>4,855</b>	<b>2,391</b>
Weighted average numbers of shares during the period	10,819,796	5,072,535
<b>EPRA profit per share, in euros</b>	<b>0.45</b>	<b>0.47</b>

**EPRA vacancy rate**

€ thousands	2023	2022
Estimated rental income from vacant premises	66	37
Estimated rental income for the entire investment portfolio	29,846	13,539
<b>EPRA vacancy rate</b>	<b>0.2%</b>	<b>0.3%</b>

**EPRA cost ratio**

€ thousands	2023	2022
Cost of sales	-394	-60
Other sales revenue paid by tenants to cover expenses	289	174
Marketing costs	-96	-74
Operating costs	-867	-455
<b>Total costs, including direct costs related to the vacancy</b>	<b>-1,068</b>	<b>-415</b>
Direct vacancy cost	-40	-1
<b>Total costs, excluding direct costs related to vacancy</b>	<b>-1,028</b>	<b>-414</b>
<b>Rental income (gross)</b>	<b>7,499</b>	<b>3,284</b>
<b>EPRA cost ratio, including direct vacancy costs</b>	<b>14%</b>	<b>13%</b>
<b>EPRA cost ratio, excluding direct costs related to vacancy</b>	<b>14%</b>	<b>13%</b>

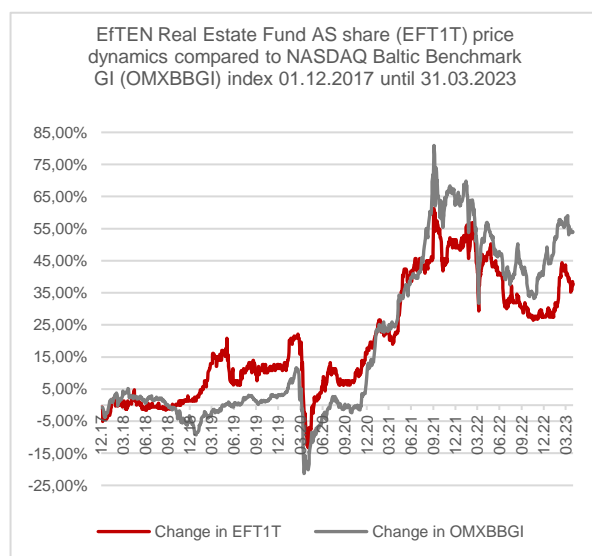
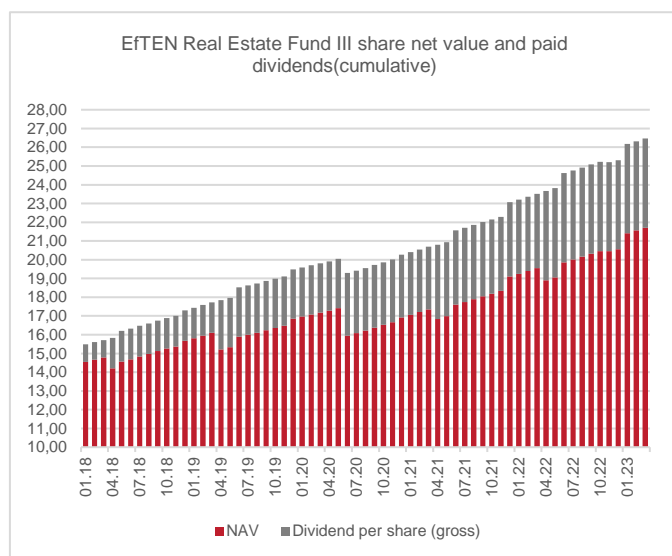
## Financing

Within the next 12 months, the loan agreements of eight subsidiaries of the group will expire, the balance of which as of 31.03.2023 is 45,666 thousand euros. The LTV of the expiring loan agreements is 34%-52%, and investment properties have a stable, strong rental cash flow, therefore, according to the Group's management, there are no obstacles in extending the loan agreements.

The weighted average interest rate of the group's loan agreements rose to 4.8% by the end of March (31.12.2022: 3.7%) due to the change in EURIBOR, and the LTV (Loan to Value) was 41% (31.12.2022: 40%). All loan agreements of the fund's subsidiaries are linked to a floating interest rate. In order to mitigate the risk of an increase in the interest rate of one loan agreement (balance as of 31.03.2023: 12,332 thousand euros), an interest rate swap agreement has been concluded, where the EURIBOR is fixed at the level of 0.35%. The swap agreement expires in 2023, and its fair value is 53 thousand euros as of 31.12.2022.

## Information on shares

The net asset value of the share of EFTEN Real Estate Fund AS (EPRA NDV) as of 31.03.2023 was 21.7 euros (31.03.2021: 19.55 euros). The net asset value of EFTEN Real Estate Fund AS increased by 11.0% in the first quarter of 2023 (first quarter of 2022: 12.7%).





As of 31.03.2023 EFTEN Real Estate Fund AS had 6 295 shareholders, of whom 17,0% were legal entities. At the same time legal entities owned total of 86,3% of the fund's share capital. The distribution of shares is shown in the table below.

	Shareholders, pc		Total shareholders	Number of shares		Total shares	Ownership		Total shares
	Legal entities	Private individuals		Total shares	Total shares		Legal entities	Private individuals	
Afghanistan	-	1	1	-	16	16	-	0.0001%	0.0001%
Albania	-	1	1	-	15	15	-	0.0001%	0.0001%
Algeria	-	1	1	-	337	337	-	0.0031%	0.0031%
United States of America	1	1	2	19,000	531	19,531	0.1756%	0.0049%	0.1805%
United Arab Emirates	-	1	1	-	142	142	-	0.0013%	0.0013%
Australia	-	4	4	-	46	46	-	0.0004%	0.0004%
Austria	-	1	1	-	1 255	1 255	-	0.0116%	0.0116%
Belgium	-	1	1	-	5	5	-	0.0000%	0.0000%
Estonia	1,057	5,168	6,225	8,957,588	1,454,501	10,412,089	82.7889%	13.4430%	96.2318%
Spain	-	1	1	-	120	120	-	0.0011%	0.0011%
Netherlands	-	1	1	-	109	109	-	0.0010%	0.0010%
Ireland	-	1	1	-	27	27	-	0.0002%	0.0002%
Italy	-	1	1	-	75	75	-	0.0007%	0.0007%
Cyprus	-	1	1	-	666	666	-	0.0062%	0.0062%
Lithuania	10	2	12	214,802	17,408	232,210	1.9853%	0.1609%	2.1462%
Latvia	1	1	2	2,142	2 150	4,292	0.0198%	0.0199%	0.0397%
Malta	-	1	1	-	20	20	-	0.0002%	0.0002%
Norway	-	1	1	-	5	5	-	0.0000%	0.0000%
Portugal	-	1	1	-	100	100	-	0.0009%	0.0009%
France	-	1	1	-	4	4	-	0.0000%	0.0000%
Sweden	1	3	4	25	83	108	0.0002%	0.0008%	0.0010%
Germany	-	5	5	-	97	97	-	0.0009%	0.0009%
Finland	1	16	17	42	969	1,011	0.0004%	0.0090%	0.0093%
Great Britain	-	4	4	-	718	718	-	0.0066%	0.0066%
Switzerland	1	2	3	146,690	82	146,772	1.3558%	0.0008%	1.3565%
Denmark	1	1	2	1	25	26	0.0000%	0.0002%	0.0002%
<b>Total</b>	<b>1,073</b>	<b>5,222</b>	<b>6,295</b>	<b>9,340,290</b>	<b>1,479,506</b>	<b>10,819,796</b>	<b>86.33%</b>	<b>13.67%</b>	<b>100.00%</b>

As of 31.03.2023 EFTEN Real Estate Fund AS had two shareholders with more than 10% ownership:

Ettevõte	As of 31.03.2023	
	Number of shares	Ownership, %
LHV Pensonifondid	1,657,901	15.32
REF Aktsiad OÜ	1,151,700	10.64

EFT1T share statistics	1 <sup>st</sup> quarter	
	2023	2022
Opening price	19.8	23.1
Closing price	21.1	22.2
Share price, the lowest	19.5	19.5
Share price, the highest	22.1	24.2
Traded shares, thousands	59	93
Turnover, EUR million	1.199	2.057
Market capitalisation as of 31.03, EUR million	228.298	112.610
Profit per share, euros	0.43	0.45
P/B (share closing price / equity per share)	0.97	1.14
P/B EPRA (share closing price / EPRA equity per share)	0.94	1.07

## INTERIM FINANCIAL STATEMENTS OF THE CONSOLIDATION GROUP

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousands	Notes	1 <sup>st</sup> quarter	
		2023	2022
Sales income	3,4	7,788	3,458
Cost of services sold	5	-394	-60
<b>Gross profit</b>		<b>7,394</b>	<b>3,398</b>
Marketing costs	6	-96	-74
General and administrative expenses	7	-867	-455
Other operating income and expense		10	26
<b>Operating profit</b>	<b>3</b>	<b>6,441</b>	<b>2,895</b>
Profit / loss from joint ventures	8	-9	0
Interest income		6	0
Other finance income and expense	9	-1,550	-362
<b>Profit before income tax</b>		<b>4,888</b>	<b>2,533</b>
Income tax expense	10	-254	-255
<b>Net profit for the reporting period</b>	<b>3</b>	<b>4,634</b>	<b>2,278</b>
<b>Consolidated profit for the reporting period</b>	<b>3</b>	<b>4,634</b>	<b>2,278</b>
<b>Earnings per share</b>	11		
- basic		0.43	0.45
- diluted		0.43	0.45

The notes on pages 13-30 form an integral part of these interim financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31.03.2023	31.12.2022
<i>€ thousands</i>			
<b>ASSETS</b>			
Cash and cash equivalents	12	25,166	11,331
Receivables and accrued income	13	1,811	1,522
Prepaid expenses		136	49
Inventory		1	0
<b>Total current assets</b>		<b>27,114</b>	<b>12,902</b>
Long-term receivables		51	61
Shares in joint ventures	2	2,568	0
Investment property	3,14	365,977	168,875
Property, plant, and equipment		282	116
Intangible assets		1	2
<b>Total non-current assets</b>		<b>368,879</b>	<b>169,054</b>
<b>TOTAL ASSETS</b>		<b>395,993</b>	<b>181,956</b>
<b>LIABILITIES AND EQUITY</b>			
Borrowings	15	49,964	22,058
Payables and prepayments	16	1,963	1,461
<b>Total current liabilities</b>		<b>51,927</b>	<b>23,519</b>
Borrowings	15	98,854	45,917
Other long-term liabilities	16	1,865	1,008
Deferred income tax liability	10	8,543	7,248
<b>Total non-current liabilities</b>		<b>109,262</b>	<b>54,173</b>
<b>Total liabilities</b>		<b>161,189</b>	<b>77,692</b>
Share capital	18	108,198	50,725
Share premium	18	84,721	16,288
Statutory reserve capital		2,149	2,149
Retained earnings	19	39,736	35,102
<b>Total equity</b>		<b>234,804</b>	<b>104,264</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>395,993</b>	<b>181,956</b>

The notes on pages 13-30 form an integral part of these interim financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	1 <sup>st</sup> quarter	
		2023	2022
<i>€ thousands</i>			
<b>Net profit</b>		<b>4,634</b>	<b>2,278</b>
<i>Adjustments of net profit:</i>			
Profit/loss from joint ventures using the equity method	8	9	0
Interest income		6	0
Finance income and expense	9	1,550	362
Depreciation and impairment losses	5,7	17	12
Income tax expense	10	254	255
<b>Total adjustments with non-cash changes</b>		<b>1,836</b>	<b>629</b>
<b>Cash flow from operations before changes in working capital</b>		<b>6,470</b>	<b>2,907</b>
Change in receivables and payables related to operating activities		-49	-766
<b>Net cash flow generated from operating activities</b>		<b>6,421</b>	<b>2,141</b>
Acquisition of property, plant, and equipment		0	-4
Acquisition of Investment property		-1,029	-135
Cash received on merger		11,621	0
Interest received		2	0
<b>Net cash flow generated from investing activities</b>		<b>10,594</b>	<b>-139</b>
Loans received	15	286	0
Scheduled loan repayments	15	-1,861	-900
Interest paid		-1,588	-425
Income tax on dividends paid		-5	0
<b>Net cash flow generated from financing activities</b>		<b>-3,168</b>	<b>-1,325</b>
<b>NET CASH FLOW</b>		<b>13,847</b>	<b>677</b>
<b>Cash and cash equivalents at the beginning of period</b>		<b>11,331</b>	<b>13,074</b>
Change in cash and cash equivalents		13,847	677
<b>Cash and cash equivalents at the end of period</b>		<b>25,178</b>	<b>13,751</b>

The notes on pages 13-30 form an integral part of these interim financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ thousands	Share capital	Share premium	Statutory reserve capital	Retained earnings	Total
<b>Balance as at 31.12.2021</b>	<b>50,725</b>	<b>16,288</b>	<b>1,489</b>	<b>28,412</b>	<b>96,914</b>
Net profit for the financial period	0	0	0	2,278	2,278
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,278</b>	<b>2,278</b>
<b>Balance as at 31.03.2022</b>	<b>50,725</b>	<b>16,288</b>	<b>1,489</b>	<b>30,690</b>	<b>99,192</b>
<b>Balance as at 31.12.2022</b>	<b>50,725</b>	<b>16,288</b>	<b>2,149</b>	<b>35,102</b>	<b>104,264</b>
Issuance of shares for the merger	57,473	68,433	0	0	125,906
<b>Transactions with the owners</b>	<b>57,473</b>	<b>68,433</b>	<b>0</b>	<b>0</b>	<b>125,906</b>
Net profit for the financial period	0	0	0	4,634	4,634
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,634</b>	<b>4,634</b>
<b>Balance as at 31.03.2023</b>	<b>108,198</b>	<b>84,721</b>	<b>2,149</b>	<b>39,736</b>	<b>234,804</b>

Further information on the share capital can be found in Note 18.

The notes on pages 13-30 form an integral part of these interim financial statements.

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1 Accounting policies and measurement bases used in the preparation of the consolidated interim financial statements

EFTEN Real Estate Fund AS (Parent company) is a company registered in Estonia and operating in Estonia.

EFTEN Real Estate Fund AS Group's structure as of 31.03.2023 is as follows (see also Note 2):

		SUBSIDIARIES	JOINT VENTURE		
	100%	EFTEN SPV14 OÜ	<i>Investment property:</i> Võru Rautakesko		
	100%	EFTEN SPV15 OÜ	Premia Külkhoone, Tallinn		
	100%	EFTEN SPV3 OÜ	Uku Centre, Viljandi		
	100%	EFTEN SPV4 OÜ	Rakvere Police and rescue common building		
	100%	EFTEN SPV2 OÜ	Lauteri 5, Tallinn		
	100%	EFTEN SPV5 OÜ	Pärnu mnt 105, Tallinn		
	100%	EFTEN SPV6 OÜ	Pärnu mnt 102, Tallinn		
	100%	EFTEN SPV7 OÜ	100%	EFTEN SPV8 OÜ	Mustika Centre, Tallinn
	100%	EFTEN Jelgava SIA	RAF Centrs, Jelgava		
	100%	EFTEN SPV12 OÜ	Tammsaare tee Rautakesko, Tallinn; Kuuli 10, Tallinn		
	100%	EFTEN SPV17 OÜ	Betooni 1a, Tallinn; Betooni 6, Tallinn		
	100%	EFTEN Jurkalne SIA	Jurkalne Technology Park, Riga		
	100%	EFTEN Terbata SIA	Terbata Office building, Riga		
	100%	Auras Centrs SIA	Jelgava development project, Jelgava (in the development stage)		
	100%	Saulės Miestas UAB	Saulės Miestas kaubanduskeskus, Šiauliai		
	100%	Verkių projektas UAB	Ulonu office building, Vilnius		
	100%	EFTEN Menulio UAB	Menulio 11, Vilnius		
	100%	EFTEN Stasyļu UAB	DSV logistics centre, Vilnius		
	100%	EFTEN Tānassilma OÜ	DSV logistics centre, Tallinn		
	100%	EFTEN Krustpils SIA	DSV logistics centre, Riga		
	100%	EFTEN Laisves UAB	L3 office building, Vilnius		
	100%	EFTEN Laagri OÜ	Laagri Selver, Tallinn		
	100%	EFTEN Seljaku OÜ	Hortes gardening centre, Laagri		
	100%	EFTEN Tāhesaju tee OÜ	Hortes gardening centre, Tallinn		
	100%	EFTEN Evolution UAB	Evolution office building, Vilnius		
	100%	EFTEN Autokeskus OÜ	ABC Motors Autokeskus, Tallinn		
	100%	EFTEN Riga Airport SIA	airBaltic office centre, Riga		
	100%	EFTEN Piepilsetas SIA	Piepilsetas logistic centre, Kekava		
	100%	EFTEN Rutkauskos UAB	Rutkauskos office centre, Vilnius		
	100%	EFTEN Pirita OÜ	Pirita Pansionaat, Tallinn		
	100%	EFTEN Ramygalos UAB	Ramygalos logistics centre, Panevėžys		
	100%	EFTEN Valkla OÜ	Valkla Sūdamekodu, Valkla		
	100%	EFTEN Ermi OÜ	Tartu Sūdamekodu, Tartu (under construction)		
	100%	EFTEN ABC SIA			
			50%	EFTEN SPV11 OÜ	Hotel Palace, Tallinn

The consolidated interim financial statements of EFTEN Real Estate Fund AS and its subsidiaries have been prepared in accordance with International Standards as adopted by the European Union (IFRS EU). These consolidated interim financial statements have been prepared in accordance with International Accounting Standard IAS 34: Interim Financial Reporting. The interim report has been prepared using the same accounting methods as in the annual report for the year ended 31.12.2022. The interim report should be read in conjunction with the Group's most recently published annual report for 2022, which has been prepared in accordance with International Financial Reporting Standards (IFRS). In the opinion of the Management Board, the interim report of EFTEN Real Estate Fund AS for the first quarter of 2023 correctly and fairly reflects the financial results of the Group in accordance with the principle of continuity. These interim reports have not been audited or otherwise audited by auditors and include only the consolidated financial statements of the Group. The reporting currency is the euro. The consolidated interim financial statements are presented in thousands of euros and all figures are rounded to the nearest thousand, unless otherwise stated.

## 2 Subsidiaries and joint ventures

On the balance sheet date of 01.01.2023, EFTEN Real Estate Fund AS merged with EFTEN Kinnisvarafond AS. During the merger, EFTEN Real Estate Fund AS acquired, among other things, all subsidiaries of EFTEN Kinnisvarafond AS and a joint venture. In order to carry out the merger, EFTEN Real Estate Fund AS issued 5,747,261 to the shareholders of EFTEN Kinnisvarafond AS, for which EFTEN Kinnisvarafond AS was paid as a non-monetary contribution based on the EPRA NRV value in the amount of 125,906 thousand euros. Additional information on the increase of the share capital is provided in Note 18.

<b>EFTEN Kinnisvarafond AS consolidated balance sheet for the merger</b>		<b>01.01.2023</b>
<i>€ thousands</i>		
Cash and cash equivalents		11,621
Other current assets		462
<b>Total current assets</b>		<b>12,083</b>
Investment property		196,292
Shares in joint ventures		2,577
Other non-current assets		84
<b>Total non-current assets</b>		<b>198,953</b>
<b>TOTAL ASSETS</b>		<b>211,036</b>
Current liabilities		26,875
Other current liabilities		831
<b>Total current liabilities</b>		<b>27,706</b>
Long-term liabilities		55,528
Deferred income tax liability		1,101
Other long-term liabilities		795
<b>Total non-current liabilities</b>		<b>57,424</b>
<b>Total liabilities</b>		<b>85,130</b>
Share capital and agio		54,154
Statutory reserve capital		4,734
Retained earnings		67,018
<b>Total equity</b>		<b>125,906</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>211,036</b>

After the merger with EFTEN Kinnisvarafond AS, EFTEN Real Estate Fund AS acquired a 50% stake in the joint venture EFTEN SPV11 OÜ, which owns the Palace hotel building in Tallinn. The main financial indicators of the joint venture are presented in the table below:

<b>EFTEN SPV11 OÜ</b>	<b>31.03.2023</b>	<b>01.01.2023</b>
<i>€ thousands</i>		
Cash and cash equivalents	154	243
Other current assets	59	67
<b>Total current assets</b>	<b>213</b>	<b>310</b>
Shares in joint ventures	29	49
Investment property	10,075	10,020
<b>Total non-current assets</b>	<b>10,104</b>	<b>10,069</b>
<b>TOTAL ASSETS</b>	<b>10,317</b>	<b>10,379</b>
Current liabilities	5,154	103
Other current liabilities	26	45
<b>Total current liabilities</b>	<b>5,180</b>	<b>148</b>
Long-term liabilities	0	5,077
<b>Total non-current liabilities</b>	<b>0</b>	<b>5,077</b>
<b>Total liabilities</b>	<b>5,180</b>	<b>5,225</b>
<b>Net profit</b>	<b>5,137</b>	<b>5,154</b>
Sales income I quarter 2023	66	
<b>Net profit I quarter 2023</b>	<b>-18</b>	

In the first quarter of 2023, there have been the following changes to the investment in joint ventures:

	<b>31.03.2023</b>
<b>Book value at merger</b>	<b>2,577</b>
Profit / loss from joint ventures (Note 8)	-9
<b>Book value at the end of the period</b>	<b>2,568</b>



As of 31.03.2023, EFTEN Real Estate Fund AS owns the following subsidiaries:

Company name	Country of domicile	Investment property	The subsidiary's equity, € thousands		Group's ownership interest, %	
			31.03.2023	31.12.2022	31.03.2023	31.12.2022
<b>Parent company</b>						
EFTEN Real Estate Fund AS	Estonia					
<b>Subsidiaries</b>						
Saules Miestas UAB	Lithuania	Saules Miestas shopping centre, Šiauliai	21,146	21,601	100	100
Verkiu Projektas UAB	Lithuania	Ulonu office building, Vilnius	4,747	4,612	100	100
EFTEN Stasyļu UAB	Lithuania	DSV logistics centre, Vilnius	5,387	5,278	100	100
EFTEN Tānassilma OÜ	Estonia	DSV logistics centre, Tallinn	8,429	8,249	100	100
EFTEN Krustpils SIA	Latvia	DSV logistics centre, Riga	3,631	3,516	100	100
EFTEN Laisves UAB	Lithuania	L3 office building, Vilnius	6,202	6,062	100	100
EFTEN Laagri OÜ	Estonia	Laagri Selver, Tallinn	5,341	5,257	100	100
EFTEN Seljaku OÜ	Estonia	Hortes gardening centre, Laagri	2,552	2,504	100	100
EFTEN Evolution UAB	Lithuania	Evolution office building, Vilnius	6,401	6,249	100	100
EFTEN Tāhesaju tee OÜ	Estonia	Hortes gardening centre, Tallinn	2,785	2,724	100	100
EFTEN Autokeskus OÜ	Estonia	ABC Motors Autokeskus, Tallinn	2,062	2,017	100	100
EFTEN Riga Airport SIA	Latvia	airBaltic office building, Riga	4,864	4,796	100	100
EFTEN Piepilsetas SIA	Latvia	Piepilsetas logistics centre, Kekava	4,324	4,216	100	100
EFTEN Rutkauskos UAB	Lithuania	Rutkauskos office building, Vilnius	6,587	6,464	100	100
EFTEN Pīrita OÜ	Estonia	Pīrita Pansionaat, Tallinn	3,836	3,779	100	100
EFTEN Ramygalos UAB	Lithuania	Ramygalos logistics centre, Panevėžys	5,286	5,188	100	100
EFTEN Valkla OÜ	Estonia	Valkla Sūdamekodu, Valkla	1,808	1,784	100	100
EFTEN Ermi OÜ	Estonia	Tartu Sūdamekodu, Tartu (under construction)	234	237	100	100
EFTEN ABC SIA	Latvia	-	3	3	100	100
EFTEN SPV2 OÜ	Estonia	Lauteri 5, Tallinn	3,775	-	100	-
EFTEN SPV3 OÜ	Estonia	Uku center, Viljandi	7,208	-	100	-
EFTEN SPV4 OÜ	Estonia	Rakvere Police and rescue common building	4,898	-	100	-
EFTEN SPV5 OÜ	Estonia	Pärnu mnt 105, Tallinn	4,397	-	100	-
EFTEN SPV6 OÜ	Estonia	Pärnu mnt 102, Tallinn	8,964	-	100	-
EFTEN SPV7 OÜ	Estonia	Mustika center, Tallinn	23,074	-	100	-
EFTEN SPV8 OÜ	Estonia	Mustika center, Tallinn	9,606	-	100	-
EFTEN SPV12 OÜ	Estonia	Tammsaare tee Rautakesko, Tallinn; Kuuli 10, Tallinn	15,861	-	100	-
EFTEN SPV14 OÜ	Estonia	Võru Rautakesko	2,005	-	100	-
EFTEN SPV15 OÜ	Estonia	Premia Külmhoone, Tallinn	3,823	-	100	-
EFTEN SPV17 OÜ	Estonia	Betooni 1a, Tallinn, Betooni 6, Tallinn	11,182	-	100	-
EFTEN Jelgava SIA	Latvia	RAF Centrs, Jelgava	5,183	-	100	-
EFTEN Jurkalne SIA	Latvia	Jurkalne Technology Park, Riga	15,935	-	100	-
EFTEN Terbata SIA	Latvia	Terbata office building, Riga	5,317	-	100	-
Auras Centrs SIA	Latvia	Jelgava development project, Jelgava (in the development stage)	1,659	-	100	-
EFTEN Menulio UAB	Lithuania	Menulio 11, Vilnius	4,540	-	100	-

All subsidiaries and joint ventures are engaged in the acquisition and leasing of investment property. The shares of any subsidiary are not listed on the stock exchange.

### 3 Segment reporting

#### SEGMENT RESULT

	Office		Logistics		Retail		Care homes		National		Non-allocated		Total	
	1 <sup>st</sup> quarter		1 <sup>st</sup> quarter		1 <sup>st</sup> quarter		1 <sup>st</sup> quarter		1 <sup>st</sup> quarter		1 <sup>st</sup> quarter		1 <sup>st</sup> quarter	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<i>€ thousands</i>														
<b>Sales income (Note 4), incl.</b>	<b>1,951</b>	<b>997</b>	<b>2,366</b>	<b>994</b>	<b>3,110</b>	<b>1,363</b>	<b>156</b>	<b>104</b>	<b>205</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,788</b>	<b>3,458</b>
Estonia	524	0	990	258	1,863	389	156	104	205	0	0	0	3,738	751
Latvia	290	125	985	357	232	0	0	0	0	0	0	0	1,507	482
Lithuania	1,137	872	391	379	1,015	974	0	0	0	0	0	0	2,543	2,225
<b>Net operating income, incl.</b>	<b>1,835</b>	<b>982</b>	<b>2,296</b>	<b>983</b>	<b>2,840</b>	<b>1,256</b>	<b>154</b>	<b>103</b>	<b>173</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,298</b>	<b>3,324</b>
Estonia	443	0	966	258	1,757	380	154	103	173	0	0	0	3,493	741
Latvia	275	124	939	346	189	0	0	0	0	0	0	0	1,403	470
Lithuania	1,117	858	391	379	894	876	0	0	0	0	0	0	2,402	2,113
<b>Operating profit, incl.</b>	<b>1,649</b>	<b>899</b>	<b>2,088</b>	<b>871</b>	<b>2,512</b>	<b>1,081</b>	<b>122</b>	<b>81</b>	<b>170</b>	<b>0</b>	<b>-100</b>	<b>-37</b>	<b>6,441</b>	<b>2,895</b>
Estonia	410	0	894	234	1,590	331	122	81	170	0	-100	-37	3,086	609
Latvia	225	99	840	294	159	0	0	0	0	0	0	0	1,224	393
Lithuania	1,014	800	354	343	763	750	0	0	0	0	0	0	2,131	1,893
<b>EBITDA, incl.</b>	<b>1,650</b>	<b>900</b>	<b>2,088</b>	<b>871</b>	<b>2,528</b>	<b>1,092</b>	<b>122</b>	<b>81</b>	<b>170</b>	<b>0</b>	<b>-100</b>	<b>-37</b>	<b>6,458</b>	<b>2,907</b>
Estonia	410	0	894	234	1,595	331	122	81	170	0	-100	-37	3,091	609
Latvia	225	99	840	294	159	0	0	0	0	0	0	0	1,224	393
Lithuania	1,015	801	354	343	774	761	0	0	0	0	0	0	2,143	1,905
<b>Operating profit</b>													<b>6,441</b>	<b>2,895</b>
Profit/loss from joint ventures (Notes 2, 8)													-9	0
Net financial expense													-1,544	-362
<b>Profit before income tax</b>													<b>4,888</b>	<b>2,533</b>
Income tax expense (Note 10)													-254	-255
<b>NET PROFIT FOR THE FINANCIAL PERIOD</b>													<b>4,634</b>	<b>2,278</b>

#### SEGMENT ASSETS

As of 31 March	Office		Logistics		Retail		Care homes		National		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<i>€ thousands</i>												
<b>Investment property</b>												
Estonia	30,102	0	50,360	13,370	89,692	20,841	9,370	6,270	7,360	0	186,884	40,481
Latvia	15,894	6,800	41,886	17,448	11,622	0	0	0	0	0	69,402	24,248
Lithuania	53,016	43,078	20,132	19,780	36,543	34,512	0	0	0	0	109,691	97,370
<b>Total investment property (Note 14)</b>	<b>99,012</b>	<b>49,878</b>	<b>112,378</b>	<b>50,598</b>	<b>137,857</b>	<b>55,353</b>	<b>9,370</b>	<b>6,270</b>	<b>7,360</b>	<b>0</b>	<b>365,977</b>	<b>162,099</b>
Other non-current assets											2,902	135
Net debt (liabilities less cash)											-136,023	-64,350
Other current assets											1,948	1,308
<b>NET ASSETS</b>											<b>234,804</b>	<b>99,192</b>

In the first quarter of 2023 ja 2022, the business segments did not make any transactions with each other. The main income of the Group is derived from investment properties located in the same countries as the subsidiary that owns the investment property.

The Group's largest customers are Kesko Senukai Estonia AS, Livonia Print SIA AND Prisma Peremarket AS, holding 5,7%, 5,5% ja 5,0% % of the Group's consolidated rental income, respectively. The share of income of other tenants in the consolidated income is less than 5%.

#### 4 Sales income

Segments	I quarter	
	2023	2022
€ thousands		
Rental income from office premises (Note 14)	1,933	997
Rental income from national institutions (Note 14)	205	0
Rental income from retail premises (Note 14)	2,910	1,191
Rental income from logistics premises (Note 14)	2,295	992
Rental income from care home premises (Note 14)	156	104
Other sales revenue	289	174
<b>Total Sales income by segments of activity (Note 3)</b>	<b>7,788</b>	<b>3,458</b>

Sales income by geographical area	I quarter	
	2023	2022
€ thousands		
Estonia	3,738	751
Latvia	1,507	482
Lithuania	2,543	2,225
<b>Total Sales income by geographical area (Note 3)</b>	<b>7,788</b>	<b>3,458</b>

#### 5 Cost of services sold

Cost of services sold	I quarter	
	2023	2022
€ thousands		
Repair and maintenance of rental premises	-132	-9
Property insurance	-15	-1
Land tax and real estate tax	-48	-7
Other administrative expenses	-61	-15
Utility costs of vacant premises	-39	0
Depreciation costs	-6	0
Improvement costs	-64	-6
Wage costs, including taxes (Note 20)	-11	-9
Proportional VAT costs	-12	-13
Other cost of services sold	-5	0
Impairment of doubtful receivables	-1	0
<b>Total cost of services sold (Note 14)</b>	<b>-394</b>	<b>-60</b>

## 6 Marketing costs

Marketing costs	I quarter	
	2023	2022
€ thousands		
Commission expenses on rental premises	-1	-1
Advertising, advertising events <sup>1</sup>	-95	-73
<b>Total marketing costs</b>	<b>-96</b>	<b>-74</b>

<sup>1</sup> Expenditure on advertising and promotional events consists to a large extent of the costs of marketing events in shopping centres, which are covered by tenants through agreed marketing fees.

## 7 General and administrative expenses

General and administrative expenses	I quarter	
	2023	2022
€ thousands		
Management services (Note 20)	-536	-286
Office expenses	-25	-15
Wages and salaries, incl. taxes (Note 20)	-97	-53
Consulting expenses, legal expenses, accounting service, evaluation service	-83	-36
Audit costs	-64	-19
Regulator costs	-43	-20
Other general administrative expenses	-8	-14
Depreciation costs	-11	-12
<b>Total administrative expense</b>	<b>-867</b>	<b>-455</b>

## 8 Profit / loss from joint ventures

Profit / loss from joint ventures	I quarter	
	2023	2022
€ thousands		
Profit / loss from joint ventures using the equity method (Notes 2,3)	-9	0
<b>Total profit / loss from joint ventures</b>	<b>-9</b>	<b>0</b>

EFTEN Real Estate Fund AS acquired the joint venture EFTEN SPV11 OÜ during the merger with EFTEN Kinnisvarafond AS on 01.01.2023.

## 9 Other financial income and expenses

Other financial income and expenses	I quarter	
	2023	2022
<i>€ thousands</i>		
Interest expenses, incl.		
Interest expense from loans	-1,550	-427
Interest expense from derivatives (-)/ cost reductions (+)	-1,603	-399
Change in fair value of interest swaps	53	-28
	0	65
<b>Total other financial income and expenses</b>	<b>-1,550</b>	<b>-362</b>

## 10 Income tax

### Income tax expense

	I quarter	
	2023	2022
<i>€ thousands</i>		
Deferred income tax expense for Lithuanian companies	-221	-178
Lithuanian corporate income tax expense on profits	-33	-77
<b>Total income tax expense (Note 3)</b>	<b>-254</b>	<b>-255</b>

### Deferred income tax liability

	Deferred income tax liability related to real estate investments	Deferred income tax liability in respect of dividends	Total
<i>€ thousands</i>			
<b>Balance as at 31.12.2022</b>	<b>6,912</b>	<b>336</b>	<b>7,248</b>
Change in deferred income tax liability in the income statement I quarter of 2023	221	0	221
Expected income tax expense	0	1,074	1,074
<b>Balance as at 31.03.2023</b>	<b>7,133</b>	<b>1,410</b>	<b>8,543</b>

## 11 Earnings per share

Earnings per share	I quarter	
	2023	2022
Net profit for the period, <i>€ thousands</i>	4,634	2,278
Weighted average number of shares over the period, in pc	10,819,796	5,072,535
<b>Earnings per share, in euros</b>	<b>0.43</b>	<b>0.45</b>

The Council of EFTEN Real Estate Fund AS decided, on the basis of the authorizations received from the general meeting on 14.02.2023 and in accordance with the merger agreement signed between EFTEN Real Estate Fund AS and EFTEN Kinnisvarafond AS on 19.09.2022, to issue 5,747,261 new shares to carry out the merger. As a result of the issue, the new size of the fund's share capital is 10,819,796 shares. Since the balance sheet date of the merger was 01.01.2023, the weighted average number of shares for the 1st quarter of 2023 is also unchanged during the period (10,819,796 shares).

## 12 Cash and cash equivalents

	31.03.2023	31.12.2022
€ thousands		
Demand deposit	21,262	11,327
Cash	4	4
Term deposit	3,900	0
<b>Total cash and cash equivalents (Note 17)</b>	<b>25,166</b>	<b>11,331</b>

## 13 Receivables and accrued income

	31.03.2023	31.12.2022
€ thousands		
Receivables from customers	947	765
Allowance for doubtful accounts	-18	-6
<b>Total receivables from customers</b>	<b>929</b>	<b>759</b>
Receivables from interest derivatives	53	53
Other short-term receivables	27	27
<b>Total other short-term receivables</b>	<b>80</b>	<b>80</b>
Advances and refunds of VAT	92	111
Other accrued income	710	572
<b>Total accrued income</b>	<b>802</b>	<b>683</b>
<b>Total receivables and accrued income</b>	<b>1,811</b>	<b>1,522</b>

Additional information on receivables and accrued income is provided in Note 17.

## 14 Investment properties

As at 31.03.2023, the Group has made investments in the following investment properties

Name	Location	Net rental area (m <sup>2</sup> )	Year of construction	Date of acquisition	Acquisition cost	Market value as at 31.03.2023	Increase in value	Share of market value of the Fund's asset
<i>€ thousands</i>								
<b>Office</b>								
Lauteri 5	Tallinn, Estonia	3,822	1958	01.2023	5,850	5,850	0%	1%
Pärnu mnt 105	Tallinn, Estonia	4,793	1998	01.2023	8,050	8,052	0%	2%
Pärnu mnt 102	Tallinn, Estonia	9,440	2005	01.2023	16,200	16,200	0%	4%
Terbata office building	Riga, Latvia	6,057	2005	01.2023	8,970	8,974	0%	2%
Menulio 11	Vilnius, Lithuania	5,617	recon. 2011-2013	01.2023	8,120	8,120	0%	2%
Ulonu office building	Vilnius, Lithuania	5,290	2012	12.2015	8,327	9,320	12%	2%
L3 office building	Vilnius, Lithuania	6,150	2004	10.2016	8,838	10,773	22%	3%
Evolution office building	Vilnius, Lithuania	6,614	2009	05.2018	10,017	11,792	18%	3%
airBalticu office building	Riga, Latvia	6,217	Recon. 2016	03.2020	7,112	6,920	-3%	2%
Rutkausko office building	Vilnius, Lithuania	6,812	2014	08.2020	11,819	13,010	10%	3%
<b>Total Offices</b>		<b>60,812</b>			<b>93,303</b>	<b>99,011</b>	<b>6%</b>	<b>25%</b>
<b>Logistics</b>								
Premia Külmhoone	Tallinn, Estonia	7,258	2002/2007	01.2023	6,840	6,840	0%	2%
Kuuli 10	Tallinn, Estonia	15,197	2006	01.2023	11,450	11,450	0%	3%
Betooni 1a	Tallinn, Estonia	10,678	2008	01.2023	9,190	9,190	0%	2%
Betooni 6	Tallinn, Estonia	16,482	1998	01.2023	9,200	9,270	1%	2%
Jurkaine Technology Park	Riga, Latvia	44,054	2002	01.2023	24,290	24,321	0%	6%
DSV logistics centre	Vilnius, Lithuania	11,751	2005	06.2016	8,521	9,472	11%	2%
DSV logistics centre	Tallinn, Estonia	16,014	2003	07.2016	12,366	13,610	10%	3%
DSV logistics centre	Riga, Latvia	12,149	2000	07.2016	8,839	8,832	0%	2%
Piepilsetas logistics centre	Kekava, Latvia	13,380	2007	03.2020	8,792	8,733	-1%	2%
Ramygalos logistics centre	Panevėžys, Lithuania	20,126	2007	06.2021	10,011	10,660	6%	3%
<b>Total Logistics</b>		<b>167,089</b>			<b>109,499</b>	<b>112,378</b>	<b>3%</b>	<b>28%</b>
<b>Retail</b>								
Võru Rautakesko	Võru, Estonia	3,120	2008	09.2008	2,890	2,890	0%	1%
Uku centre	Viljandi, Estonia	8,919	2012/2018	08.2010	13,590	13,592	0%	3%
Mustika centre	Tallinn, Estonia	27,094	1998/2002	07.2012	36,970	36,970	0%	9%
RAF Centrs	Jelgava, Latvia	6,225	2014/2017	03.2013	9,280	9,280	0%	2%
Tammsaare tee Rautakesko	Tallinn, Estonia	9,120	2007	07.2013	15,700	15,700	0%	4%
Jelgava development project	Jelgava, Latvia	in the development stage		01.2015	2,342	2,342	0%	1%
Saules Miestas Shopping centre	Šiauliai, Lithuania	20,294	2007	08.2015	29,571	36,543	24%	9%
Laagri Selver	Tallinn, Estonia	3,059	2017	05.2017	6,279	7,810	24%	2%
Hortes gardening centre Laagri	Tallinn, Estonia	3,470	2006	05.2017	3,138	3,720	19%	1%
Hortes gardening centre Tähesaju	Tallinn, Estonia	5,300	2019	05.2018	5,458	5,600	3%	1%
ABC Motors Autokeskus	Tallinn, Estonia	2,149	2002	02.2019	3,479	3,410	-2%	1%
<b>Total Retail</b>		<b>88,750</b>			<b>128,697</b>	<b>137,857</b>	<b>7%</b>	<b>35%</b>
<b>National</b>								
Rakvere Police and rescue common building	Rakvere, Estonia	5,775	2010	11.2010	7,360	7,360	0%	2%
<b>Care homes</b>								
Pirita Pansionaat	Tallinn, Estonia	5,983	2020	12.2020	6,217	6,320	2%	2%
Valkla Südamekodu	Valkla, Estonia	2,759	recon. 2022	04.2022	3,021	2,729	-10%	1%
Tartu Südamekodu	Tartu, Estonia	under construction		04.2022	322	322	0%	0%
<b>Total Care homes</b>		<b>8,742</b>			<b>9,560</b>	<b>9,371</b>	<b>-2%</b>	<b>2%</b>
<b>Kokku</b>		<b>331,168</b>			<b>348,419</b>	<b>365,977</b>	<b>5%</b>	<b>92%</b>

In addition to the investment properties shown in the above table, the joint venture EFTEN SPV11 OÜ with a 50% shareholding of the Group, owns investment properties at Vabaduse väljak 3 / Pärnu mnt 14, Tallinn (hotel "Palace"). The fair value of the investment property as of 31.03.2023 is 10,075 thousand euros.

In the first quarter of 2023 and 2022 the following changes occurred in the Group's investment properties:

	Under development investment properties	Finished investment properties	Total investment properties
<b>Balance as at 01.01.2022</b>	<b>0</b>	<b>161,961</b>	<b>161,961</b>
Capitalized improvements	0	138	138
<b>Balance as at 31.03.2022</b>	<b>0</b>	<b>162,099</b>	<b>162,099</b>
<b>Balance as at 01.01.2023</b>	<b>2,634</b>	<b>166,241</b>	<b>168,875</b>
Acquisitions and developments	417	0	417
Capitalized improvements	0	393	393
Assets obtained in the merger (Note 2)	2,342	193,950	196,292
<b>Balance as at 31.03.2023</b>	<b>5,393</b>	<b>360,584</b>	<b>365,977</b>

Additional information regarding investment properties is provided in Note 3.

The Group's income statement and balance sheet include the following income and expenses and balances related to investment properties:

As of 31 March, or per quarter	I quarter	
	2023	2022
Rental income from investment properties (Note 4)	7,499	3,284
Costs directly related to the management of investment properties (Note 5)	-394	-60
Outstanding amounts from the acquisition of investment properties (Note 16)	168	0
Book value of investment properties pledged as collateral for loan liabilities (Note 15)	363,312	162,099

#### Assumptions and basis for determining the fair value of investment properties

The Group's investment properties are valued by an independent appraiser. The fair value of all investment properties reported in the Group's financial statements as of 31.03.2023 has been obtained using the discounted cash flow method. The following assumptions have been used to determine fair value:

Sector	Fair value	Evaluation method	Estimated rental income per year	Discount rate	Exit yield	Average rental price €/m2
<i>€ tuhandetes</i>						
Office	99,011	Discounted cash flows	7,468	7.8%-9.0%	6.0%-7.75%	11.1-11.5
Logistics	112,378	Discounted cash flows	9,232	8.2%-11.0%	6.9%-8.0%	4.7
Retail	135,515	Discounted cash flows	11,498	7.8%-10.9%	6.5%-8.0%	8.0-12.2
Care homes	9,371	Discounted cash flows	631	8.0%-9.0%	6.8%-8.0%	5.0
National	7,360	Discounted cash flows	813	9.0%	8.0%	11.8
Under development investment properties	2,342	Comparable offers	-	-	-	-
<b>Total</b>	<b>365,977</b>		<b>29,642</b>			

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

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



### Fair value sensitivity analysis

The table below illustrates the sensitivity of the fair value of investment properties recognised in the Group's balance sheet as of 31.03.2023 to the most important valuation assumptions:

Sector	Fair value	Sensitivity to management estimate		Sensitivity to independent appraisal			
		Sales income +10%	Sales income -10%	Discount rate +50bp	Discount rate -50bp	Exit yield rate +50bp	Exit yield rate -50bp
<i>€ tuhandetes</i>							
Office	99,011	10,840	-10,830	-1,980	2,030	-4,810	5,570
Logistics	112,378	11,810	-11,800	-2,180	2,200	-4,880	5,580
Retail	135,515	14,996	-15,021	-2,659	2,698	-5,736	6,530
Care homes	9,371	660	-650	-120	130	-310	360
National	7,360	870	-880	-140	140	-280	310
Under development investment properties	2,342	980	-1,040	-220	220	-460	470
<b>Total</b>	<b>365,977</b>	<b>40,156</b>	<b>-40,221</b>	<b>-7,299</b>	<b>7,418</b>	<b>-16,476</b>	<b>18,820</b>

Level three inputs have been used to determine the fair value of all the Group's investment properties (Note 17).

## 15 Borrowings

As at 31.03.2023, the Group has the following borrowings:

Lender	Country of lender	Loan amount as per agreement	Loan balance as at 31.03.23	Contract term	Intrest rate as at 31.03.23	Loan collateral	Value of collateral	Loan balance's share of the fund's net asset value
SEB	Estonia	4,800	3,351	30.04.27	4.43%	Mortgage - Premia Klmhoone	6,840	1.4%
Luminor	Estonia	2,239	1,047	15.12.23	5.40%	Mortgage - Vru Rautakesko	2,890	0.4%
SEB	Estonia	2,514	1,929	13.06.26	4.48%	Mortgage - Lauteri 5	5,850	0.8%
SEB	Estonia	8,429	5,594	25.01.27	4.48%	Mortgage - Uku centre	13,592	2.4%
Swedbank	Estonia	3,711	2,655	25.10.25	4.73%	Mortgage - Rakvere Police and rescue common building	7,360	1.1%
Swedbank	Estonia	4,153	3,184	30.08.23	4.72%	Mortgage - Prnu mnt 105	8,052	1.4%
Swedbank	Estonia	8,508	7,338	30.08.23	4.62%	Mortgage - Prnu mnt 102	16,200	3.1%
SEB	Estonia	20,000	15,508	31.08.27	5.10%	Mortgage - Mustika centre	36,970	6.6%
Swedbank	Estonia	15,622	12,758	25.06.23	4.62%	Mortgage - Tammsaare tee Rautakesko; Kuuli 10	27,150	5.4%
SEB	Estonia	9,300	7,905	26.06.27	4.65%	Mortgage - Betooni 1a; Betooni 6	18,460	3.4%
Swedbank	Lithuania	4,078	3,491	07.12.25	5.32%	Mortgage - Menulio 11	8,120	1.5%
SEB	Latvia	4,561	3,520	16.04.27	4.79%	Mortgage - RAF Centrs	9,280	1.5%
Swedbank	Latvia	5,850	3,734	31.07.27	4.93%	Mortgage - Terbata office building	8,974	1.6%
SEB	Latvia	12,060	9,595	08.08.24	5.08%	Mortgage - Jurkalne Technology Park	24,321	4.1%
Swedbank	Lithuania	14,616	12,332	13.08.23	5.31%	Mortgage - Saules Miestas Shopping centre	36,543	5.3%
SEB	Lithuania	5,500	3,990	28.06.26	4.03%	Mortgage - DSV logistics centre	9,472	1.7%
SEB	Latvia	5,123	3,843	29.06.26	4.84%	Mortgage - DSV logistics centre	8,831	1.6%
SEB	Estonia	7,950	5,787	29.06.26	4.86%	Mortgage - DSV logistics centre	13,610	2.5%
SEB	Lithuania	5,620	4,119	27.10.26	4.92%	Mortgage - L3 office building	10,773	1.8%
SEB	Lithuania	5,200	3,634	21.12.25	4.43%	Mortgage - Ulonu office building	9,320	1.5%
SEB	Lithuania	5,850	4,578	30.05.23	4.70%	Mortgage - Evolution office building	11,792	1.9%
Swedbank	Estonia	3,833	2,785	29.06.27	4.31%	Mortgage - Laagri Selver	7,810	1.2%
SEB	Estonia	1,860	1,333	05.07.27	4.74%	Mortgage - Hortes gardening centre Laagri	3,720	0.6%
Swedbank	Estonia	3,290	2,895	11.01.24	4.58%	Mortgage - Hortes gardening centre Thesaju	5,600	1.2%
LHV	Estonia	1,800	1,534	25.02.24	6.15%	Mortgage - ABC Motors Autokeskus	3,410	0.7%
Swedbank	Latvia	4,000	2,579	05.02.26	4.48%	Mortgage - Piepilsetas logistics centre	8,733	1.1%
Luminor	Latvia	3,905	2,413	04.02.25	5.23%	Mortgage - airBaltic office building	6,920	1.0%
Swedbank	Estonia	3,100	2,883	28.11.25	4.85%	Mortgage - Pirita care centre, parent company warranty	6,320	1.2%
Swedbank	Estonia	2,250	663	25.09.27	4.88%	Mortgage - Valkla Sdamekodu	2,729	0.3%
Šiauli bankas	Lithuania	6,000	5,586	13.06.26	5.02%	Mortgage - Ramygalos logistics centre	10,660	2.4%
SEB	Lithuania	7,300	6,409	12.08.25	5.04%	Mortgage - Rutkausko office building	13,010	2.7%
<b>Total</b>		<b>193,022</b>	<b>148,972</b>				<b>363,312</b>	<b>63.4%</b>

<b>Short-term borrowings</b>	<b>31.03.2023</b>	31.12.2022
<i>€ thousands</i>		
Repayments of long-term bank loans in the next period	50,021	22,093
Discounted contract fees for bank loans	-57	-35
<b>Total short-term borrowings</b>	<b>49,964</b>	<b>22,058</b>
<b>Long-term borrowings</b>	<b>31.03.2023</b>	31.12.2022
<i>€ thousands</i>		
<b>Total long-term borrowings</b>	<b>148,818</b>	<b>67,975</b>
incl. current portion of borrowings	49,964	22,058
incl. non-current portion of borrowings, incl.	98,854	45,917
<i>Bank loans</i>	<i>98,951</i>	<i>45,968</i>
<i>Discounted contract fees on bank loans</i>	<i>-97</i>	<i>-51</i>

Bank loans are divided as follows according to repayment date:

<b>Repayments of bank loans by maturity</b>	<b>31.03.2023</b>	31.12.2022
<i>€ thousands</i>		
Up to 1 year	50,021	22,093
2-5 years	98,951	45,968
<b>Total repayments of bank loans</b>	<b>148,972</b>	<b>68,061</b>

<b>Cash flows from borrowings</b>	<b>I quarter</b>	
	<b>2023</b>	2022
<i>€ thousands</i>		
<b>Balance at the beginning of the period</b>	<b>67,975</b>	<b>71,085</b>
Bank loans received	286	0
Annuity payments on bank loans	-1,861	-900
Addition from merger (Note 2)	82,487	0
Change of discounted contract fees	-69	8
<b>Balance as at the end of period</b>	<b>148,818</b>	<b>70,193</b>

Additional information on loan liabilities is also provided in Note 17.

## 16 Payables and prepayments

Short-term payables and prepayments	31.03.2023	31.12.2022
<i>€ thousands</i>		
Payables to suppliers from tangible assets transactions (Note 14)	168	268
Other payables to suppliers	414	228
<b>Total payables to suppliers</b>	<b>582</b>	<b>496</b>
Other payables	68	4
<b>Total other payables</b>	<b>68</b>	<b>4</b>
VAT	490	272
Income tax	67	62
Land tax, property tax	13	64
Other tax liabilities	15	5
<b>Total tax payables</b>	<b>585</b>	<b>403</b>
Payables to employees	40	27
Interest payable	113	123
Tenants' security deposits	304	82
Other accrued liabilities	260	326
<b>Total accrued liabilities</b>	<b>717</b>	<b>558</b>
Prepayments received from customers	3	0
Other prepayments	8	0
<b>Total prepayments</b>	<b>11</b>	<b>0</b>
<b>Total payables and prepayments</b>	<b>1,963</b>	<b>1,461</b>

Long-term payables	31.03.2023	31.12.2022
<i>€ thousands</i>		
Tenants' security deposits	1,865	1,008
<b>Total other long-term payables</b>	<b>1,865</b>	<b>1,008</b>

For additional information on payables, see Note 17.

## 17 Financial instruments, management of financial risks

The main financial liabilities of the Group are borrowings that have been raised to finance the investment properties of the Group. The balance sheet of the Group also contains cash and short-term deposits, trade receivables, other receivables, and trade payables. For additional information on the Group's finance costs, please see Note 9.

The table below indicates the division of the Group's financial assets and financial liabilities according to financial instrument type.

### Carrying amounts of financial instruments

<i>€ thousands</i>	Notes	31.03.2023	31.12.2022
<b>Financial assets - loans and receivables</b>			
Cash and cash equivalents	12	25,166	11,331
Trade receivables	13	929	759
<b>Total financial assets</b>		<b>26,095</b>	<b>12,090</b>
<b>Financial liabilities measured at amortised cost</b>			
Borrowings	15	148,818	67,975
Trade payables	16	582	496
Tenant security deposits	16	2,169	1,090
Interest payables	16	113	123
Accrued expenses	16	300	353
<b>Total financial liabilities measured at amortised cost</b>		<b>151,982</b>	<b>70,037</b>
<b>Total financial liabilities</b>		<b>151,982</b>	<b>70,037</b>

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

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

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

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

## Market risk

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

## Interest rate risk

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

As of 31.03.2023, 100% of the Group's loan agreements are based on floating interest (margin between 1,40% and 2,95% plus 1-month, 3-month and 6-month EURIBOR). The 3-month EURIBOR of one loan agreement contracts is linked to an interest rate swap, where 3-month EURIBOR is fixed at 0,35%. The interest rate swap agreement expires in August 2023. All contracts of EFTEN Real Estate Fund AS have a 0% floor to protect against negative EURIBOR, i.e., in the event of a negative EURIBOR, the loan margin for these loan liabilities does not decrease.

The weighted average interest rate of the Group's loans was 4.66% as of 31.03.2023 (31.12.2022: 3.69%).

The group reports interest rate swaps with the change through the income statement. The fair value of interest rate swaps as of 31.03.2023 was positive in the amount of 53 thousand euros (31.12.2022: the same). More information on finding the fair value of interest rate swaps is provided in the section 'Fair value' below.

The continued appreciation of EURIBOR has a negative impact on the Group's net profit and cash flows. The table below shows the effect of the change in the interest rate on the Group's profit before income tax and cash flows by EURIBOR levels, taking into account loan balances as of 31.03.2023.

EURIBOR rate	Impact on pre-tax profits and cash flows per year	Change in interest expense, %
<i>€ thousands</i>		
<b>Interest expense per year, as of the end of the reporting period</b>	<b>-6,395</b>	
<b>Effect of EURIBOR change:</b>		
EURIBOR 2%	897	-14.0%
EURIBOR 3%	-593	9.3%
EURIBOR 4%	-2,083	32.6%
EURIBOR 5%	-3,573	55.9%

## Liquidity risk

Liquidity risk arises from a potential change in financial position that would reduce the Group's ability to service its liabilities in a timely and correct manner.

The Group's liquidity is primarily affected by the following factors:

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

The Group's objective is to manage net cash flows in such a way that no more than 65% of the acquisition cost of the investment property involves external debt and the Group's debt coverage ratio would be higher than 1.2. As at 31.03.2023, the share of the Group's interest-bearing debt liabilities in rental income generating investment properties was 41% (31.12.2022: 40%) and the average debt coverage ratio (DSCR) for the last 12 months was 2.1 (2022: 2.0).

The Group's financing policy stipulates that loan agreements to raise borrowed capital are entered into on a long-term basis, taking into account the maximum length of leases encumbering real estate properties. The table below summarizes the timeliness of the Group's financial liabilities (undiscounted cash flows):

As at 31.03.2023	Less than 1 month	Between 2 and 4 months	Between 4 to 12 months	Between 2 to 5 years	Over 5 years	Total
<i>€ tuhandetes</i>						
Interest-bearing liabilities	578	18,772	30,670	98,952	0	148,972
Interest payments	620	1,764	3,586	10,961	0	16,931
Interest payables	113	0	0	0	0	113
Trade payables	582	0	0	0	0	582
Tenant security deposits	16	118	169	1,306	560	2,169
Accrued expenses	300	0	0	0	0	300
<b>Total financial liabilities</b>	<b>2,209</b>	<b>20,654</b>	<b>34,425</b>	<b>111,219</b>	<b>560</b>	<b>169,067</b>

#### Statement of working capital

	31.03.2023	31.12.2022
<i>€ thousands</i>		
Cash and cash equivalents (Note 12)	25,166	11,331
Receivables and accrued income (Note 13)	1,811	1,522
Prepaid expenses	136	49
<b>Total current assets</b>	<b>27,113</b>	<b>12,902</b>
Short-term portion of long-term liabilities (Note 15)	-49,964	-22,058
Short-term payables and prepayments	-1,963	-1,461
<b>Total current liabilities</b>	<b>-51,927</b>	<b>-23,519</b>
<b>Total working capital</b>	<b>-24,814</b>	<b>-10,617</b>

As of 31.03.2023, the working capital of the group is negative in the amount of 24,814 thousand euros (31.12.2022: 10,617 thousand euros). As of 31.03.2023, the working capital was negative due to the maturity of the group's eight loan agreements in the total amount of 45,666 thousand euros within the next 12 months. All expiring loan agreements are secured by investment properties with a strong rental cash flow, the management sees no problem in extending them.

#### Credit risk

Credit risk is the risk that counterparties will fail to meet their obligations to the Group. The Group is exposed to credit risk due to its business activities (mainly trade receivables) and transactions with financial institutions, including cash in bank accounts and deposits.

The Group's activities to prevent and minimize the decrease in cash flows arising from credit risk are to monitor and direct the payment behaviour of customers on a daily basis, which enables the implementation of operationally necessary measures. Customer agreements also provide for the payment of rent payments at the beginning of the calendar month in most cases, which provides sufficient time to monitor customers' payment discipline and to have sufficient liquidity in cash accounts on the day of the annuity payments of financing agreements. The terms of most leases give rise to an obligation to pay a security deposit, at the expense of which the Group has the right to write off debts arising from the insolvency of the lessee. For some leases, the deposit may be replaced by a bank guarantee.

Group companies generally only enter into lease agreements with counterparties previously recognized as creditworthy. The client's analysis of this is made before concluding the lease agreement.

If it becomes apparent that there is a risk that the lessee will become insolvent, the Group assesses each receivable individually and decides to recognize the receivables as doubtful. In general, receivables that are overdue for more than 180 days are considered unlikely to be collected, unless the Group has sufficient assurance that the receivable will be received or a payment schedule has been agreed for the receivables.

Trade receivables are illustrated by the table below:

	31.03.2023	31.12.2022
Not due	645	717
<b>Past due, incl.</b>	<b>302</b>	<b>48</b>
<i>up to 30 days</i>	188	33
<i>30-60 days</i>	82	6
<i>more than 60 days</i>	32	9
Allowance for doubtful accounts	-18	-6
<b>Total trade receivables (Note 13)</b>	<b>929</b>	<b>759</b>

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

	31.03.2023	31.12.2022
<i>€ thousands</i>		
Cash and cash equivalents (Note 12)	25,166	11,331
Trade receivables (Note 13)	929	759
<b>Total maximum credit risk</b>	<b>26,095</b>	<b>12,090</b>

## Capital management

The Group treats borrowings and equity as capital.

The Group's objective in capital management is to secure the Group's ability to continue as a going concern in order to ensure return on investment for its shareholders and to maintain an optimal capital structure.

The Group continues to invest in cash-generating real estate and raises new equity to make investments. The Group's investment policy stipulates that at least 35% of equity will be invested in new investment projects. The required amount of equity is calculated for each investment individually, taking into account the volume and proportion of the net cash flows and loan payments of a specific investment.

After making an investment, the EBITDA of any cash-generating property must not be less than 120% of the loan's annuity payments (including interest expense).

In the first quarter of 2023 the Group has earned free cash flow (EBITDA minus loan payments and interest expenses) 3,014 thousand euros (2022 I quarter: 1,501 thousand euros). All loans were serviced as usual in the first quarter of 2023 and no payment leave was taken by the fund's subsidiaries.

## Report of capitalisation

More detailed information on mortgages established as collateral for the obligations provided in the capitalisation report is available in Note 14 of the report.

	31.03.2023	31.12.2022
<i>€ thousands</i>		
Short-term liabilities guaranteed with mortgage (Note 15)	50,021	22,093
Unsecured short-term liabilities	1,906	1,426
<b>Total short-term liabilities</b>	<b>51,927</b>	<b>23,519</b>
Long-term liabilities guaranteed with mortgage (Note 15)	98,951	45,968
Unsecured long-term liabilities	10,311	8,205
<b>Total long-term liabilities</b>	<b>109,262</b>	<b>54,173</b>
Share capital and share premium (Note 18)	192,919	67,013
Reserves	2,149	2,149
Retained earnings (Note 19)	39,736	35,102
<b>Total shareholder's equity</b>	<b>234,804</b>	<b>104,264</b>
<b>Total liabilities and equity</b>	<b>395,993</b>	<b>181,956</b>

**Report of net debt**

<b>€ thousands</b>	<b>31.03.2023</b>	31.12.2022
Cash	25,166	11,331
<b>Total liquid assets</b>	<b>25,166</b>	<b>11,331</b>
The short-term portion of long-term liabilities (Note 15)	50,021	22,093
<b>Net short-term debt</b>	<b>24,855</b>	<b>10,762</b>
Long-term bank loans (long-term portion) (Note 15)	98,951	45,968
<b>Total long-term debt</b>	<b>98,951</b>	<b>45,968</b>
<b>Total net debt</b>	<b>123,806</b>	<b>56,730</b>

**Fair value**

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

Level 1 – quoted prices in active markets;

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

Level 3 – unobservable inputs at the market.

As of 31.03.2023 and 31.12.2022, the Group does not have any assets at fair value that would belong to the Level 1 group upon finding the value. All of the Group's investment properties are carried at fair value and belong to the Level 3 group according to the valuation method (see Note 14). All of the Group's loan liabilities and derivative securities entered into to hedge interest rate risk belong to the Level 2 group.

To mitigate interest rate risk, the Group has entered into interest rate swaps, the fair value of which is obtained by discounting the cash flows of interest rate swaps so that, in accordance with EURIBOR market expectations, cash inflows and outflows are determined and discounted using a zero-rate. The Group uses information received from counterparty credit institutions to recognize interest rate swaps at fair value.

**18 Share capital**

On 15.02.2023, based on the authorizations received from the general meeting of the Council of EFTEN Real Estate Fund AS and in accordance with the merger agreement concluded between EFTEN Real Estate Fund AS (formerly EFTEN Real Estate Fund III AS) and EFTEN Kinnisvarafond AS on 19.09.2022, it decided to increase the merger The share capital of EFTEN Real Estate Fund AS by 57,472 thousand euros and to issue 5,747,261 new shares with a nominal value of 10 euros.

When increasing the share capital, the shares were paid for in full with a non-monetary contribution at the expense of the entire assets of EFTEN Kinnisvarafond AS, which are transferred to EFTEN Real Estate Fund AS, the value of which is the net value of the EPRA assets of EFTEN Kinnisvarafond AS, which was 125,905 thousand euros as of 31.12.2022.

According to the merger agreement, the new shares were issued to the shareholders of EFTEN Kinnisvarafond AS as the merging fund, who were entered in the list of shareholders as of 31.01.2023.

The registered share capital of EFTEN Real Estate Fund III as at 31.03.2023 was 108,198 thousand euros (31.12.2022: 50,725 thousand euros). The share capital consisted of 10,819,796 shares (31.12.2022: 5,072,535). Without amending the articles of association, the company has the right to increase the share capital to 168,901 thousand euros. As of 31.03.2022, contributions to the share capital and share premium have been made in the total amount of 192,919 thousand euros (31.12.2021: 67,013 thousand euros).

**List of shareholders of EFTEN Real Estate Fund AS with more than 10% ownership:**

<b>Company</b>	<b>As at 31.03.2023</b>	
	<b>Number of shares</b>	<b>Ownership, %</b>
LHV Pensonifondid	1,657,901	15.32
REF Aktsiad OÜ	1,151,700	10.64

**Shares owned by EFTEN Real Estate Fund AS Management or Supervisory Board members, their close relatives or companies under their control:**

Company	As at 31.03.2023	
	Number of share	Ownership, %
Member of Management Board Viljar Arakas	2,000	0.02
Miemma Holding OÜ, a company owned by Viljar Arakas, member of the Management Board	19,106	0.18
Member of Management Board Tõnu Uustalu	63,974	0.59
Meeli Leis, a close relative of Tõnu Uustalu, member of the Management Board	2,457	0.02
Altius Energia OÜ, a company under the significant control of Arti Arakas, member of the Supervisory Board	884,260	8.17
Member of Supervisory Board Olav Miil	52,649	0.49
Member of Supervisory Board Siive Penu	1,350	0.01

**19 Contingent liabilities**

	31.03.2023	31.12.2022
€ thousands		
Retained earnings (Note 17)	39,736	35,102
Potential income tax liability	7,947	7,020
Can be paid out as dividends	31,789	28,082

The maximum possible income tax liability has been calculated on the assumption that the net dividends to be distributed and the income tax expense related to their payment may not exceed the distributable profit as at 31.03.2023 and 31.12.2022.

**20 Related party transactions**

EFTEN Real Estate Fund AS considers the following as related parties:

- Management Board members and companies owned by the Management Board members of EFTEN Real Estate Fund AS
- Supervisory Board members and companies owned by the Supervisory Board members of EFTEN Real Estate Fund AS;
- Employees and companies owned by the employees of EFTEN Real Estate Fund AS;
- EFTEN Capital AS (the fund management company).

During the first quarter of 2023, the Group purchased management services from EFTEN Capital AS in the amount of 536 thousand euros (first quarter of 2022: 286 thousand euros) (see Note 7).

EFTEN Real Estate Fund III AS did not purchase or sell other goods or services to other related parties during the first quarter of 2023 or during 2022.

As of 31.03.2023 the Group had a total of 19 employees, who were paid a total of 108 thousand euros in the first quarter of 2023, including related taxes (Q1 2022: 62 thousand euros), see (Note 5.7). No remuneration was calculated or paid to the members of the Group's Management Board or Supervisory Board in the first quarter of 2023 or 2022. The members of the Group's Management Board work for EFTEN Capital AS, a company that provides management services to the Group, and expenses related to the activities of a member of the Management Board are included in the management services.



**Management Board Declaration for the Consolidated Interim Report of 1<sup>st</sup> quarter of 2023**

We hereby confirm that the Consolidated Interim Report for the 1st quarter of 2023 of EFTEN Real Estate Fund AS gives true and fair view of the Group's assets, liabilities, financial position and includes the description of the main risks and developments of business activities and results of the companies included in a consolidation as a whole.

/signed digitally/

\_\_\_\_\_

Viljar Arakas

Member of the Management Board

/signed digitally/

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Tõnu Uustalu

Member of the Management Board