

# Interim report for the 3rd quarter and 9 months of 2023

(translation of the Estonian original)

EfTEN Real Estate Fund AS

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**EFTEN  
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## MANAGEMENT REPORT

The rise in interest rates, which has been the primary influencer of the real estate sector over the past year, showed the first signs of halting in the third quarter of 2023. Over three months, the EURIBOR, used as the base interest rate in the Eurozone and Baltic countries, increased by 0.2-0.4 percentage points depending on the term. This is the slowest increase since the first quarter of 2022. Financial markets estimate that base interest rates in the Eurozone will start to decline in the first half of the next year. Although such expectation may prove to be premature, the global easing of inflationary pressures (including energy prices) and the slowing down of economic activity in the Eurozone suggest that interest rates have reached their peak.

With the support of a low level of financial leverage, the real estate sector in the Baltic countries has so far coped significantly better with the rise in interest costs compared to many other European countries, including our main trading partners in Scandinavia. With the persistent weak economic activity in the Eurozone, a recovery in economic growth in the Baltic countries is unlikely in the near quarters. In such a situation, occupancy and maintaining rental income are becoming increasingly important in the commercial real estate sector. Finding new tenants and retaining existing ones is becoming more time-consuming and expensive (often requiring property modifications etc). The greatest pressure is on various office spaces, where the deepening trend of working from home keeps demand at its lowest in recent years. The EFTEN Real Estate Fund AS group's real estate investment portfolio is relatively evenly distributed among the three main segments of commercial real estate (retail, logistics, offices), and its vacancy rate remains very low (2%).

In the third quarter, Enlight Research and LHV Bank released analyses on the shares of EFTEN Real Estate Fund AS (EFT1T). Both analyses highlight the following strengths of the fund: (i) moderate debt load, which helps to cope effortlessly even in a rising interest rate environment; (ii) very low vacancy of rental spaces; (iii) conservatively priced portfolio.

## Financial overview

The consolidated sales income of the EFTEN Real Estate Fund AS for the third quarter of 2023 was 7.965 million euros (2022 III quarter: 3.612 million euros), remaining at the same level as the II quarter. The Fund's consolidated sales income for the 9 months of 2023 was 23.714 million euros (2022: 10.600 million euros), including sales income from investment property added from the merger with EFTEN Kinnisvarafond AS in the amount of 12.644 million euros. The sales income calculated on the Like-for-like basis has increased by 4.4% compared to a year ago.

The consolidated net rental income (NOI) of the Fund for the 9 months of 2023 is 22.201 million euros (2022 9 months: 10.135 million euros). This year's net rental income includes the net rental income from investment properties added by the merger with EFTEN Kinnisvarafond AS in the total amount of 11.616 million euros. Therefore, NOI calculated on the like-for-like basis has also increased by 4.4% compared to a year ago. The consolidated net rental income margin was 94% (2022: 96%) this year, so costs directly related to property management (including land tax, insurance, maintenance and improvement costs) and distribution costs constituted 6% (2022: 4%) of sales income.

	9 months	
	2023	2022
€ million		
Rental income, other fees from investment properties	23.714	10.600
Expenses related to investments incl. marketing costs	-1.513	-0.465
<b>Net rental income</b>	<b>22.201</b>	<b>10.135</b>
<i>Net rental income margin</i>	94%	96%
Interest expense and interest income	-5.543	-1.297
<b>Net rental sales less finance costs</b>	<b>16.658</b>	<b>8.838</b>
Management fees	-1.607	-0.879
Other income and expenses	-0.938	-0.464
<b>Profit before changes in the value of investment properties, joint venture gains/losses and income tax expense</b>	<b>14.113</b>	<b>7.495</b>

The volume of the Group's assets as of 30.09.2023 was 385.183 million euros (31.12.2022: 181.956 million euros), including the fair value of investment properties made up 94% of the volume of assets (31.12.2022: 93%).

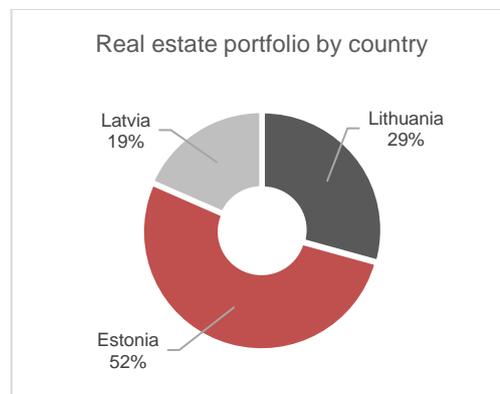
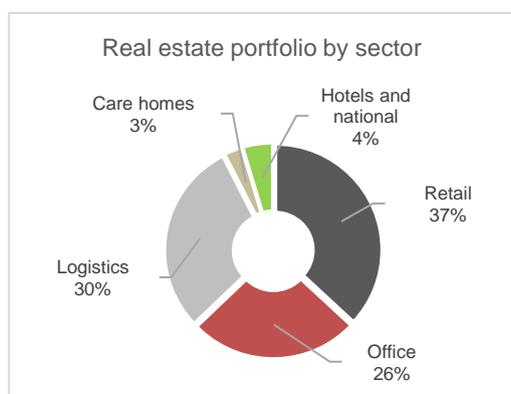
	30.09.2023	31.12.2022
<i>€ million</i>		
Investment properties	363.289	168.875
Other non-current assets	2.903	0.179
Current assets, excluding cash	4.824	1.571
Net debt (cash deposits minus short-term and long-term bank loans)	-131.920	-56.730
Net asset value (EPRA NDV)	224.579	104.264
EPRA net asset value (EPRA NRV)	231.991	111.123
Net asset value (EPRA NDV) per share, in euros	20.76	20.55
EPRA net asset value (EPRA NRV) per share, in euros	21.44	21.91

### Key performance and liquidity ratios

9 months	2023	2022
ROE, % (net profit of the period / average equity of the period) * 100	4.2	10.2
ROA, % (net profit of the period / average assets of the period) * 100	2.4	5.7
ROIC, % net profit of the period / average invested capital of the period) * 100	3.6	15.2
Sales income (€ thousands)	23,714	10,600
Rental income (€ thousands)	22,774	9,995
EBITDA (€ thousands)	19,709	8,827
EBITDA margin, %	83%	83%
EBIT (€ thousands)	13,474	12,493
EPRA profit (€ thousands)	13,615	7,280
Liquidity ratio (current assets / current liabilities)	0.8	0.5
DSCR (EBITDA/(interest expenses + scheduled loan payments))	1.8	2.1

## Investment portfolio

As of the end of September 2023 the Group has 35 (31.12.2022: 18) commercial investment property with a fair value as at the balance sheet date of 363.289 million euros (31.12.2022: 168.875 million euros) and the acquisition cost is 350.004 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 30.09.2023 was 9.8 million euros.



## Main indicators of the investment portfolio

Investment property as of 30.09.2023	Group's ownership,%	Fair value, € thousands	Net leasable area	Prognosed rental income per annum, € thousands	Occupancy, %	Average length of rental agreements	Number of tenants
Premia Külmoone, Tallinn	100	6,680	7,258	556	100	3.8	1
Kuuli 10, Tallinn	100	11,340	15,197	877	100	6.7	1
Betooni 1a, Tallinn	100	9,130	10,678	704	100	3.6	1
Betooni 6, Tallinn	100	9,262	16,481	785	98	2.2	22
Jurkalne Technology Park, Riga	100	24,122	44,231	2,374	98.9	9.0	60
DSV logistics centre, Vilnius	100	9,354	11,751	741	100	3.1	1
DSV logistics centre, Tallinn	100	13,380	16,014	1,059	100	3.1	1
DSV logistics centre, Riga	100	8,550	12,149	783	100	3.2	1
Piepilsetas logistics centre, Kekava	100	8,506	13,389	742	81	1.8	7
Ramygalos logistics centre, Panevezys	100	10,663	20,126	842	100	13.6	1
<b>Total logistics</b>		<b>110,987</b>	<b>167,274</b>	<b>9,463</b>	<b>98</b>	<b>5.8</b>	<b>96</b>
Võru Rautakesko	100	2,760	3,120	262	100	4.5	1
Uku centre, Viljandi	100	13,995	8,919	1,184	100	5.7	44
Mustika centre, Tallinn	100	36,364	27,094	3,081	99	3.8	63
RAF Centrs, Jelgava	100	9,360	6,225	1,033	100	1.5	38
Tammsaare tee Rautakesko, Tallinn	100	15,660	9,120	1,309	100	8.4	1
Jelgava development project, Jelgava	100	2,342			Under construction		
Saules Miestas Shopping centre, Šiauliai	100	37,055	20,299	3,514	99	4.7	126
Laagri Selver, Tallinn	100	7,770	3,059	540	100	5.0	11
Hortes gardening centre, Laagri	100	3,750	3,470	298	100	8.7	1
Hortes gardening centre, Tallinn	100	5,600	5,300	435	100	14.1	1
ABC Motors Autokeskus, Tallinn	100	3,210	2,149	300	100	5.4	1
<b>Total retail</b>		<b>137,866</b>	<b>88,755</b>	<b>11,956</b>	<b>99</b>	<b>5.3</b>	<b>287</b>
Lauteri 5, Tallinn	100	5,760	3,822	425	89	1.8	20
Pärnu mnt 105, Tallinn	100	7,690	4,776	636	84	1.8	28
Pärnu mnt 102, Tallinn	100	15,038	9,285	1,169	82	1.1	21
Terbata office building, Riga	100	8,846	6,056	703	93	2.2	14
Menulio 11, Vilnius	100	7,964	5,617	634	100	1.4	16
Ulonu office building, Vilnius	100	9,130	5,290	691	88	2.4	11
L3 office building, Vilnius	100	10,561	6,150	814	98	2.5	35
Evolution office building, Vilnius	100	11,640	6,614	955	97	2.3	27
airBaltic office building, Riga	100	6,851	6,217	569	100	2.4	1
Rutkauskos office building, Vilnius	100	12,986	6,812	952	100	7.0	3
<b>Total office buildings</b>		<b>96,466</b>	<b>60,639</b>	<b>7,548</b>	<b>93</b>	<b>2.6</b>	<b>176</b>
Pirita Pansionaat, Tallinn	100	6,200	5,983	485	100	7.2	1
Valkla Súdamekodu, Valkla	100	3,132	4,423	268	100	8.6	1
Tartu Súdamekodu, Tartu	100	1,148			Under construction		
<b>Total care homes</b>		<b>10,480</b>	<b>10,406</b>	<b>753</b>	<b>100</b>	<b>7.7</b>	<b>2</b>
Rakvere Police and rescue common building (national)	100	7,490	5,775	836	100	2.1	1
Hotel Palace, Tallinn (hotels)	50	9,839	4,874	474	100	6.9	1
<b>Total investment portfolio</b>		<b>373,128</b>	<b>337,723</b>	<b>31,030</b>	<b>98</b>	<b>4.8</b>	<b>563</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.

## Rental income

In the first 9 months of 2023, the Group earned a total of 23.714 million euros in rental income. The rental income calculated on a comparable basis in the first 9 months of 2023 was a total of 10.343 million euros, which is 4% more than at the same time in 2022.

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

€ thousands	9 months			Change	
	Fair value 30.09.2023	Rental income 2023	Rental income 2022	€	%
Office	51,168	3,211	2,986	225	8%
Logistics	50,454	3,058	3,002	56	2%
Retail	57,385	3,755	3,631	124	3%
Care homes	6,200	319	312	7	2%
<b>Total like-for-like assets and rental income</b>	<b>165,207</b>	<b>10,343</b>	<b>9,931</b>	<b>412</b>	<b>4%</b>
Acquired assets and rental income	4,280	165	64	101	
Merger assets and rental income <sup>1</sup>	193,802	12,266	0	12,266	
<b>Total investment property portfolio and rental income</b>	<b>363,289</b>	<b>22,774</b>	<b>9,995</b>	<b>12,779</b>	<b>128%</b>

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

€ thousands	9 months			Change	
	Fair value 30.09.2023	Rental income 2023	Rental income 2022	€	%
Estonia	39,910	2,265	2,258	7	0%
Latvia	23,907	1,511	1,463	48	3%
Lithuania	101,390	6,567	6,210	357	6%
<b>Total like-for-like assets and rental income</b>	<b>165,207</b>	<b>10,343</b>	<b>9,931</b>	<b>412</b>	<b>4%</b>
Acquired assets and rental income	4,280	165	64	101	
Merger assets and rental income <sup>1</sup>	193,802	12,266	0	12,266	
<b>Total investment property portfolio and rental income</b>	<b>363,289</b>	<b>22,774</b>	<b>9,995</b>	<b>12,779</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 9 months 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	9 months			Change	Change, %
	Fair value 30.09.2023	Rental income 2023	Rental income 2022 <sup>2</sup>		
Office	45,298	2,592	2,674	-82	-3%
Logistics	60,533	3,932	3,746	186	5%
Retail	80,481	5,128	4,765	363	8%
National	7,490	614	557	57	10%
<b>Total like-for-like assets and rental income</b>	<b>193,802</b>	<b>12,266</b>	<b>11,742</b>	<b>524</b>	<b>4%</b>
<b>Total assets and rental income acquired during the merger from EFTEN Kinnisvarafond AS</b>	<b>193,802</b>	<b>12,266</b>	<b>11,742</b>	<b>524</b>	<b>4%</b>

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

€ thousands	9 months			Change	Change, %
	Fair value 30.09.2023	Rental income 2023	Rental income 2022 <sup>2</sup>		
Estonia	141,168	8,691	8,428	263	3%
Latvia	44,670	3,002	2,750	252	9%
Lithuania	7,964	573	564	9	2%
<b>Total like-for-like assets and rental income</b>	<b>193,802</b>	<b>12,266</b>	<b>11,742</b>	<b>524</b>	<b>4%</b>
<b>Total assets and rental income acquired during the merger from EFTEN Kinnisvarafond AS</b>	<b>193,802</b>	<b>12,266</b>	<b>11,742</b>	<b>524</b>	<b>4%</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 of 30.09.2023**

Tenant	Share of total rental income
LIVONIA PRINT SIA	5.9%
Kesko Senukai Estonia AS	5.7%
Prisma Peremarket AS	5.0%
DSV Estonia AS	3.5%
Logistika Pluss OÜ	2.9%
Hortes AS	2.8%
Adax UAB	2.8%
Riigi Kinnisvara Aktsiaselts	2.7%
DHL Logistics Estonia OÜ	2.5%
DSV Latvia SIA	2.5%
DSV Lithuania, UAB	2.4%
Atea, UAB	2.4%
AIR BALTIC CORPORATION AS	2.0%
Premia Tallinna Külmoone AS	1.8%
Rimi Lietuva, UAB	1.7%
Südamekodud AS	1.5%
Vilniaus apskrities vyriausiasis policijos komisariatas	1.4%
Checkout Technology LTD Estonian branch	1.2%
Others	49.2%
<b>Total</b>	<b>100.0%</b>

**EPRA performance indicators****EPRA performance indicators**

As of the balance sheet date	30.09.2023	30.09.2022	Change
EPRA profit, € thousands	13,615	7,280	87%
EPRA profit per share, in euros	1.26	1.44	-12%
EPRA NRV (net reinstatement value), € thousands	231,991	109,630	112%
EPRA NRV per share, in euros	21.44	21.61	-1%
EPRA NDV (net disposal value), € thousands	224,579	103,065	118%
EPRA NDV per share, in euros	20.76	20.32	2%
EPRA cost ratio, including direct vacancy costs	14%	13%	10%
EPRA cost ratio, excluding direct costs related to vacancy	13%	12%	7%
EPRA vacancy rate	2.3%	0.4%	424%

## Calculations of EPRA indicators

### EPRA net asset value indicators

As at 30.09.2023

€ thousands	EPRA NRV	EPRA NTA	EPRA NDV
Net asset value calculated in accordance with IFRS	224,579	224,579	224,579
Adjustments:			
Deferred income tax liability related to the change in the fair value of investment property and tax depreciation	7,412	7,412	-
<b>EPRA net asset value</b>	<b>231,991</b>	<b>231,991</b>	<b>224,579</b>
<b>Number of fully diluted share</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>21.44</b>	<b>21.44</b>	<b>20.76</b>

As at 30.09.2022

€ thousands	EPRA NRV	EPRA NTA	EPRA NDV
Net asset value calculated in accordance with IFRS	103,065	103,065	103,065
Adjustments:			
Deferred income tax liability related to the change in the fair value of investment property and tax depreciation	6,644	6,644	-
Fair value of derivatives	-79	-79	-
<b>EPRA net asset value</b>	<b>109,630</b>	<b>109,630</b>	<b>103,065</b>
<b>Number of fully diluted share</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>21.61</b>	<b>21.61</b>	<b>20.32</b>

### EPRA profit

9 months

€ thousands	2023	2022
Net profit (IFRS)	6,880	10,209
Adjustments:		
Change in fair value of investment property	6,182	-3,701
Change in fair value of financial instruments	53	-199
Deferred income tax expense related to EPRA adjustments	500	971
<b>EPRA profit</b>	<b>13,615</b>	<b>7,280</b>
Weighted average numbers of shares during the period	10,819,796	5,072,535
<b>EPRA profit per share, in euros</b>	<b>1.26</b>	<b>1.44</b>

### EPRA vacancy rate

As at 30.09.2022

€ thousands	2023	2022
Estimated rental income from vacant premises	718	58
Estimated rental income for the entire investment portfolio	31,492	13,389
<b>EPRA vacancy rate</b>	<b>2,3%</b>	<b>0,4%</b>

## EPRA cost ratio

As at 30.09.2022

€ thousands	2023	2022
Cost of sales	-1,120	-211
Other sales income paid by tenants to cover expenses	940	605
Marketing costs	-393	-254
Operating costs	-2,568	-1,391
<b>Total costs, including direct costs related to the vacancy</b>	<b>-3,141</b>	<b>-1,251</b>
Direct vacancy cost	-136	-21
<b>Total costs, excluding direct costs related to vacancy</b>	<b>-3,005</b>	<b>-1,230</b>
<b>Rental income (gross)</b>	<b>22,774</b>	<b>9,995</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>13%</b>	<b>12%</b>

## Financing

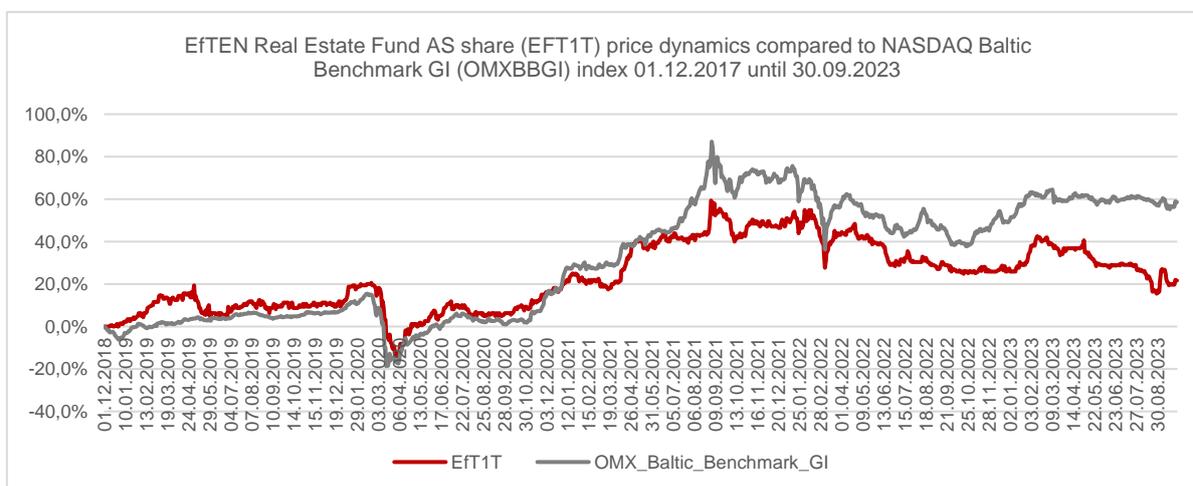
In 9 months of 2023, the Fund's subsidiaries extended a total of six loan agreements. The interest margin for the extension of four loans fell by 0.05-0.5 percentage points and of one loan increased by 0.14 percentage points. Upon extension, the EURIBOR period of all loan agreements will be shortened if possible. Loan agreements were extended for three to five years.

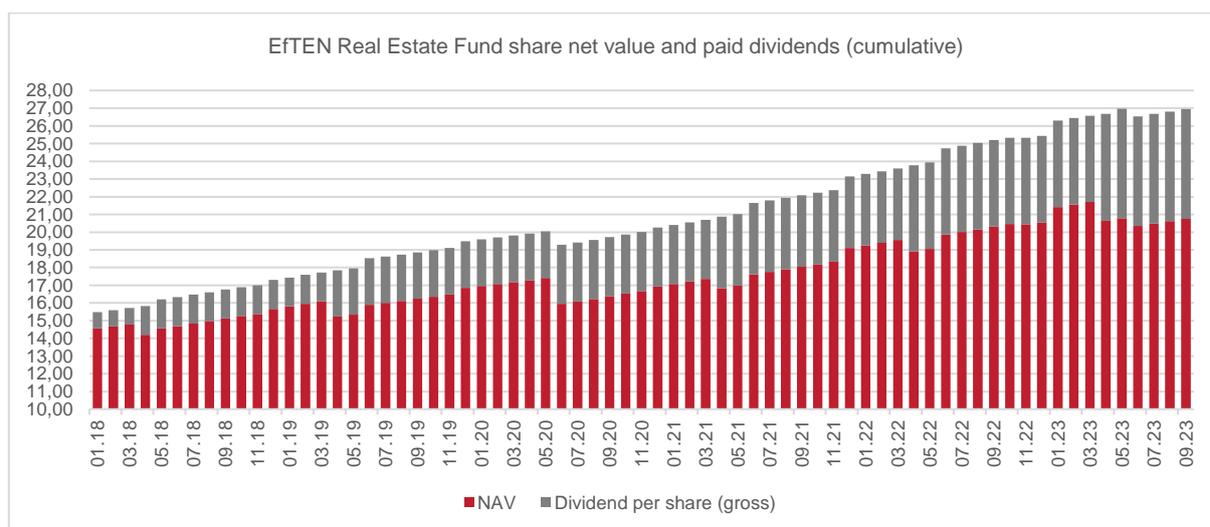
Within the next 12 months, the loan agreements of the Group's four subsidiaries will expire, the balance of which as of 30.09.2023 is 14,734 thousand euros. The LTV of the expiring loan agreements is 35%-51%, and investment properties have a stable, strong rental cash flow, therefore, according to the 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 5.8% by the end of September (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. All loan agreements of the Fund are serviced as usual, and the cash flow from the business activities of all investment property set as collateral for the loan exceeds the principal and interest payments of the loans.

## Information on shares

The net asset value of the share of EFTEN Real Estate Fund AS (EPRA NRV) as of 30.09.2023 was 20.76 euros (30.09.2022: 20.32 euros). The EPRA net value of EFTEN Real Estate Fund AS share increased by 2.0% in the 9 months of 2023 (9 months of 2022: increased by 6.3%).





As of 30.09.2023 EFTEN Real Estate Fund AS had 6,771 shareholders, of whom 16,7% were legal entities. At the same time legal entities owned total of 83.95% 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 ownership
	Legal entities	Private individuals		Legal entities	Private individuals		Legal entities	Private individuals	
Afghanistan	-	1	1	-	16	16	-	0.0001%	0.0001%
Albania	-	1	1	-	16	16	-	0.0001%	0.0001%
Algeria	-	1	1	-	350	350	-	0.0032%	0.0032%
United States of America	1	1	2	19,883	531	20,414	0.1838%	0.0049%	0.1887%
Australia	-	5	5	-	106	106	-	0.0010%	0.0010%
Austria	-	1	1	-	1,255	1,255	-	0.0116%	0.0116%
Belgium	-	1	1	-	5	5	-	0.0000%	0.0000%
Estonia	1,116	5,578	6,694	8,698,345	1,711,012	10,409,357	80.3929%	15.8137%	96.2066%
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%
Lithuania	10	2	12	215,036	17,408	232,444	1.9874%	0.1609%	2.1483%
Latvia	3	1	4	2,925	2,150	5,075	0.0270%	0.0199%	0.0469%
Malta	-	1	1	-	220	220	-	0.0020%	0.0020%
Norway	-	1	1	-	5	5	-	0.0000%	0.0000%
Portugal	-	1	1	-	100	100	-	0.0009%	0.0009%
France	-	1	1	-	20	20	-	0.0002%	0.0002%
Sweden	1	3	4	38	83	121	0.0004%	0.0008%	0.0011%
Germany	-	5	5	-	118	118	-	0.0011%	0.0011%
Finland	1	20	21	167	762	929	0.0015%	0.0070%	0.0086%
Great Britain	-	4	4	-	752	752	-	0.0070%	0.0070%
Switzerland	1	4	5	146,690	1,446	148,136	1.3558%	0.0134%	1.3691%
Denmark	1	1	2	1	25	26	0.0000%	0.0002%	0.0002%
<b>Total</b>	<b>1,134</b>	<b>5,637</b>	<b>6,771</b>	<b>9,083,085</b>	<b>1,736,711</b>	<b>10,819,796</b>	<b>83.95%</b>	<b>16.05%</b>	<b>100.00%</b>

As of 30.06.2023 EFTEN Real Estate Fund AS had three shareholders with more than 10% ownership::

Entity	As at 30.09.2023	
	Number of shares	Ownership, %
LHV Pensonifondid	1,657,901	15.32
REF Aktsiad OÜ	1,151,700	10.64
Altiuse KVI OÜ	1,092,845	10.10

EFT1T share statistics, 9 months	2023	2022
Opening price	19.8	23.1
Closing price	18.9	19.7
Share price, the lowest	17.9	19.4
Share price, the highest	22.1	24.2
Traded shares, thousands	279	204
Turnover, EUR million	5.513	4.367
Market capitalisation as of 30.09, EUR million	203.953	99.929
Profit per share, euros	0.64	2.01
P/B (share closing price / equity per share)	0.91	0.97
P/B EPRA (share closing price / EPRA equity per share)	0.88	0.91

## INTERIM FINANCIAL STATEMENTS OF THE CONSOLIDATION GROUP

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousands	Notes	III quarter		9 months	
		2023	2022	2023	2022
Sales income	3,4	7,965	3,612	23,714	10,600
Cost of services sold	5	-363	-80	-1,120	-211
<b>Gross profit</b>		<b>7,602</b>	<b>3,532</b>	<b>22,594</b>	<b>10,389</b>
Marketing costs	6	-105	-63	-393	-254
General and administrative expenses	7	-841	-488	-2,568	-1,391
Profit / loss from the change in the fair value of investment property	14	0	-1	-6,182	3,701
Other operating income and expense		10	5	23	48
<b>Operating profit</b>	<b>3</b>	<b>6,666</b>	<b>2,985</b>	<b>13,474</b>	<b>12,493</b>
Profit / loss from joint ventures	8	84	0	-25	0
Interest income		77	0	97	0
Other finance income and expense	9	-2,156	-376	-5,693	-1,098
<b>Profit before income tax</b>		<b>4,671</b>	<b>2,609</b>	<b>7,853</b>	<b>11,395</b>
Income tax expense	10	-236	-282	-973	-1,186
<b>Net comprehensive profit/loss for the reporting period</b>	<b>3</b>	<b>4,435</b>	<b>2,327</b>	<b>6,880</b>	<b>10,209</b>
<b>Earnings per share</b>	11				
- basic		0.41	0.46	0.64	2.01
- diluted		0.41	0.46	0.64	2.01

The notes on pages 15-32 form an integral part of these interim financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30.09.2023	31.12.2022
<i>€ thousands</i>			
<b>ASSETS</b>			
Cash and cash equivalents	12	14,167	11,331
Current deposits		2,880	0
Receivables and accrued income	13	1,805	1,522
Prepaid expenses		138	49
Inventory		1	0
<b>Total current assets</b>		<b>18,991</b>	<b>12,902</b>
Long-term receivables		175	61
Shares in joint ventures	2	2,552	0
Investment property	3,14	363,289	168,875
Property, plant, and equipment		175	116
Intangible assets		1	2
<b>Total non-current assets</b>		<b>366,192</b>	<b>169,054</b>
<b>TOTAL ASSETS</b>		<b>385,183</b>	<b>181,956</b>
<b>LIABILITIES AND EQUITY</b>			
Borrowings	15	20,589	22,058
Payables and prepayments	16	2,419	1,461
<b>Total current liabilities</b>		<b>23,008</b>	<b>23,519</b>
Borrowings	15	128,221	45,917
Other long-term liabilities	16	1,901	1,008
Deferred income tax liability	10	7,474	7,248
<b>Total non-current liabilities</b>		<b>137,596</b>	<b>54,173</b>
<b>Total liabilities</b>		<b>160,604</b>	<b>77,692</b>
Share capital	18	108,198	50,725
Share premium	18	84,721	16,288
Statutory reserve capital		2,749	2,149
Retained earnings	19	28,911	35,102
<b>Total equity</b>		<b>224,579</b>	<b>104,264</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>385,183</b>	<b>181,956</b>

The notes on pages 15-32 form an integral part of these interim financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	III quarter		9 months	
		2023	2022	2023	2022
€ thousands					
<b>Net profit</b>		<b>4,435</b>	<b>2,327</b>	<b>6,880</b>	<b>10,209</b>
<i>Adjustments of net profit:</i>					
Profit/loss from joint ventures using the equity method	8	-84	0	25	0
Interest income		-77	0	-97	0
Finance income and expense	9	2,156	376	5,693	1,098
Investment property revaluation gain / loss	14	0	1	6,182	-3,701
Depreciation and impairment losses	5,7	18	12	53	35
Income tax expense	10	236	282	973	1,186
<b>Total adjustments with non-cash changes</b>		<b>2,249</b>	<b>671</b>	<b>12,829</b>	<b>-1,382</b>
<b>Cash flow from operations before changes in working capital</b>		<b>6,684</b>	<b>2,998</b>	<b>19,709</b>	<b>8,827</b>
Change in receivables and payables related to operating activities		94	-333	-284	-824
<b>Net cash flow generated from operating activities</b>		<b>6,778</b>	<b>2,665</b>	<b>19,425</b>	<b>8,003</b>
Acquisition of property, plant, and equipment		-16	19	-19	-31
Acquisition of Investment property		-1,662	-226	-3,999	-3,167
Change in current deposits	17	-400	0	-2,880	0
Cash received on merger	2	0	0	11,621	0
Interest received		57	0	76	0
<b>Net cash flow generated from investing activities</b>		<b>-2,021</b>	<b>-207</b>	<b>4,799</b>	<b>-3,198</b>
Loans received	15	350	0	3,521	0
Scheduled loan repayments	15	-1,534	-893	-5,101	-2,690
Interest paid		-2,022	-430	-5,557	-1,298
Dividends paid	17	0	0	-12,471	-4,058
Income tax on dividends paid		0	-1	-1,780	-210
<b>Net cash flow generated from financing activities</b>		<b>-3,206</b>	<b>-1,324</b>	<b>-21,388</b>	<b>-8,256</b>
<b>NET CASH FLOW</b>		<b>1,551</b>	<b>1,134</b>	<b>2,836</b>	<b>-3,451</b>
<b>Cash and cash equivalents at the beginning of period</b>		<b>12,616</b>	<b>8,489</b>	<b>11,331</b>	<b>13,074</b>
Change in cash and cash equivalents		1,551	1,134	2,836	-3,451
<b>Cash and cash equivalents at the end of period</b>		<b>14,167</b>	<b>9,623</b>	<b>14,167</b>	<b>9,623</b>

The notes on pages 15-32 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>
Dividends paid	0	0	0	-4,058	-4,058
Allocations to reserve capital	0	0	660	-660	0
<b>Total transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>660</b>	<b>-4,718</b>	<b>-4,058</b>
Net profit for the financial period	0	0	0	10,209	10,209
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,209</b>	<b>10,209</b>
<b>Balance as at 30.09.2022</b>	<b>50,725</b>	<b>16,288</b>	<b>2,149</b>	<b>33,903</b>	<b>103,065</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
Dividends paid	0	0	0	-12,471	-12,471
Allocations to reserve capital	0	0	600	-600	0
<b>Total transactions with the owners</b>	<b>57,473</b>	<b>68,433</b>	<b>600</b>	<b>-13,071</b>	<b>113,435</b>
Net profit for the financial period	0	0	0	6,880	6,880
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,880</b>	<b>6,880</b>
<b>Balance as at 30.09.2023</b>	<b>108,198</b>	<b>84,721</b>	<b>2,749</b>	<b>28,911</b>	<b>224,579</b>

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

The notes on pages 15-32 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 30.09.2023 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 Külmhoone, Tallinn		
100%	EFTEN SPV3 OÜ	Uku Keskus, 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 Shopping centre, Šiauliai		
100%	Verkiu 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 Krustpiis SIA	DSV logistics centre, Riga		
100%	EFTEN Laisves UAB	L3 office building, Vilnius		
100%	EFTEN Laagri OÜ	Laagri Selver, Tallinn		
100%	EFTEN Selljaku 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 building, Riga		
100%	EFTEN Piepilsetas SIA	Piepilsetas logistics centre, Kekava		
100%	EFTEN Rutkauskos UAB	Rutkauskos office building, 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)		
		50%	EFTEN SPV11 OÜ	Hotell 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 9 months 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 borrowings	26,875
Other current liabilities	831
<b>Total current liabilities</b>	<b>27,706</b>
Long-term borrowings	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>30.09.2023</b>	<b>01.01.2023</b>
<i>€ thousands</i>		
Cash and cash equivalents	171	243
Other current assets	99	67
<b>Total current assets</b>	<b>270</b>	<b>310</b>
Shares in joint ventures	130	49
Investment property	9,839	10,020
<b>Total non-current assets</b>	<b>9,969</b>	<b>10,069</b>
<b>TOTAL ASSETS</b>	<b>10,239</b>	<b>10,379</b>
Current borrowings	5,103	103
Other current liabilities	32	45
<b>Total current liabilities</b>	<b>5,135</b>	<b>148</b>
Long-term borrowings	0	5,077
<b>Total non-current liabilities</b>	<b>0</b>	<b>5,077</b>
<b>Total liabilities</b>	<b>5,135</b>	<b>5,225</b>
<b>Net assets</b>	<b>5,104</b>	<b>5,154</b>

	9 months 2023
Sales income	437
<i>incl. sales income III quarter 2023</i>	226
<b>Net profit/ loss</b>	<b>-50</b>

In the 9 months of 2023, there have been the following changes to the investment in joint ventures:

	30.09.2023
<b>Book value at merger</b>	<b>2,577</b>
Profit / loss from joint ventures (Note 8)	-25
<b>Book value at the end of the period</b>	<b>2,552</b>

As of 30.09.2023, EFTEN Real Estate Fund AS owns the following subsidiaries:

Company name	Country of domicile	Investment property	The subsidiary's equity, € thousands		Group's ownership, %	
			30.09.2023	31.12.2022	30.09.2023	31.12.2022
<b>Emaettevõte</b>						
EFTEN Real Estate Fund AS	Estonia					
<b>Tütaretevõtted</b>						
Saules Miestas UAB	Lihtuania	Saules Miestas Shopping centre, Šiauliai	22,105	21,601	100	100
Verkiu Projektas UAB	Lihtuania	Ulonu office building, Vilnius	4,440	4,612	100	100
EFTEN Stasyļu UAB	Lihtuania	DSV logistics centre, Vilnius	5,073	5,278	100	100
EFTEN Tānassilma OÜ	Estonia	DSV logistics centre, Tallinn	8,151	8,249	100	100
EFTEN Krustpils SIA	Latvia	DSV logistics centre, Rīa	3,285	3,516	100	100
EFTEN Laisves UAB	Lihtuania	L3 office building, Vilnius	5,777	6,062	100	100
EFTEN Laagri OÜ	Estonia	Laagri Selver, Tallinn	4,222	5,257	100	100
EFTEN Seljaku OÜ	Estonia	Hortes gardening centre, Laagri	2,592	2,504	100	100
EFTEN Evolution UAB	Lihtuania	Evolution office building, Vilnius	6,358	6,249	100	100
EFTEN Tāhesaju tee OÜ	Estonia	Hortes gardening centre, Tallinn	2,719	2,724	100	100
EFTEN Autokeskus OÜ	Estonia	ABC Motors Autokeskus, Tallinn	1,844	2,017	100	100
EFTEN Rīga Airport SIA	Latvia	airBaltic office building, Rīa	4,876	4,796	100	100
EFTEN Piepilsetas SIA	Latvia	Piepilsetas logistics centre, Kekava	4,004	4,216	100	100
EFTEN Rutkauskos UAB	Lihtuania	Rutkauskos office building, Vilnius	6,511	6,464	100	100
EFTEN Pirita OÜ	Estonia	Pirita Pansionaat, Tallinn	3,723	3,779	100	100
EFTEN Ramygalos UAB	Lihtuania	Ramygalos logistics centre, Panevėžys	5,173	5,188	100	100
EFTEN Valkla OÜ	Estonia	Valkla Sūdamekodu, Valkla	1,423	1,784	100	100
EFTEN Ermi OÜ	Estonia	Tartu Sūdamekodu, Tartu (Under constuctions)	232	237	100	100
EFTEN ABC SIA	Latvia	-	3	3	100	100
EFTEN SPV2 OÜ	Estonia	Lauteri 5, Tallinn	3,580	-	100	-
EFTEN SPV3 OÜ	Estonia	Uku Centre, Viljandi	7,655	-	100	-
EFTEN SPV4 OÜ	Estonia	Rakvere Police and rescue common building	3,925	-	100	-
EFTEN SPV5 OÜ	Estonia	Pärnu mnt 105, Tallinn	4,034	-	100	-
EFTEN SPV6 OÜ	Estonia	Pärnu mnt 102, Tallinn	7,382	-	100	-
EFTEN SPV7 OÜ	Estonia	Mustika Centre, Tallinn	21,486	-	100	-
EFTEN SPV8 OÜ	Estonia	Mustika Centre, Tallinn	9,092	-	100	-
EFTEN SPV12 OÜ	Estonia	Tammsaare tee Rautakesko, Tallinn; Kuuli 10, Tallinn	15,646	-	100	-
EFTEN SPV14 OÜ	Estonia	Võru Rautakesko	1,916	-	100	-
EFTEN SPV15 OÜ	Estonia	Premia Külmoone, Tallinn	3,593	-	100	-
EFTEN SPV17 OÜ	Estonia	Betooni 1a, Tallinn, Betooni 6, Tallinn	10,517	-	100	-
EFTEN Jelgava SIA	Latvia	RAF Centrs, Jelgava	5,087	-	100	-
EFTEN Jurkalne SIA	Latvia	Jurkalne Technology Park, Rīa	15,315	-	100	-
EFTEN Terbata SIA	Latvia	Terbata office building, Rīa	5,215	-	100	-
Auras Centrs SIA	Latvia	Jelgava development project, Jelgava (in the development stage)	1,623	-	100	-
EFTEN Menulio UAB	Lihtuania	Menulio 11, Vilnius	4,511	-	100	-

All subsidiaries and joint ventures are engaged in the acquisition and leasing of investment property. The shares of none of the subsidiaries are listed on the stock exchange.

### 3 Segment reporting

#### SEGMENT RESULT

	Office		Logistics		Retail		Care homes		National		Non-allocated		Total	
	9 months	2022	9 months	2022	9 months	2022	9 months	2022	9 months	2022	9 months	2022	2023	2022
	2023		2023		2023		2023		2023		2023		2023	
<i>€ thousands</i>														
<b>Sales income (Note 4), incl.</b>	<b>5,871</b>	<b>3,023</b>	<b>7,247</b>	<b>3,050</b>	<b>9,492</b>	<b>4,151</b>	<b>490</b>	<b>376</b>	<b>614</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,714</b>	<b>10,600</b>
Estonia	1,522	0	3,020	789	5,667	1,189	490	376	614	0	0	0	11,313	2,354
Latvia	917	374	3,054	1,121	772	0	0	0	0	0	0	0	4,743	1,495
Lithuania	3,432	2,649	1,173	1,140	3,053	2,962	0	0	0	0	0	0	7,658	6,751
<b>Net operating income, incl.</b>	<b>5,512</b>	<b>2,942</b>	<b>6,981</b>	<b>3,021</b>	<b>8,703</b>	<b>3,800</b>	<b>486</b>	<b>372</b>	<b>519</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,201</b>	<b>10,135</b>
Estonia	1,321	0	2,939	789	5,389	1,170	486	372	519	0	0	0	10,654	2,331
Latvia	829	373	2,869	1,092	620	0	0	0	0	0	0	0	4,318	1,465
Lithuania	3,362	2,569	1,173	1,140	2,694	2,630	0	0	0	0	0	0	7,229	6,339
<b>Operating profit, incl.</b>	<b>2,096</b>	<b>4,311</b>	<b>3,987</b>	<b>3,621</b>	<b>7,150</b>	<b>4,327</b>	<b>-160</b>	<b>348</b>	<b>642</b>	<b>0</b>	<b>-241</b>	<b>-114</b>	<b>13,474</b>	<b>12,493</b>
Estonia	-550	0	1,696	962	4,246	1,339	-160	348	642	0	-241	-114	5,633	2,535
Latvia	362	386	1,363	1,149	598	0	0	0	0	0	0	0	2,323	1,535
Lithuania	2,284	3,925	928	1,510	2,306	2,988	0	0	0	0	0	0	5,518	8,423
<b>EBITDA, incl.</b>	<b>4,941</b>	<b>2,625</b>	<b>6,380</b>	<b>2,685</b>	<b>7,721</b>	<b>3,333</b>	<b>395</b>	<b>298</b>	<b>512</b>	<b>0</b>	<b>-241</b>	<b>-114</b>	<b>19,708</b>	<b>8,827</b>
Estonia	1,211	0	2,749	721	4,858	1,029	395	298	512	0	-241	-114	9,484	1,934
Latvia	679	296	2,571	935	518	0	0	0	0	0	0	0	3,768	1,231
Lithuania	3,051	2,329	1,060	1,029	2,345	2,304	0	0	0	0	0	0	6,456	5,662
<b>Operating profit</b>													<b>13,474</b>	<b>12,493</b>
Profit/loss from joint ventures (Notes 2, 8)													-25	0
Net financial expense													-5,596	-1,098
<b>Profit before income tax</b>													<b>7,853</b>	<b>11,395</b>
Income tax expense (Note 10)													-973	-1 186
<b>NET PROFIT FOR THE FINANCIAL PERIOD</b>													<b>6,880</b>	<b>10,209</b>

#### SEGMENT RESULT, III quarter

	Office		Logistics		Retail		Care homes		National		Allokeerimata		Total	
	III quarter	2022	III quarter	2022	III quarter	2022	III quarter	2022	III quarter	2022	III quarter	2022	2023	2022
	2023		2023		2023		2023		2023		2023		2023	
<i>€ thousands</i>														
<b>Sales income (Note 4), incl.</b>	<b>1,947</b>	<b>1,041</b>	<b>2,425</b>	<b>1,032</b>	<b>3,211</b>	<b>1,397</b>	<b>178</b>	<b>142</b>	<b>204</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,965</b>	<b>3,612</b>
Estonia	484	0	1,017	269	1,898	405	178	142	204	0	0	0	3,781	816
Latvia	310	124	1,017	382	274	0	0	0	0	0	0	0	1,601	506
Lithuania	1,153	917	391	381	1,039	992	0	0	0	0	0	0	2,583	2,290
<b>Net operating income, incl.</b>	<b>1,824</b>	<b>1,010</b>	<b>2,318</b>	<b>1,021</b>	<b>3,006</b>	<b>1,297</b>	<b>177</b>	<b>141</b>	<b>172</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,497</b>	<b>3,469</b>
Estonia	420	0	977	269	1,834	400	177	141	172	0	0	0	3,580	810
Latvia	272	124	950	371	217	0	0	0	0	0	0	0	1,439	495
Lithuania	1,132	886	391	381	955	897	0	0	0	0	0	0	2,478	2,164
<b>Operating profit, incl.</b>	<b>1,638</b>	<b>868</b>	<b>2,149</b>	<b>908</b>	<b>2,623</b>	<b>1,133</b>	<b>147</b>	<b>113</b>	<b>170</b>	<b>0</b>	<b>-61</b>	<b>-37</b>	<b>6,666</b>	<b>2,985</b>
Estonia	383	0	925	247	1,628	354	147	113	170	0	-61	-37	3,192	677
Latvia	224	99	870	319	163	0	0	0	0	0	0	0	1,257	418
Lithuania	1,031	769	354	342	832	779	0	0	0	0	0	0	2,217	1,890
<b>EBITDA, incl.</b>	<b>1,638</b>	<b>870</b>	<b>2,159</b>	<b>908</b>	<b>2,629</b>	<b>1,144</b>	<b>147</b>	<b>113</b>	<b>170</b>	<b>0</b>	<b>-61</b>	<b>-37</b>	<b>6,682</b>	<b>2,998</b>
Estonia	383	0	935	247	1,625	354	147	113	170	0	-61	-37	3,199	677
Latvia	222	99	870	319	163	0	0	0	0	0	0	0	1,255	418
Lithuania	1,033	771	354	342	841	790	0	0	0	0	0	0	2,228	1,903
<b>Operating profit</b>													<b>6,666</b>	<b>2,985</b>
Profit/loss from joint ventures (Notes 2, 8)													84	0
Net financial expense													-2,079	-376
<b>Profit before income tax</b>													<b>4,671</b>	<b>2,609</b>
Income tax expense (Note 10)													-236	-282
<b>NET PROFIT FOR THE FINANCIAL PERIOD</b>													<b>4,435</b>	<b>2,327</b>

**SEGMENT ASSETS**

As at September 30	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	28,488	0	49,792	13,690	89,109	21,330	10,480	8,709	7,490	0	185,359	43,729
Latvia	15,697	6,890	41,178	17,692	11,702	0	0	0	0	0	68,577	24,582
Lithuania	52,281	44,797	20,017	20,277	37,055	35,445	0	0	0	0	109,353	100,519
<b>Total investment property (Note 14)</b>	<b>96,466</b>	<b>51,687</b>	<b>110,987</b>	<b>51,659</b>	<b>137,866</b>	<b>56,775</b>	<b>10,480</b>	<b>8,709</b>	<b>7,490</b>	<b>0</b>	<b>363,289</b>	<b>168,830</b>
Other non-current assets											2,903	132
Net debt (liabilities less cash)											-146,437	-67,437
Other current assets											4,824	1,540
<b>NET ASSETS</b>											<b>224,579</b>	<b>103,065</b>

In the 9 months 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 Livonia Print SIA, Kesko Senukai Estonia AS and Prisma Peremarket AS, holding 5.9%, 5.7% and 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 of activity	9 months	
	2023	2022
<i>€ thousands</i>		
Rental income from office premises (Note 14)	5,803	2,986
Rental income from national institutions (Note 14)	614	0
Rental income from retail premises (Note 14)	8,883	3,631
Rental income from logistics premises (Note 14)	6,990	3,002
Rental income from care home premises (Note 14)	484	376
Other sales income	940	605
<b>Total sales income by segments of activity (Note 3)</b>	<b>23,714</b>	<b>10,600</b>

Sales income by geographical areas	9 months	
	2023	2022
<i>€ thousands</i>		
Estonia	11,313	2,354
Latvia	4,743	1,495
Lithuania	7,658	6,751
<b>Total sales income by geographical area (Note 3)</b>	<b>23,714</b>	<b>10,600</b>

## 5 Cost of services sold

Cost of services sold	9 months	
	2023	2022
€ thousands		
Repair and maintenance of rental premises	-566	-30
Property insurance	-47	-4
Land tax and property tax	-149	-21
Other administrative expenses	-65	-8
Utility costs of vacant premises	-95	-4
Depreciation costs	-15	-1
Improvement costs	-115	-13
Wage costs, including taxes (Note 20)	-33	-28
Proportional VAT costs	-33	-32
Other cost of services sold	-2	-70
<b>Total cost of services sold (Note 14)</b>	<b>-1,120</b>	<b>-211</b>

## 6 Marketing costs

Marketing costs	9 months	
	2023	2022
€ thousands		
Commission expenses on rental premises	-41	-17
Advertising, advertising events <sup>1</sup>	-352	-237
<b>Total marketing costs</b>	<b>-393</b>	<b>-254</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 administrative expenses

General administrative expenses	9 months	
	2023	2022
€ thousands		
Management services (Note 20)	-1,607	-879
Office expenses	-54	-29
Wages and salaries, incl. taxes (Note 20)	-312	-166
Consulting expenses, legal expenses, accounting service, valuation service	-340	-149
Audit	-69	-22
Regulator expenses	-118	-79
Other general administrative expenses	-30	-33
Depreciation expense	-38	-34
<b>Total general administrative expense</b>	<b>-2,568</b>	<b>-1,391</b>

## 8 Profit / loss from joint ventures

Profit / loss from joint ventures	9 months	
	2023	2022
<i>€ thousands</i>		
Profit / loss from joint ventures using the equity method (Notes 2,3)	-25	0
<b>Total profit / loss from joint ventures</b>	<b>-25</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	9 months	
	2023	2022
<i>€ thousands</i>		
Interest expenses, incl.		
Interest expense from loans	-5,640	-1,297
Interest expense from derivatives (-)/ cost reductions (+)	-5,693	-1,228
Change in fair value of interest swaps	53	-69
Other financial income and expenses	-53	199
	0	0
<b>Total other financial income and expenses</b>	<b>-5,693</b>	<b>-1,098</b>

## 10 Income tax

### Income tax expense

	9 months	
	2023	2022
<i>€ thousands</i>		
Income tax expense on dividends	-400	0
Deferred income tax expense for Lithuanian companies	-500	-971
Lithuanian corporate income tax expense on profits	-73	-215
<b>Total income tax expense (Note 3)</b>	<b>-973</b>	<b>-1,186</b>

### Deferred income tax liability

	Deferred income tax liability related to investment property	Deferred income tax liability in respect of dividends	Kokku
<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 of 9 months of 2023	500	0	500
Expected income tax expense	0	1,101	1,101
Paid income tax on dividends	0	-1,375	-1,375
<b>Balance as at 30.09.2023</b>	<b>7,412</b>	<b>62</b>	<b>7,474</b>

## 11 Earnings per share

Earnings per share	III quarter		9 months	
	2023	2022	2023	2022
Net profit for the period, € thousands	4,435	2,327	6,880	10,209
Dividends per share, in euros	1.15	0.80	1.15	0.80
Weighted average number of shares over the period, in pc	10,819,796	5,072,535	10,819,796	5,072,535
Earnings per share, in euros	0.41	0.46	0.64	2.01

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 between EFTEN Real Estate Fund AS and EFTEN Kinnisvarafond AS signed on 19.09.2022 to increase the share capital and issue 5,747,261 new shares in order to carry out the merger. As a result of the issue, the Fund has 10,819,796 shares. Since the balance sheet date of the merger was 01.01.2023, the weighted average number of shares for the 9 months of 2023 is also unchanged during the period (10,819,796 shares).

## 12 Cash and cash equivalents

	30.09.2023	31.12.2022
<i>€ thousands</i>		
Demand deposit	8,584	11,327
Cash	6	4
Term deposit	5,577	0
<b>Total cash and cash equivalents (Note 17)</b>	<b>14,167</b>	<b>11,331</b>

<sup>1</sup>Term depositis carry interest at a variable rate. As at 30.09.2023, the interest rate was 3.642% per annum.

## 13 Receivables and accrued income

	30.09.2023	31.12.2022
<i>€ thousands</i>		
Receivables from customers	1,023	765
Allowance for doubtful accounts	-14	-6
<b>Total receivables from customers</b>	<b>1,009</b>	<b>759</b>
Receivables from interest derivatives	0	53
Other short-term receivables	37	27
<b>Total other short-term receivables</b>	<b>37</b>	<b>80</b>
<b>Accrued income</b>		
Interests	21	0
Advances and refunds of VAT	98	111
Other accrued income	640	572
<b>Total accrued income</b>	<b>759</b>	<b>683</b>
<b>Total receivables and accrued income</b>	<b>1,805</b>	<b>1,522</b>

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

## 14 Investment property

As at 30.09.2023, 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 30.09.2023	Increase in value	Share of market value of the Fund's asset
<i>€ thousands</i>								
<b>Office buildings</b>								
Lauteri 5	Tallinn, Estonia	3,822	1958	01.2023	5,850	5,760	-2%	1%
Pärnu mnt 105	Tallinn, Estonia	4,776	1998	01.2023	8,059	7,690	-5%	2%
Pärnu mnt 102	Tallinn, Estonia	9,285	2005	01.2023	16,340	15,038	-8%	4%
Terbata Office buildings	Riga, Latvia	6,056	2005	01.2023	9,094	8,846	-3%	2%
Menulio 11	Vilnius, Lithuania	5,617	recon. 2011-2013	01.2023	8,125	7,964	-2%	2%
Ulonu Office buildings	Vilnius, Lithuania	5,290	2012	12.2015	8,336	9,130	10%	2%
L3 Office buildings	Vilnius, Lithuania	6,150	2004	10.2016	8,799	10,561	20%	3%
Evolution Office buildings	Vilnius, Lithuania	6,614	2009	05.2018	10,022	11,640	16%	3%
airBaltic main building	Riga, Latvia	6,217	recon.. 2016	03.2020	7,113	6,851	-4%	2%
Rutkauskos Office buildings	Vilnius, Lithuania	6,812	2014	08.2020	11,819	12,986	10%	3%
<b>Total office buildings</b>		<b>60,639</b>			<b>93,557</b>	<b>96,466</b>	<b>3%</b>	<b>25%</b>
<b>Logistics</b>								
Premia Külmoone	Tallinn, Estonia	7,258	2002/2007	01.2023	6,840	6,680	-2%	2%
Kuuli 10	Tallinn, Estonia	15,197	2006	01.2023	11,450	11,340	-1%	3%
Betooni 1a	Tallinn, Estonia	10,678	2008	01.2023	9,190	9,130	-1%	2%
Betooni 6	Tallinn, Estonia	16,481	1998	01.2023	9,745	9,262	-5%	2%
Jurkalne Technology Park	Riga, Latvia	44,231	2002	01.2023	24,780	24,122	-3%	6%
DSV logistics centre	Vilnius, Lithuania	11,751	2005	06.2016	8,525	9,354	10%	2%
DSV logistics centre	Tallinn, Estonia	16,014	2003	07.2016	12,366	13,380	8%	3%
DSV logistics centre	Riga, Latvia	12,149	2000	07.2016	8,839	8,550	-3%	2%
Piepilsetas logistics centre	Kekava, Latvia	13,389	2007	03.2020	8,834	8,506	-4%	2%
Ramygalos logistics centre	Lihtuania	20,126	2007	06.2021	10,024	10,663	6%	3%
<b>Total logistics</b>		<b>167,274</b>			<b>110,593</b>	<b>110,987</b>	<b>0%</b>	<b>29%</b>
<b>Retail</b>								
Võru Rautakesko	Võru, Estonia	3,120	2008	09.2008	2,890	2,760	-4%	1%
Uku Centre	Viljandi, Estonia	8,919	2012/2018	08.2010	13,597	13,995	3%	4%
Mustika Centre	Tallinn, Estonia	27,094	1998/2002	07.2012	36,984	36,364	-2%	9%
RAF Centrs	Jelgava, Latvia	6,225	2014/2017	03.2013	9,280	9,360	1%	2%
Tammsaare tee Rautakesko	Tallinn, Estonia	9,120	2007	07.2013	15,700	15,660	0%	4%
Jelgava development project	Jelgava, Latvia	Under development		01.2015	2,342	2,342	0%	1%
Saules Miestas Shopping centre	Šiauliai, Lithuania	20,299	2007	08.2015	30,093	37,055	23%	10%
Laagri Selver	Tallinn, Estonia	3,059	2017	05.2017	5,036	7,770	54%	2%
Hortes gardening centre Laagri	Tallinn, Estonia	3,470	2006	05.2017	3,138	3,750	20%	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	3,210	-8%	1%
<b>Total retail</b>		<b>88,755</b>			<b>127,997</b>	<b>137,866</b>	<b>8%</b>	<b>36%</b>
<b>National</b>								
Rakvere Police and rescue common building	Rakvere, Estonia	5,775	2010	11.2010	7,360	7,490	2%	2%
<b>Care homes</b>								
Pirita pansionaat	Tallinn, Estonia	5,983	2020	12.2020	6,217	6,200	0%	2%
Valkla Súdamekodu	Valkla, Estonia	4,423	recon. 2022	04.2022	3,132	3,132	0%	1%
Tartu Súdamekodu	Tartu, Estonia	Under construction		04.2022	1,148	1,148	0%	0%
<b>Total care homes</b>		<b>10,406</b>			<b>10,497</b>	<b>10,480</b>	<b>0%</b>	<b>3%</b>
<b>Total</b>		<b>332,849</b>			<b>350,004</b>	<b>363,289</b>	<b>4%</b>	<b>94%</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 30.09.2023 is 9,839 thousand euros.

In the 9 months 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>
Acquisitions	2,390	0	2,390
Capitalized improvements	0	778	778
Gain/loss from change in fair value	0	3,701	3,701
<b>Balance as at 30.09.2022</b>	<b>2,390</b>	<b>166,440</b>	<b>168,830</b>
<b>Balance as at 01.01.2023</b>	<b>2,634</b>	<b>166,241</b>	<b>168,875</b>
Acquisitions and developments	2,081	0	2,081
Capitalized improvements	0	2,223	2,223
Assets obtained in the merger (Note 2)	2,342	193,950	196,292
Gain/loss from change in fair value	-435	-5,747	-6,182
<b>Balance as at 30.09.2023</b>	<b>6,622</b>	<b>356,667</b>	<b>363,289</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 30 september, or per 9 months	9 months	
	2023	2022
Rental income from investment properties (Note 4)	22,774	9,995
Costs directly related to the management of investment properties (Note 5)	-1,120	-211
Outstanding amounts from the acquisition of investment properties (Note 16)	602	0
Book value of investment properties pledged as collateral for loan liabilities (Note 15)	359,799	166,440

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

The Group's investment properties are evaluated by an independent appraiser. The fair value of all investment properties reflected in the Group's reports as of 30.09.2023 has been obtained using the discounted cash flow method. The following assumptions have been used in finding the fair value:

Sector	Fair value	Evaluation method	Estimated rental income per year	Discount rate	Exit yield	Average rental price €/m2
<i>€ thousands</i>						
Office	96,466	Discounted cash flows	7,548	8.2%-9.4%	6.0%-8.0%	11.0
Logistics	110,987	Discounted cash flows	9,463	8.4%-11.0%	7.0%-8.25%	4.6
Retail	135,524	Discounted cash flows	11,956	8.2%-10.45%	6.5%-8.5%	11.7
Care homes	9,332	Discounted cash flows	753	8.4%-9.5%	7.0%-8.0%	7.1
National	7,490	Discounted cash flows	836	9.5%	8.0%	11.0
Under development investment properties	3,490	Comparable offers	-	-	-	-
<b>Total</b>	<b>363,289</b>		<b>30,556</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.

## 15 Borrowings

As at 30.09.2023, the Group has the following borrowings:

Lender	Country of lender	Loan amount as per agreement	Loan balance as at 30.09.23	Contract term	Interest rate as at 30.09.23	Loan collateral	Value of collateral	Loan balance's share of the fund's net asset value
SEB	Estonia	4,800	3,289	30.04.27	5.58%	Mortgage - Premia Külmhoone	6,680	1.5%
Luminor	Estonia	2,239	978	15.12.23	6.43%	Mortgage - Võru Rautakesko	2,760	0.4%
SEB	Estonia	2,514	1,929	13.06.26	5.63%	Mortgage - Lauteri 5	5,760	0.9%
SEB	Estonia	8,429	5,400	25.01.27	5.61%	Mortgage - Uku Centre	13,995	2.4%
Swedbank	Estonia	3,711	3,599	25.10.25	5.67%	Mortgage - Rakvere Police and rescue common building	7,490	1.6%
Swedbank	Estonia	4,153	3,103	30.08.28	5.60%	Mortgage - Pärnu mnt 105	7,690	1.4%
Swedbank	Estonia	8,508	7,222	30.08.26	5.55%	Mortgage - Pärnu mnt 102	15,038	3.2%
SEB	Estonia	20,000	15,329	31.08.27	6.07%	Mortgage - Mustika Centre	36,364	6.8%
Swedbank	Estonia	15,622	12,485	31.05.28	5.47%	Mortgage - Tammsaare tee Rautakesko; Kuuli 10	27,000	5.6%
SEB	Estonia	10,300	7,965	26.06.27	5.84%	Mortgage - Betooni 1a; Betooni 6	18,392	3.5%
Swedbank	Lihtuania	4,078	3,361	07.12.25	6.20%	Mortgage - Menulio 11	7,964	1.5%
SEB	Latvia	4,561	3,447	16.04.27	5.76%	Mortgage - RAF Centr	9,360	1.5%
Swedbank	Latvia	5,850	3,658	31.07.27	5.87%	Mortgage - Terbata office building	8,846	1.6%
SEB	Latvia	12,060	9,420	08.08.24	6.02%	Mortgage - Jurkalne Technology Park	24,122	4.2%
Swedbank	Lihtuania	15,257	11,921	13.08.28	6.10%	Mortgage - Saules Miestas Shopping centre	37,055	5.3%
SEB	Lihtuania	5,500	3,919	28.06.26	5.45%	Mortgage - DSV logistics centre	9,354	1.7%
SEB	Latvia	5,123	3,760	29.06.26	5.81%	Mortgage - DSV logistics centre	8,550	1.7%
SEB	Estonia	7,950	5,663	29.06.26	5.82%	Mortgage - DSV logistics centre	13,380	2.5%
SEB	Lihtuania	5,620	4,042	27.10.26	5.50%	Mortgage - L3 office building	10,561	1.8%
SEB	Lihtuania	5,200	3,564	21.12.25	5.85%	Mortgage - Ulonu office building	9,130	1.6%
SEB	Lihtuania	5,850	4,511	30.05.28	5.63%	Mortgage - Evolution office building	11,640	2.0%
Swedbank	Estonia	3,833	3,727	29.06.27	5.25%	Mortgage - Laagri Selver	7,770	1.7%
SEB	Estonia	1,860	1,286	05.07.27	5.91%	Mortgage - Hortes gardening centre Laagri	3,750	0.6%
Swedbank	Estonia	3,290	2,829	11.01.24	5.61%	Mortgage - Hortes gardening centre Tähesaju	5,600	1.3%
LHV	Estonia	1,800	1,507	25.02.24	6.90%	Mortgage - ABC Motors Autokeskus	3,210	0.7%
Swedbank	Latvia	4,000	2,527	05.02.26	5.94%	Mortgage - Piepilsetas logistics centre	8,506	1.1%
Luminor	Latvia	3,905	2,326	04.02.25	6.48%	Mortgage - airBaltic main building	6,851	1.0%
Swedbank	Estonia	3,100	2,821	28.11.25	5.80%	Mortgage - Piritä Pansionaat, partent company warranty	6,200	1.3%
Swedbank	Estonia	2,250	1,652	25.09.27	5.82%	Mortgage - Valkla Südamekodu	3,132	0.7%
Šiaulių bankas	Lihtuania	6,000	5,465	13.06.26	6.37%	Mortgage - Ramygalos logistics centre	10,663	2.4%
SEB	Lihtuania	7,300	6,262	12.08.25	5.87%	Mortgage - Rutkausko office building	12,986	2.8%
<b>Total</b>		<b>194,663</b>	<b>148,967</b>				<b>359,799</b>	<b>66.3%</b>

Short-term borrowings	30.09.2023	31.12.2022
€ thousands		
Repayments of long-term bank loans in the next period	20,645	22,093
Discounted contract fees for bank loans	-56	-35
<b>Total short-term borrowings</b>	<b>20,589</b>	<b>22,058</b>

<b>Long-term borrowings</b>	<b>30.09.2023</b>	31.12.2022
<i>€ thousands</i>		
<b>Total long-term borrowings</b>	<b>148,810</b>	<b>67,975</b>
incl. current portion of borrowings	20,589	22,058
incl. non-current portion of borrowings, incl.	128,221	45,917
Bank loans	128,322	45,968
Discounted contract fees on bank loans	-101	-51

Bank loans are divided as follows according to repayment date:

<b>Repayments of bank loans by maturity</b>	<b>30.09.2023</b>	31.12.2022
<i>€ thousands</i>		
Up to 1 year	20,645	22,093
2-5 years	128,322	45,968
<b>Total repayments of bank loans</b>	<b>148,967</b>	<b>68,061</b>

<b>Cash flows from borrowings</b>	<b>9 months</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	3,521	0
Annuity payments on bank loans	-5,101	-2,690
Addition from merger (Note 2)	82,487	0
Change of discounted contract fees	-72	2
<b>Balance as at the end of period</b>	<b>148,810</b>	<b>68,397</b>

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

## 16 Payables and prepayments

<b>Short-term payables and prepayments</b>	<b>30.09.2023</b>	31.12.2022
<i>€ thousands</i>		
Payables to suppliers from fixed asset transactions (Note 14)	602	268
Other payables to suppliers	387	228
<b>Total payables to suppliers</b>	<b>989</b>	<b>496</b>
Other payables	79	4
<b>Total other payables</b>	<b>79</b>	<b>4</b>
VAT	440	272
Income tax	14	62
Land tax, property tax	27	64
Other tax liabilities	16	5
<b>Total tax payables</b>	<b>497</b>	<b>403</b>
Payables to employees	43	27
Interest payables	235	123
Tenants' security deposits	283	82
Other accrued liabilities	239	326
<b>Total accrued liabilities</b>	<b>800</b>	<b>558</b>
Prepayments received from customers	2	0
Other prepayments	52	0
<b>Total prepayments</b>	<b>54</b>	<b>0</b>
<b>Total payables and prepayments</b>	<b>2,419</b>	<b>1,461</b>

Long-term payables	30.09.2023	31.12.2022
<i>€ thousands</i>		
Tenants' security deposits	1,901	1,008
<b>Total other long-term payables</b>	<b>1,901</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	30.09.2023	31.12.2022
<b>Financial assets - loans and receivables</b>			
Cash and cash equivalents	12	14,167	11,331
Short-term deposits <sup>1</sup>		2,880	0
Trade receivables	13	1,009	759
<b>Total financial assets</b>		<b>18,056</b>	<b>12,090</b>
<b>Financial liabilities measured at amortised cost</b>			
Borrowings	15	148,810	67,975
Trade payables	16	989	496
Tenant security deposits	16	2,184	1,090
Interest payables	16	235	123
Accrued expenses	16	282	353
<b>Total financial liabilities measured at amortised cost</b>		<b>152,500</b>	<b>70,037</b>
<b>Total financial liabilities</b>		<b>152,500</b>	<b>70,037</b>

<sup>1</sup> Short-term deposits are concluded with a maturity of 1 month to 6 months and carry an interest rate of 2.75% - 3.45% per year.

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 the risk of changes in the fair value of financial instruments due to changes in market prices. The group's financial instruments, which are mainly affected by changes in market prices, are loan obligations and interest derivatives. The main factor affecting these financial instruments is the interest rate risk.

### Interest rate risk

Interest rate risk is the risk of a change in cash flows of future financial instruments resulting from a change in market interest rates. Changes in market interest rates mainly affect the Group's long-term floating interest rate debt obligations.

As of 30.09.2023, 100% of the Group's loan agreements have been concluded on a floating interest basis (margin between 1.40% and 2.95% plus 1-month, 3-month and 6-month EURIBOR). All contracts in the loan portfolio of EFTEN Real Estate Fund AS have a 0% limit (floor) set to protect against negative EURIBOR, i.e. in case of negative EURIBOR, the loan margin for these loan obligations does not decrease.

The weighted average interest rate of the Group's loans was 5.83% as of 30.09.2023 (31.12.2022: 3.69%).

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 interest rate change on the Group's pre-tax profit and cash flows by EURIBOR levels, taking into account loan balances as of 30.09.2023.

EURIBOR rate	Impact on pre-tax profits and cash flows per year	Change in interest expense, %
<i>€ thousands</i>		
Interest expense per year, as of the end of the reporting period	-8,422	
<b>Effect of EURIBOR change::</b>		
EURIBOR 3%	991	-11.8%
EURIBOR 3.5%	385	-4.6%
EURIBOR 4.5%	-827	9.8%
EURIBOR 5%	-1,433	17.0%

### 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 property 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 30.09.2023, 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 1.8 (2022: 2.1).

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 30.09.2023	Less than 1 month	Between 2 and 4 months	Between 4 to 12 months	Between 2 to 5 years	Over 5 years	Total
<i>€ thousands</i>						
Interest-bearing liabilities	625	5,341	14,679	128,322	0	148,967
Interest payments	778	2,198	5,446	17,450	0	25,872
Interest payables	235	0	0	0	0	235
Trade payables	989	0	0	0	0	989
Tenant security deposits	30	97	157	1,321	579	2,184
Accrued expenses	282	0	0	0	0	282
<b>Total financial liabilities</b>	<b>2,939</b>	<b>7,636</b>	<b>20,282</b>	<b>147,093</b>	<b>579</b>	<b>178,529</b>

**Statement of working capital**

	30.09.2023	31.12.2022
<i>€ thousands</i>		
Cash and cash equivalents (Note 12)	14,167	11,331
Short-term deposits	2,880	0
Receivables and accrued income (Note 13)	1,805	1,522
Prepaid expenses	138	49
<b>Total current assets</b>	<b>18,990</b>	<b>12,902</b>
Short-term portion of long-term liabilities (Note 15)	-20,589	-22,058
Short-term payables and prepayments	-2,419	-1,461
<b>Total current liabilities</b>	<b>-23,008</b>	<b>-23,519</b>
<b>Total working capital</b>	<b>-4,018</b>	<b>-10,617</b>

**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:

	30.09.2023	31.12.2022
Not due	649	717
<b>Past due, incl.</b>	<b>374</b>	<b>48</b>
<i>up to 30 days</i>	255	33
<i>30-60 days</i>	70	6
<i>more than 60 days</i>	49	9
Allowance for doubtful accounts	-14	-6
<b>Total trade receivables (Note 13)</b>	<b>1,009</b>	<b>759</b>

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

	30.09.2023	31.12.2022
<i>€ thousands</i>		
Cash and cash equivalents (Note 12)	14,167	11,331
Short-term deposits	2,880	0
Trade receivables (Note 13)	1,009	759
<b>Total maximum credit risk</b>	<b>18,056</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).

The fund's dividend policy stipulates that the fund pays at least 80% of the annual free cash flow as a gross dividend. In 9 months of 2023, the Group has earned a free cash flow (EBITDA minus loan payments and interest costs) of 8,895 thousand euros (2022: 4,625 thousand euros), of which the potential gross dividend would be 65.77 euro cents (2022: 72.91 euro cents). The potential gross dividend has decreased due to the increase in EURIBOR and thus the interest payments on the fund's loans. All loans were serviced as usual in the 9 months of 2023, and the fund's subsidiaries did not take payment holidays.

On April 20, 2023, the general meeting of EFTEN Real Estate Fund AS decided to distribute net dividends from the previous year's profit of the merged company in the amount of 12,471 thousand euros (1.1526 euros per share).

## Capitalisation report

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

	30.09.2023	31.12.2022
<i>€ thousands</i>		
Short-term liabilities guaranteed with mortgage (Note 15)	20,645	22,093
Unsecured short-term liabilities	2,363	1,426
<b>Total short-term liabilities</b>	<b>23,008</b>	<b>23,519</b>
Long-term liabilities guaranteed with mortgage (Note 15)	128,322	45,968
Unsecured long-term liabilities	9,274	8,205
<b>Total long-term liabilities</b>	<b>137,596</b>	<b>54,173</b>
Share capital and share premium (Note 18)	192,919	67,013
Reserves	2,749	2,149
Retained earnings (Note 19)	28,911	35,102
<b>Total shareholder's equity</b>	<b>224,579</b>	<b>104,264</b>
<b>Total liabilities and equity</b>	<b>385,183</b>	<b>181,956</b>

## Report of net debt

	30.09.2023	31.12.2022
<i>€ thousands</i>		
Cash	14,167	11,331
Short-term deposits	2,880	0
<b>Total liquid assets</b>	<b>17,047</b>	<b>11,331</b>
The short-term portion of long-term borrowings (Note 15)	20,645	22,093
<b>Net short-term debt</b>	<b>3,598</b>	<b>10,762</b>
Long-term borrowings (long-term portion) (Note 15)	128,322	45,968
<b>Total long-term debt</b>	<b>128,322</b>	<b>45,968</b>
<b>Total net debt</b>	<b>131,920</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 30.09.2023 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.

In order to hedge the interest rate risk, the group had entered into interest rate swap agreements, the fair value of which is obtained by discounting the cash flows of the interest rate swap agreements in such a way that in accordance with EURIBOR market expectations, the incoming and outgoing cash flows are found and discounted using the zero-rate rate. The group used the information received from the credit institutions that are contractual partners to reflect the interest rate swap agreements at fair value. As of 30.09.2023, all interest rate swaps have expired.

## 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 AS as of 30.09.2023 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) with a nominal value of 10 euros (31.12.2022: the same). Without changing the articles of association, the company has the right to increase the share capital to 168,901 thousand euros. As of 30.09.2023, contributions to share capital and share premium totaled 192,919 thousand euros (31.12.2022: 67,013 thousand euros).

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

Company	As at 30.09.2023	
	Number of shares	Ownership, %
LHV Pensonifondid	1,657,901	15.32
REF Aktsiad OÜ	1,151,700	10.64
Altiusse KVI OÜ	1,092,845	10.10

**Shares owned by EFTEN Real Estate Fund AS management board and supervisory board members, their close relatives and companies under their control:**

	As at 30.09.2023	
	Number of shares	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	20 606	0,19
Member of Management Board Tõnu Uustalu	64 974	0,60
Meeli Leis, a close relative of Tõnu Uustalu, member of the Management Board	2 457	0,02
Altius KVI OÜ, a company under the significant control of Arti Arakas, member of the Supervisory Board	1 092 845	10,10
Aile Arakas, a close relative of Arti Arakas, member of the Supervisory Board	513	0,00
Member of the Supervisory Board Olav Miil	52 649	0,49
REF Aktsiad OÜ, a company under the significant control of Olavi Miil, member of the Supervisory Board	1 151 700	10,64
Member of Supervisory Board Siive Penu	1 350	0,01
HTB Investeeringud OÜ, a company under the significant control of Siive Penu, member of the Supervisory Board	66 243	0,62
EFTEN Capital AS, the fund management company	292 688	2,71

## 19 *Contingent liabilities*

	30.09.2023	31.12.2022
<i>€ thousands</i>		
Retained earnings (Note 17)	28,911	35,102
Potential income tax liability	5,782	7,020
Can be paid out as dividends	23,129	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 30.09.2023 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).

The Group purchased management services from EFTEN Capital AS during the 9 months of 2023 in the amount of 1,607 thousand euros (2022: 879 thousand euros), (see Note 7).

EFTEN Real Estate Fund AS did not purchase any other goods or services from other related parties or sell them to related parties during the 9 months of 2023 or 2022.

As of 30.09.2023, the group had a total of 19 employees, who were paid a total of 345 thousand euros in the 9 months of 2023 with accompanying taxes (2022: 194 thousand euros), see (Note 5.7). The fees for the 2023 and 2022 of 9 months were not calculated or paid to the members of the Group's management board or council. The members of the management board of the Group work in the company EFTEN Capital AS, which provides management services to the Group, and the expenses related to the activities of the members of the management board are part of the management service.

**Management Board Declaration for the Consolidated Interim Report of 9 months of 2023.**

We hereby confirm that the Consolidated Interim Report for the 9 months 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/

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Viljar Arakas

Member of the Management Board

/ signed digitally/

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Tõnu Uustalu

Member of the Management Board