Consolidated Annual Report 2024

EfTEN Real Estate Fund AS

Register code: 12864036

Beginning of financial period: 01.01.2024
End of financial period: 31.12.2024

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EfTEN REAL ESTATE FUND

Consolidated annual report 01.01.2024 – 31.12.2024

Business name	EfTEN Real Estate Fund AS
Commercial registration number	12864036
ISIN code	EE3100127242
Address	A. Lauteri 5, 10114 Tallinn, Estonia
Country of incorporation	Estonia
Place of activity	A. Lauteri 5, 10114 Tallinn, Estonia
Legal form of the company	Aktsiaselts
Telephone	+372 655 9515
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Email	info@eften.ee
Main activity	Investment to commercial real estate that generate cash flow in the Baltic states
Financial year	1 January – 31 December
Fund manager	EfTEN Capital AS
Management board	Viljar Arakas Tõnu Uustalu
Supervisory board	Arti Arakas Sander Rebane Siive Penu Olav Miil
Shares	Listed on the Nasdaq Tallinn Stock Exchange
Auditor	AS PricewaterhouseCoopers

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The Fund's consolidated annual report in .pdf format without European Common Electronic Reporting Format (ESEF) marking. The original document has been submitted to the Tallinn Stock Exchange in machine-readable .xhtml format and digitally signed (Link: https://nasdaqbaltic.com/statistics/et/instrument/EE3100127242/reports).

MANAGEMENT REPORT

Fund manager's comment on the financial results of 2024

Despite the challenging economic environment, EfTEN Real Estate Fund AS managed to increase both total consolidated rental income and portfolio EBITDA in 2024. The fund's portfolio was expanded by two new logistics properties in the fourth quarter and we are also planning to expand in the care home segment. EfTEN Real Estate Fund AS is primarily a dividend share. EfTEN Real Estate Fund AS earned free cash flow of 11.1 million euros in 2024, of which 8.89 million euros could be paid as gross dividends according to the fund's dividend policy. Considering the fund's conservative financing policy and annuity payments on loans, the fund's subsidiaries can increase their dividend capacity by refinancing loans whose LTV (Loan-to-Value) has fallen below the fund's capital management principles and whose operating cash flows exceed loan and interest payments by more than two times. Considering the additional funds received from the refinancing of loans, the fund's Management Board proposes to the Supervisory Board and the general meeting to pay a total of 12.7 million euros in net dividends from retained earnings in the spring of 2025 (1.11 euros per share).

For the first time since spring 2023, the weighted average interest rate on the fund's bank loans has fallen below 5% by the end of the year. Due to the expected further decline in EURIBOR, the interest rate on Fund's loans will continue to decrease in 2025.

The priority for 2025 is vacancy management. As of the end of the year, the portfolio's total vacancy rate was 2.6%, but in the office segment it stood at 11.3%. This elevated vacancy in the office sector is primarily attributable to the ongoing renovation of the Menulio 11 office building in Vilnius, which alone accounts for 47% of the office segment's total vacancy. In line with market expectations, the Menulio 11 office building fit-out will be changed to include smaller offices which are expected to be handed over to tenants in the first half of this year.

In November and December 2024, the fund carried out a secondary public offering of shares, raising a total of €11.8 million in capital at a price of €19 per share.

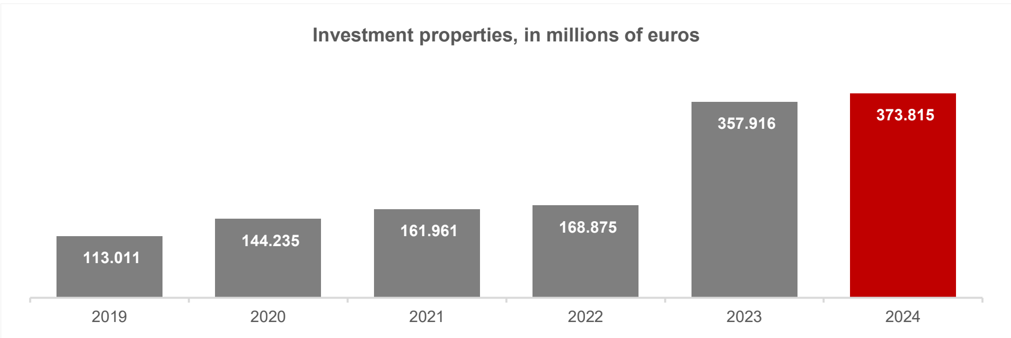
Financial overview

The consolidated sales revenue of EfTEN Real Estate Fund AS for 2024 was 32.238 million euros, an increase of 421 thousand euros (1%) compared to the previous year. The Group's net rental income (NOI) totalled 29.977 million euros in 2024 (2023: 29.608 million euros), an increase of 1% similar to sales revenue. The Group's net profit 2024 was 13.564 million euros (2023: 1.0 million euros).

	2024	2023	*Change*
€ million			
Rental revenue, other fees from investment properties	32.238	31.817	*1%*
Expenses related to investment properties, incl. marketing costs	-2.261	-2.209	*2%*
Net rental income	**29.977**	**29.608**	***1%***
Net rental income margin	*93%*	*93%*	*0%*
Interest income and expense	-8.418	-7.786	*8%*
Net rental revenue less finance costs	**21.559**	**21.822**	***-1%***
Management fees	-2.159	-2.148	*1%*
Other revenue and expenses	-1.419	-1.377	*6%*
Profit before changes in the value of investment properties, joint venture profits and losses and income tax expense	**17.981**	**18.297**	***-2%***

The consolidated net rental income margin was 93% in 2024 (2023: same), thus costs directly associated with property management (including land tax, insurance, maintenance and improvement costs) and marketing costs accounted for 7% (2023: same) of sales revenue.

The Group's total assets as of 31.12.2024 were 398.763 million euros (31.12.2023: 380.944 million euros), including the fair value of investment properties accounting for 94% of the assets (31.12.2023: the same).



	31.12.24	31.12.2023	31.12.2022	31.12.2021	31.12.2020
€ million					
Investment properties	373.815	357.916	168.875	161.961	144.235
Ownership in joint venture	1.960	2.078	0.000	0.000	0.000
Other non-current assets	0.288	0.372	0.179	0.147	0.123
Current assets, excluding cash and cash equivalents and deposits	2.193	2.466	1.571	1.219	2.146
Net debt (cash and deposits minus short-term and long-term bank loans)	-129.045	-129.796	-56.730	-58.103	-67.335
Net asset value (NAV)[1]	233.073	218.698	104.264	96.914	71.483
EPRA net asset value (EPRA NRV)	242.779	226.807	111.123	102.708	76.112
Net asset value (NAV) per share, in euros[1]	20.37	20.21	20.55	19.11	16.93
EPRA net asset value (EPRA NRV) per share, in euros	21.22	20.96	21.91	20.25	18.03

[1]The NAV of EfTEN Real Estate Fund AS is equal to the NDV value calculated according to EPRA's recommended guidelines.

Investment properties by segment

Segment	31.12.24	31.12.2023	31.12.2022	31.12.2021	31.12.2020
€ million					
Logistics	124.297	109.860	51.300	50.590	39.047
Retail	136.140	138.542	56.820	55.270	51.520
Office building	90.560	90.460	51.801	49.831	47.751
Care homes	15.618	11.834	8.954	6.270	5.917
National	7.200	7.220	0.000	0.000	0.000
Total investment properties	**373.815**	**357.916**	**168.875**	**161.961**	**144.235**

Key yield and liquidity ratios

12 months	31.12.2024	31.12.2023	31.12.2022
ROE, % (net profit of the period / average equity of the period) * 100	6.0	0.6	11.3
ROA, % (net profit of the period / average assets of the period) * 100	3.5	0.4	6.4
ROIC, % (net profit of the period / average invested capital of the period) * 100	6.8	0.8	17.0
Revenue, *€ thousands*	32,238	31,817	14,299
Rent income, *€ thousands*	31,076	30,606	13,489
EBITDA (operating profit minus change in fair value of investment properties minus depreciation costs minus gain on sale of fixed assets), *€ thousands*	26,454	26,152	11,819
EBITDA margin (EBITDA / revenue), %	82%	82%	83%
EBIT (operating profit), *€ thousands*	25,319	12,142	14,891
EPRA profit (see 'EPRA performance indicators'), € thousands	16,458	16,700	9,354
Net dividend paid, €	1.00	1.15	0.80
Net dividend per net profit (net dividend / net profit)	80%	1247%	36%
Liquidity ratio (current assets / current liabilities)	0.7	1.0	0.5
DSCR (EBITDA/(interest expenses + scheduled loan payments))	1.7	1.8	2.2

Investment portfolio

Main indicators of the Group's investment portfolio

Investment property, as of 31.12.2024	Location	Groups ownership	Acquisition cost, € thousands[2]	Fair value, € thousands	Net leasable area	Projected annual net rental income, € thousands	Actual net rental income for 12 months	Direct property yield[3]	Net initial yield[4]	Occupancy, %	Average length of rental agreements	Number of tenants
Premia Külmhoone	Tallinn	100	6,840	6,550	7,258	517	550	7.6%	7.9%	100.0	2.5	1
Kuuli 10	Tallinn	100	11,564	11,590	15,197	833	860	7.2%	7.2%	100.0	7.4	1
Betooni 1a	Tallinn	100	9,198	9,140	10,678	662	692	7.2%	7.2%	100.0	2.3	1
Betooni 6	Tallinn	100	10,249	9,820	17,220	773	896	7.5%	7.9%	97.0	1.8	21
Jurkalne Technology Park	Riga	100	25,180	24,160	44,579	2,129	2,211	8.5%	8.8%	97.1	7.8	63
DSV logistics centre	Vilnius	100	8,566	9,410	11,751	746	748	8.7%	7.9%	100.0	1.8	1
DSV logistics centre	Tallinn	100	12,368	13,340	16,014	1,037	1,084	8.4%	7.8%	100.0	1.8	1
DSV logistics centre	Riga	100	9,060	8,430	12,149	765	760	8.4%	9.1%	100.0	4.9	1
Piepilsetas logistics centre	Kekava	100	8,848	8,300	13,392	674	686	7.6%	8.1%	100.0	2.7	10
Ramygalos logistics centre	Panevežys	100	10,024	10,840	20,126	852	859	8.5%	7.9%	100.0	12.3	1
Härgmäe	Tallinn	100	8,829	8,790	9,838	659	672	7.5%	7.5%	100.0	9.8	1
Paemurru	Harku parish	100	3,927	3,927				*In construction*				
Logistics total			**124,653**	**124,297**	**178,202**	**9,647**	**10,018**	**7.7%**	**7.8%**	**99.0**	**5.4**	**102**
Võru Rautakesko	Võru	100	2,890	2,760	3,120	249	264	8.6%	9.0%	100.0	3.2	1
Uku Center	Viljandi	100	13,620	13,670	8,940	1,089	1,137	8.0%	8.0%	100.0	4.9	46
Mustika Center	Tallinn	100	37,145	38,340	27,614	2,876	3,185	7.7%	7.5%	99.5	3.1	67
RAF Centrs	Jelgava	100	9,288	9,993	6,225	738	904	7.9%	7.4%	100.0	3.7	40
Tammsaare tee Rautakesko	Tallinn	100	15,700	15,860	9,120	1,255	1,285	8.0%	7.9%	100.0	7.2	1
Jelgava development project	Jelgava	100	2,342	1,657				*In construction*				
Saules Miestas Shopping centre	Šiauliai	100	31,902	39,180	20,347	3,133	3,989	9.8%	8.0%	98.4	4.2	120
Laagri Selver	Tallinn	100	6,303	8,110	3,059	549	558	8.7%	6.8%	100.0	5.3	13
Hortes gardening centre	Laagri	100	3,138	3,470	3,470	208	275	6.6%	6.0%	100.0	7.4	1
ABC Motors Autokeskus	Tallinn	100	3,482	3,100	2,149	283	297	8.1%	9.1%	100.0	4.1	1
Retail total			**125,810**	**136,140**	**84,044**	**10,380**	**11,894**	**8.3%**	**7.6%**	**99.5**	**4.3**	**290**
Lauteri 5	Tallinn	100	5,976	5,060	3,825	309	303	5.2%	6.1%	75.8	2.1	16
Pärnu mnt 105	Tallinn	100	8,346	6,460	4,712	555	543	6.6%	8.6%	95.4	1.0	33
Pärnu mnt 102	Tallinn	100	16,750	12,000	8,933	835	980	5.0%	7.0%	91.3	0.8	35
Terbata	Riga	100	9,255	8,330	6,036	565	626	6.1%	6.8%	100.0	1.9	14
Menulio 11	Vilnius	100	8,332	7,490	5,617	371	345	4.5%	5.0%	43.7	1.4	13
Ulonu	Vilnius	100	8,440	8,700	5,290	742	845	8.8%	8.5%	100.0	2.1	13
L3	Vilnius	100	8,880	10,610	6,150	777	878	8.8%	7.3%	87.6	2.9	30
Evolution	Vilnius	100	10,423	11,360	6,614	701	831	6.7%	6.2%	85.5	2.7	27
airBaltic	Riga	100	7,777	7,750	6,217	616	597	7.9%	7.9%	100.0	4.0	1
Rutkausko	Vilnius	100	11,819	12,800	6,812	865	1,009	7.3%	6.8%	100.0	5.7	4
Office total			**95,998**	**90,560**	**60,206**	**6,336**	**6,957**	**6.6%**	**7.0%**	**88.7**	**2.5**	**186**
Pirita Pansionaat	Tallinn	100	6,217	5,830	5,983	442	428	7.1%	7.6%	100.0	5.9	1
Valkla Südamekodu	Valkla	100	4,647	4,148	4,423	285	298	6.1%	6.9%	100.0	7.3	1
Tartu Südamekodu	Tartu	100	5,868	5,640	4,118	338	356	5.8%	6.0%	100.0	9.6	1
Care homes total			**16,732**	**15,618**	**14,524**	**1,065**	**1,082**	**6.4%**	**6.8%**	**100.0**	**5.6**	**3**
Rakvere Police and rescue building (national)	Rakvere	100	7,368	7,200	5,775	665	678	9.0%	9.2%	100.0	0.8	1
Hotell Palace (hotels)[1]	Tallinn	50	11,180	8,630	4,874	526	479	4.7%	6.1%	100.0	5.7	1
Total investment portfolio			**381,741**	**382,445**	**347,625**	**28,619**	**31,108**	**7.5%**	**7.5%**	**97.4**	**4.1**	**583**

[1] Hotel Palace belongs to the group's joint venture EfTEN SPV11 OÜ. The group has a 50% stake in the joint venture.

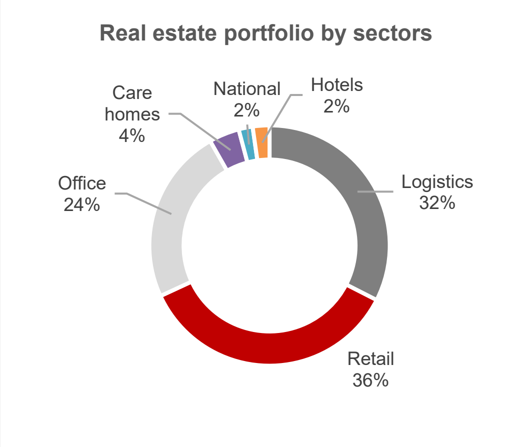
[2] The acquisition cost includes the costs associated with the initial acquisition of the investment property, plus the capital costs incurred later.

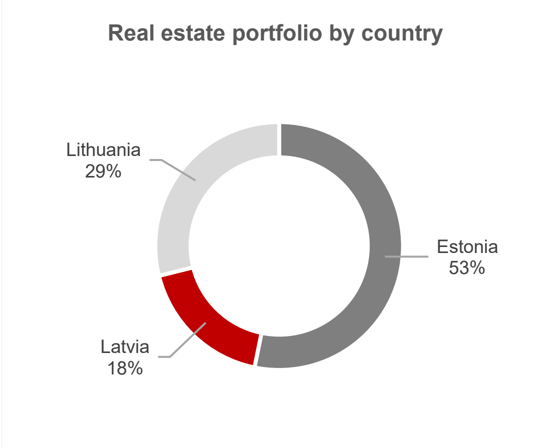
[3] To find the direct yield, the net operating income (NOI) is divided by the sum of the investment property's acquisition cost and subsequent capital expenditures.

[4] To find the primary net yield, the net operating income (NOI) is divided by the market value of the investment property.

As of the end of 2024, the Group has 36 (31.12.2023: 35) commercial investment properties, the fair value of which at the balance sheet date is 373.815 million euros (31.12.2023: 357.916 million euros) and the acquisition cost was 370.561 million euros (31.12.2023: 354.408 million euros). In addition to the investment properties owned by the Fund's subsidiaries, the Group's 50% joint venture owns the Palace Hotel in Tallinn, the fair value of which as of 31.12.2024 was 8.630 million euros (31.12.2023: 9.0 million euros).

The Group's real estate portfolio is well diversified across business segments and countries.





Investments in 2024

The Group made investments in both new properties and the existing portfolio in 2024 totalling 21.6 million euros, including the acquisition of a logistics centre in Tallinn, Härgmäe 8, by the Group's subsidiary EfTEN Härgmäe OÜ in the autumn of 2024, paying a total of 8.8 million euros for the property, and the acquisition of a logistics centre under development in Tallinn, Paemurru tee 3, by the Group's subsidiary EfTEN Paemurru OÜ, paying a total of 1.2 million euros for the property. In addition, the Group's subsidiary paid a total of 2.76 million euros for the development of the Paemurru logistics centre in 2024. The total investment volume of the Paemurru logistics centre is 5.75 million euros and the centre will be completed in the first half of 2025.

In 2024, the group completed the first phase of development work at the Ermi nursing home in Tartu, where a total of 3.19 million euros were invested in the reporting year. In addition, construction work on the C-building of the Valkla nursing home began, with investments reaching 788 thousand euros in 2024.

The biggest investments in existing buildings were made in 2024 in the Saules Miestas shopping centre, where the public areas were renovated for 1.8 million euros, and in the AirBaltic office building in Riga, where 665 thousand euros were invested in the building's insulation work. Of the remaining investments, 2.4 million euros was spent on the reconstruction and modernization of rental spaces in various office buildings.

Sales in 2024

In September 2024, the Group sold the Tähesaju Hortes property for 4.675 million euros. Despite the payment difficulties of the tenant of the Tähesaju property, the group earned nearly 300 thousand euros in net cash flow from the investment over six years. The Group invested the funds received from the sale of the Tähesaju property in the acquisition of the Härgmäe logistics Center.

Rental income

In 2024, the group earned a total of 31.076 million euros in rental income, which is 2% more than in 2023. Rental income increased the most in shopping centres. Rental income in the office segment decreased mainly due to the expiration of the lease agreement with the anchor tenant of the Menulio 11 office building in Vilnius and the related vacancy. In 2024, renovation works of the vacant rental premises in the Menulio 11 office building began, which are planned to be completed during 2025.

Like-for-like rental income by segments

€ thousands	Fair value as of 31.12.2024	Rental income 2024	Rental income 2023	Change	Change, %
Office	90,560	7,477	7,679	*-202*	*-3%*
Logistics	111,580	9,547	9,334	*213*	*2%*
Retail	134,483	12,050	11,696	*354*	*3%*
National	7,200	838	819	*19*	*2%*
Care homes	5,830	435	425	*10*	*2%*
Total like-for-like assets and rental income	**349,653**	**30,347**	**29,953**	***394***	***1%***
Non-comparable assets and rental income	24,162	729	653	*76*	
Total investment portfolio and rental income	**373,815**	**31,076**	**30,606**	***470***	***2%***

Like-for-like rental income by countries

€ thousands	Fair value as of 31.12.2024	Rental income 2024	Rental income 2023	Change	Change, %
Estonia	172,300	14,585	14,200	*385*	*3%*
Latvia	66,963	6,232	6,069	*163*	*3%*
Lithuania	110,390	9,530	9,684	*-154*	*-2%*
Total like-for-like assets and rental income	**349,653**	**30,347**	**29,953**	***394***	***1%***
Non-comparable assets and rental income	24,162	729	653	*76*	
Total investment portfolio and rental income	**373,815**	**31,076**	**30,606**	***470***	***2%***

In 2024, the Group's subsidiaries did not grant any significant rent discounts to tenants. The consolidated cost of discounts totalled 14 thousand euros (0.05% of the consolidated rental income).

The vacancy rate of the Group's investment properties per portfolio was low at 2.6% as of 31.12.2024. The vacancy rate is higher in the office segment (11.3%), where filling vacant rental spaces has taken longer than expected. 47% of the vacancy in the office segment is from the office building at Menulio 11 in Vilnius, where the rental spaces are being built to be smaller to be in line with market expectations and are expected to be handed over to tenants during the first half of 2025.

The largest tenants of the Group's investment properties as of 31.12.2024

Tenant	**Share of total rental income**
Kesko Senukai Estonia AS	5.6%
Livonia Print SIA	5.3%
Prisma Peremarket AS	5.0%
DSV Estonia AS	3.5%
Logistika Pluss OÜ	2.9%
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	2.3%
ELP Logistics OÜ	2.2%
Air Baltic Corporation AS	2.1%
Premia Tallinna Külmhoone AS	1.8%
Rimi Lietuva, UAB	1.8%
Südamekodud AS	1.5%
Checkout Technology LTD Estonian branch	1,4%
Selver AS	1.2%
Others	50.4%

Fair value of investment property

EfTEN Real Estate Fund AS regularly evaluates investment properties twice a year – as of June 30 and December 31. As a result of the valuations of investment properties conducted by Colliers International in 2024, the fair value of investment properties decreased by 0.3% year-on-year and the fund received a loss of 1.0 million euros from the change of fair value of investment properties. The value of investment properties decreased the most in 2024 in the office building segment, where finding tenants for vacant spaces takes more time than before. In addition, the increase in land tax has been taken into account for investment properties located in Estonia, which also has a negative impact on the cash flows of the fund's subsidiaries.

Changes in assessment assumptions

				Change compared to 31.12.2023				
31.12.2024 or for the year	**Location**	**Fair value**	**CAPEX 2024**	**Change in fair value[1]**	**%**	**Annualized net rental income in year 1, %**	**Capitalization rate, percentage point**	**Discount rate, percentage point**
€ thousands								
Logistics								
Premia Külmhoone	Tallinn	6,550	0	20	0.3%	0.4%	0.00	-0.10
Kuuli 10	Tallinn	11,590	20	60	0.5%	1.1%	0.00	-0.10
Betooni 1a	Tallinn	9,140	8	-8	-0.1%	-0.1%	0.00	-0.10
Betooni 6	Tallinn	9,820	6	194	2.0%	0.0%	0.00	0.00
Jurkalne Technology Park	Riga	24,160	329	391	1.6%	1.1%	0.00	-0.15
DSV logistics centre	Vilnius	9,410	40	250	2.7%	3.0%	0.00	-0.15
DSV logistics centre	Tallinn	13,340	3	37	0.3%	0.8%	0.00	0.00
DSV logistics centre	Riga	8,430	195	-85	-1.0%	2.0%	0.00	-0.15
Piepilsetas logistics centre	Kekava	8,300	12	-2	0.0%	-2.9%	0.00	0.05
Ramygalos logistics centre	Panevežys	10,840	0	250	2.4%	2.4%	0.00	-0.15
Härgmäe 8	Tallinn	8,790	8,829	-39	-0.4%	*No comparison data available*		
Paemurru tee 3	Harku	3,927	3,927			*development*		
Logistics total		**124,297**	**13,369**	**1,068**	**0.9%**			
Retail								
Võru Rautakesko	Võru	2,760	0	90	3.4%	1.5%	-0.30	-0.50
Uku Center	Viljandi	13,670	22	28	0.2%	1.6%	0.00	-0.20
Mustika Center	Tallinn	38,340	135	1,395	3.8%	4.2%	0.10	-0.30
RAF Centrs	Jelgava	9,993	8	625	6.7%	5.2%	0.00	-0.05
Tammsaare tee Rautakesko	Tallinn	15,860	0	280	1.8%	0.8%	0.00	-0.20
Jelgava development project	Jelgava	1,657	0	*-685*	*the independent valuation has used the comparative price method*			
Saules Miestas shopping centre	Šiauliai	39,180	1,792	-1,032	-2.6%	-2.9%	-0.25	-0.15
Laagri Selver	Tallinn	8,110	24	386	5.0%	4.7%	0.00	-0.30
Hortes gardening centre	Laagri	3,470	0	-80	-2.3%	-3.8%	0.30	0.10
ABC Motors Autokeskus	Tallinn	3,100	0	-50	-1.6%	0.5%	0.00	-0.30
Retail total		**136,140**	**1,981**	**957**	**0.7%**			
Office								
Lauteri 5	Tallinn	5,060	94	-134	-2.6%	-5.9%	0.00	-0.80
Pärnu mnt 105	Tallinn	6,460	275	-595	-8.4%	-0.6%	0.40	0.10
Pärnu mnt 102	Tallinn	12,000	378	-1,568	-11.6%	-12.1%	0.50	0.10
Terbata	Riga	8,330	127	13	0.2%	-16.6%	0.00	0.00
Menulio 11	Vilnius	7,490	204	-204	-2.7%	-30.2%	0.00	-0.15
Ulonu	Vilnius	8,700	96	-96	-1.1%	-5.6%	0.00	-0.15
L3	Vilnius	10,610	32	208	2.0%	2.5%	-0.25	-0.15
Evolution	Vilnius	11,360	401	-171	-1.5%	-18.8%	0.00	-0.15
airBaltic	Riga	7,750	665	195	2.6%	8.9%	0.00	0.00
Rutkausko	Vilnius	12,800	0	180	1.4%	-7.9%	0.00	-0.15
Office total		**90,560**	**2,272**	**-2,172**	**-2.3%**			
Care homes								
Pirita Pansionaat	Tallinn	5,830	0	10	0.2%	-24.0%	0.00	-0.25
Valkla Südamekodu	Valkla	4,148	788	20	0.5%	1.7%	0.00	0.00
Tartu Südamekodu	Tartu	5,640	3,194	-228	-3.9%	*No comparison data available*		
Care homes total		**15,618**	**3,982**	**-198**	**-1.3%**			
Rakvere Police and rescue building (national)	Rakvere	7,200	8	-28	-0.4%	-6.3%	0.00	-0.10
Hotell Palace (hotels)	Tallinn	8,630	23	-433	-4.8%	-1.7%	0.20	0.00
Investment portfolio total		**382,445**	**21,635**	**-806**	**-0.2%**			

[1]The change in fair value does not include the change in fair value of Tähesaju Hortes, which was sold in 2024.

Ensuring the environmental sustainability of the Group

When EfTEN Real Estate Fund AS was established, sustainability-related initiatives and regulations were not applicable, which is why the fund's investment strategy does not include sustainability-related criteria. Therefore, EfTEN Real Estate Fund AS is classified as an Article 6 fund under Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (also known as SFDR). This means that the fund is not obliged to consider environmental impacts in its activities or to promote environmental or social characteristics.

Nevertheless, sustainability is an important part of the management and long-term strategy of EfTEN Real Estate Fund AS and its subsidiaries. We believe that sustainable practices not only support the well-being of the environment and society, but also contribute to the growth of the Group's value and long-term success. Developing the fund's sustainability strategy is an ongoing process that requires commitment and cooperation with experts and stakeholders. When developing the strategy, we set ourselves ambitious but realistic goals to ensure the sustainable development and long-term success of the fund.

The Fund's management approach to sustainability issues is practical and pragmatic. We prefer to take our time to map the current state of the Group's real estate investments, collect relevant consumption data and analyse the condition of each investment and possible actions related to sustainability in the near future. Our aim is to find a balance between investment returns and improving real estate investments, taking into account that reducing the climate impact of investments and adapting to climate is necessary, but also capital intensive.

In 2023, we began systematically collecting consumption data for all of the Group’s real estate investments and improving the availability of data. We are compiling data on electricity and heating energy, gas and water consumption and analysing the amount and composition of waste generated. We are also updating the energy performance certificates of buildings where practical and appropriate, and assessing opportunities to switch to green tariff energy contracts where economically reasonable. With the help of the collected data, we can more accurately assess the environmental impact of each real estate investment and make informed decisions to reduce it.

We are mindful of the European Union’s goal of achieving carbon neutrality by 2050 and are working consistently to achieve this goal. The Group’s management is committed to incorporating sustainability principles into its investment activities and, as a result of the analytical approach described above, we are considering developing and disclosing a formal sustainability program in the future. Our goal is to develop a strong and effective sustainability strategy that supports the Fund’s objectives and value creation, while providing a positive impact on the environment and society.

Key consumption data for the portfolio

The Group has complete consumption information on energy and water consumption for all real estate investments for 2024.

We will continue to work purposefully to improve data coverage and quality by implementing an efficient and systematic approach to data collection and monitoring. We will gradually increase the implementation of the Green Lease terms to improve the availability of consumption data.

The biggest challenge is the aggregation and analysis of waste data, as different service providers present data in varying units of measurement and with varying levels of detail. We are actively working to find solutions to ensure more consistent and comparable data across the portfolio.

The following is a summary of key consumption data for the Group's real estate portfolio by country and segment.

Consumption data by country			**Energy consumption**[1]		**Share of total energy consumption**	**Water consumption**		**Share of total water consumption**
In 2024	**Net lease area, m2**	**Share in net lease area**	**MWh**	**kWh / m2**		**m3**	**l/m2**	
Estonia	158,895	48%	32,185	203	45%	54,481	343	46%
Latvia	88,598	27%	22,984	259	33%	29,104	328	25%
Lithuania	82,706	25%	15,691	190	22%	33,518	405	29%
Total	**330,200**	**100%**	**70,860**	**215**	**100%**	**117,103**	**355**	**100%**

Consumption data by segment			**Energy consumption**[1]		**Share of total energy consumption**	**Water consumption**		**Share of total water consumption**
In 2024	**Net lease area, m2**	**Share in net lease area**	**MWh**	**kWh / m2**		**m3**	**l/m2**	
Logistics	168,363	51%	29,907	178	42%	33,029	196	28%
Retail	80,575	25%	23,248	289	33%	38,425	477	33%
Office	60,206	18%	13,084	217	18%	25,219	419	21%
Care homes	10,406	3%	1,783	171	3%	12,553	1,206	11%
National	5,775	2%	1,319	228	2%	1,308	226	1%
Hotel[2]	4,874	1%	1,519	312	2%	6,569	1,348	6%
Total	**330,200**	**100%**	**70,860**	**215**	**100%**	**117,103**	**355**	**100%**

[1]Energy consumption includes electricity (including solar energy), gas and district heating.

[2] Hotell Palace in owned by the Group's subsidiary EfTEN SPV11 OÜ.

The total greenhouse gas (GHG) emissions from the energy consumption of the Group's investment properties were 19,929 tonnes of CO_2 equivalent in 2024. We calculate emissions based on the emission factors of The International Energy Agency (IEA).

The Group's greenhouse gas emissions were reduced by the use of renewable energy – both produced in its own solar parks and purchased from electricity vendors, which accounted for a total of 7.8% of total energy consumption in 2024.

Greenhouse gas emissions by country	**GHG emissions**	
In 2024	**tCO2e**	**Share of total volume**
Estonia	15,352	77%
Latvia	2,589	13%
Lithuania	1,988	10%
Total	**19,929**	**100%**

Greenhouse gas emissions by segment	**GHG emissions**	
In 2024	**tCO2e**	**Share of total volume**
Logistics	7,014	36%
Retail	7,632	38%
Office	3,335	17%
Care homes	718	4%
National	502	3%
Hotel	728	4%
Total	**19,929**	**100%**

EPRA performance indicators

EPRA (European Public Real Estate Association) is an organization that promotes best practices in the European public real estate sector. EPRA's main objective is to increase transparency and consistency in the real estate sector by providing guidance and standards for financial reporting. EPRA's accounting standards focus primarily on measuring the value of real estate investments, accounting for rental income, and evaluating equity and liabilities.

The management of EfTEN Real Estate Fund AS monitors the IFRS net profit adjusted for non-monetary changes, which reflects the performance of the group's core business more accurately than the net profit calculated according to IFRS. Adjusted net profit in this way is based on EPRA's best practice recommendations, where unlike net profit calculated in accordance with IFRS, EPRA's profit does not include non-monetary and estimated changes such as changes in the fair value of real estate investments, changes in deferred income tax liabilities related to investment property, and changes in the fair value of derivative instruments.

EfTEN Real Estate Fund AS calculates two EPRA net value metrics: EPRA net restoration value (EPRA NRV) and EPRA net disposal value (EPRA NDV).

EPRA performance indicators

As of the balance sheet date or for the year	**31.12.2024**	**31.12.2023**	***Change***
EPRA profit, € thousands	16,458	16,700	*-1%*
EPRA profit per share, in euros	1.52	1.54	*-2%*
EPRA NRV (net reinstatement value), € thousands	242,779	226,807	*7%*
EPRA NRV per share, in euros	21.22	20.96	*1%*
EPRA NDV (net disposal value), € thousands	233,073	218,698	*7%*
EPRA NDV per share, in euros	20.37	20.21	*1%*
EPRA NIY (net initial yield)	7.5%	7.6%	*-1%*
EPRA Topped-up NIY (adjusted net initial yield)	7.5%	7.7%	*-2%*
EPRA LTV	35.4%	37.2%	*-5%*
EPRA cost ratio, including direct vacancy costs	15%	15%	*3%*
EPRA cost ratio, excluding direct costs related to vacancy	14%	14%	*-1%*
EPRA vacancy ratio	3.0%	2.5%	*20%*

Definitions and calculations of EPRA's recommended performance indicators are provided below:

EPRA indicator		Definition	Purpose
EPRA profit		Operating profit	A key indicator of a company's business that illustrates its ability to pay dividends
EPRA net asset value	**EPRA net reinstatement value (EPRA NRV)**	The indicator assumes that the property investing company will never sell its assets. Indicates the value required to rebuild the business.	The purpose of the indicators is to provide stakeholders with indicators of the net asset value in different scenarios. The net asset value calculated in accordance with IFRS is adjusted to calculate the indicator.
	EPRA net tangible fixed assets (EPRA NTA)	The indicator assumes that a property investing company both buys and sells its assets, which results in a certain level of deferred income tax liability.	
	EPRA net disposal value (EPRA NDV)	The indicator expresses the net asset value in a situation where a property investing company sells its assets and the deferred income tax liability, financial instruments and certain other adjustments are deducted in full.	
EPRA net initial yield (EPRA NIY)		Annualized rental income at the reporting date less administrative costs of the investment property (ownership costs) divided by the market value of the investment property plus the estimated costs of the purchaser.	Benchmark for external valuations of the investment property portfolio. The indicator should help investors evaluate the valuations of different Adjusted EPRA net initial yield real estate portfolios.
Adjusted EPRA net initial yield (EPRA "Topped-up' NIY		EPRA's primary net return, adjusted for the end of lease-free periods or the end of other rental incentives (such as discounts, changes in rents.	
EPRA vacancy rate		Estimated rental income from vacant premises divided by the estimated rental income from the entire investment property portfolio.	Vacancy measure based on estimated rental income.
EPRA cost ratios		Estimated rental income from vacant premises divided by the estimated rental income from the entire investment property portfolio.	Vacancy measure based on estimated rental income.
EPRA LTV		The proportion of debt to the value of real estate investments	A key indicator that helps measure a company's debt burden

EPRA indicator calculations

EPRA net asset value indicators

As of 31.12.2024

€ thousands	EPRA NRV	EPRA NTA	EPRA NDV
Net asset value calculated in accordance with IFRS	233,073	233,073	233,073
Adjustments:			
Deferred income tax liability related to the change in the fair value of Investment property and tax depreciation	9,706	9,706	-
EPRA net asset value	**242,779**	**242,779**	**233,073**
Number of fully diluted shares	11,440,340	11,440,340	11,440,340
ERPA net asset value per unit, in euros	**21.22**	**21.22**	**20.37**

As of 31.12.2023

€ thousands	EPRA NRV	EPRA NTA	EPRA NDV
Net asset value calculated in accordance with IFRS	218,698	218,698	218,698
Adjustments:			
Deferred income tax liability related to the change in the fair value of investment property and tax depreciation	8,109	8,109	-
EPRA net asset value	**226,807**	**226,807**	**218,698**
Number of fully diluted shares	10,819,796	10,819,796	10,819,796
ERPA Net asset value per unit, in euros	**20.96**	**20.96**	**20.21**

EPRA profit

€ thousands	2024	2023
Net profit (IFRS)	13,564	1,000
Adjustments:		
Change in fair value of investment property	1,080	13,941
Effect of change in fair value of investment property on profit from joint ventures	217	561
Deferred income tax expense related to EPRA adjustments	1,597	1,198
EPRA profit	**16,458**	**16,700**
Weighted average number of shares during the period	10,833,397	10,819,796
EPRA earnings per share, in euros	**1.52**	**1.54**

EPRA net yield

€ thousands	**2024**	**2023**
Investment property	373,815	357,916
Minus developments	-6,372	-5,016
Finished investment property	**367,443**	**352,900**
Annualized rental income from leases in force at the reporting date	31,156	30,051
Costs related to investment property not covered by tenants	-3,165	-2,883
Annualized net rental income	**27,991**	**27,168**
Nominal impact of the end of rent exemptions or other rental incentives	23	277
Adjusted annualized net rental income	**28,014**	**27,445**
EPRA initial net yield (NIY)	**7.5%**	**7.6%**
EPRA adjusted initial net yield (Topped-up NIY)	**7.5%**	**7.7%**

EPRA vacancy rate

€ thousands	**2024**	**2023**
Estimated rental income from vacant premises	957	766
Estimated rental income for the entire investment portfolio	32,113	30,817
EPRA vacancy rate	**3.0%**	**2.5%**

EPRA cost ratios

€ thousands	**2024**	**2023**
Cost of sales	-1,569	-1,626
Other sales revenue paid by tenants to cover expenses	1,162	1,211
Marketing costs	-692	-583
Operating costs	-3,666	-3,546
Total costs, including direct costs related to the vacancy	**-4,765**	**-4,544**
Direct vacancy costs	-371	-180
Total costs, excluding direct costs related to the vacancy	**-4,394**	**-4,364**
Rental income (gross)	31,076	30,606
EPRA cost ratio, including direct vacancy costs	**15%**	**15%**
EPRA cost ratio, excluding direct costs related to vacancy	**14%**	**14%**

EPRA LTV

€ thousands	**2024**	**2023**
Total bank loans	149,552	147,908
Total liabilities	3,245	3,417
Minus cash and cash equivalents	18,415	14,712
Minus short-term deposits	2,092	3,400
Total net debt	**132,290**	**133,213**
Completed investment properties	367,443	352,900
Investment properties and land under development	6,372	5,016
Total asset value	**373,815**	**357,916**
EPRA LTV	**35.4%**	**37.2%**

Financing

The balance of bank loans of EfTEN Real Estate Fund AS subsidiaries as of 31.12.2024 was 149,552 thousand euros (31.12.2023: 147,908 thousand euros). The fair value of investment properties set as collateral for bank loans as of 31.12.2024 was 372,158 thousand euros (31.12.2023: 352,900 thousand euros), i.e. the LTV (Loan-to-value) of bank loans as of 31.12.2024 was 40% (31.12.2023: 42%).

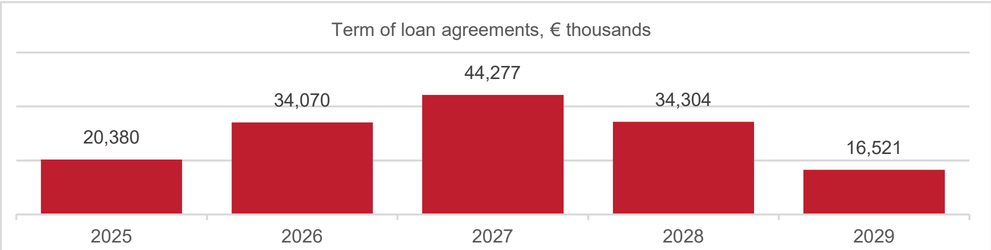
The Fund's management regularly reviews the Group's borrowings and monitors their compliance with the established financing policy and capital management principles. The Group's borrowing burden is gradually decreasing, as the repayments of bank loans of the Group's subsidiaries are predominantly made in monthly annuity or fixed payments. As a result, the LTV ratio of loans decreases over time below the conservative approach limit, allowing the management to consider raising additional financing. Periodic increases in borrowings create additional capital that can be directed to the Group's strategic investments and to pay dividends to shareholders.

The Fund's interest coverage ratio (ICR) for loans was 3.0 in 2024. Due to the increase in EURIBOR in the first half of 2024 and the increase in liabilities, the interest coverage ratio remained 10% lower compared to 2023.

ICR (Interest coverage ratio)	**2024**	**2023**
EBITDA	26,454	26,152
Interest expenses	-8,696	-7,970
ICR	**3.0**	**3.3**

The weighted average interest rate of the Group's loan agreements was 4.89% as of 31.12.2024 (31.12.2023: 5.91%). All loan agreements of the Fund's subsidiaries were linked to a floating interest rate in 2024.

In 2024, two new subsidiaries of the fund, EfTEN Härgmäe OÜ and EfTEN Paemurru OÜ, signed loan agreements for the acquisition and development of investment properties. In 2024, the fund's subsidiaries, EfTEN Autokeskus OÜ and EfTEN Jurkalne SIA, extended the loan agreements concluded with the bank for the next five years. The agreements were extended on the same terms and conditions as before. Within the next 12 months the loan agreements of six subsidiaries of the group will expire, the balance of which as of 31.12.2024 was 20,380 thousand euros in total. The LTV of the expiring loan agreements is 27% - 48% and the investment properties have a stable rental cash flow, therefore, according to the group's management, there will be no obstacles to extending the loan agreements.



Share information

In the end of 2024, the Fund carried out a share issue, during which 620,544 new shares were issued at a price of 19 euros, of which the nominal value was 10 euros and the share premium was 9 euros. A total of 11.790 thousand euros was raised during the issue, including an increase in the fund's share capital by 6.205 million euros and a share premium of 5.585 million euros. There were 0.159 million euros in expenses directly related to the issue. As of 31.12.2024, the Fund had 11,440,340 shares.

The registered share capital of EfTEN Real Estate Fund AS as of 31.12.2024 is 114,403 thousand euros (31.12.2023: 108,198 thousand euros). The share capital consisted of 11,440,340 shares (31.12.2023: 10,819,796) with a nominal value of 10 euros (31.12.2023: the same).

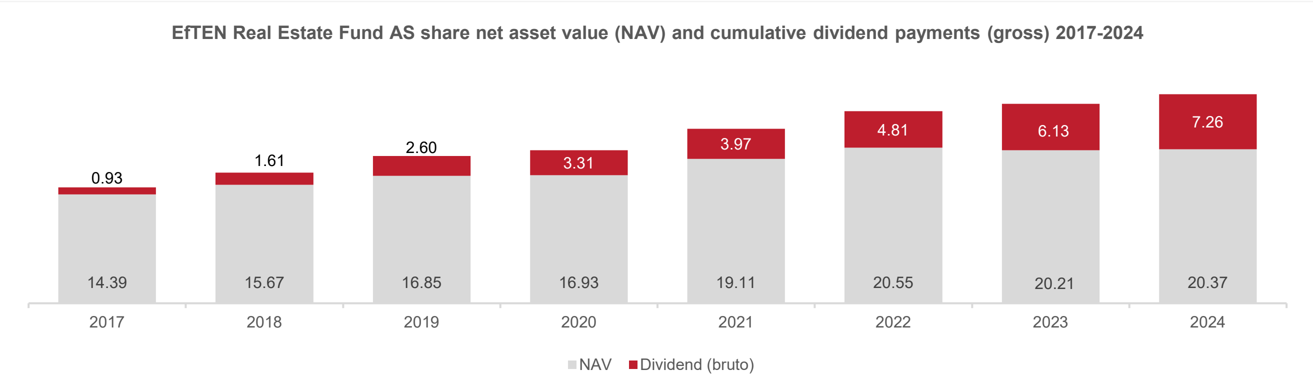
The net asset value (NAV) of EfTEN Real Estate Fund AS shares as of 31.12.2024 was 20.37 euros (31.12.2023: 20.21 euros). The net asset value of EfTEN Real Estate Fund AS shares increased by 0.8% in 2024. The Fund distributed dividends in the total amount of 10,820 thousand euros in 2024 (12,472 thousand euros in 2023). Without the distribution of profit, the net asset value of EfTEN Real Estate AS shares would have increased by 4.9% in 2024.

During 2024, the group has earned free cash flow of 11.109 million euros (2023: 11.314 million euros), of which 8.887 million euros (77.68 eurocents per share) could be considered gross dividends according to the Fund's dividend policy. In the spring of 2025, the Fund's management plans to refinance bank loans which LTV (Loan-to-Value) has fallen significantly lower compared to the principles of fund's financing policy and which operating cash flow exceeds loan and interest payments by more than two times. According to the management's estimate, the refinancing would allow to increase the distributed dividend up to 1.1 euros per share (net).

Calculation of potential dividend payment

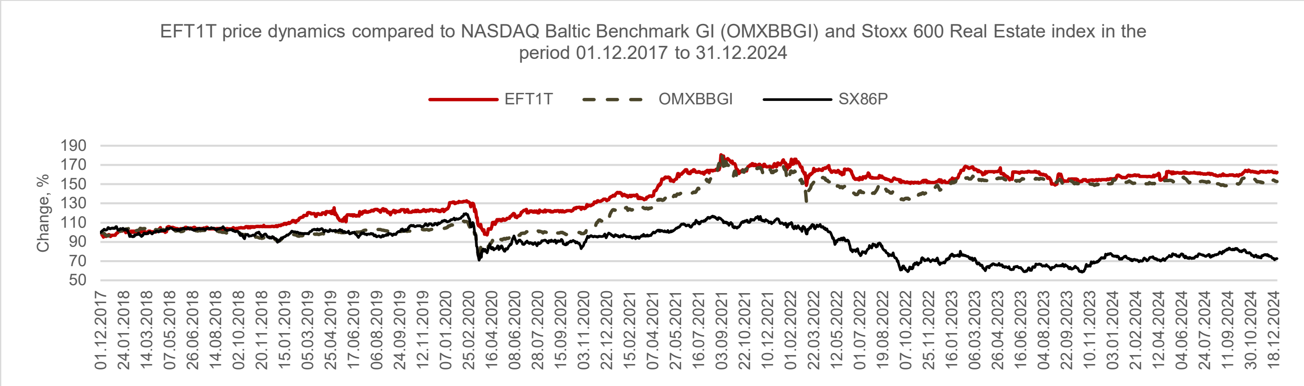
	2024	2023
€ thousands		
Operating profit	**25,319**	**12,142**
Adjustment for valuation gains on investment property	1,038	13,941
Adjustment with depreciation and impairment of fixed assets	56	69
Adjustment with profit on sale of fixed assets	41	0
EBITDA	**26,454**	**26,152**
Interest expense	-8,696	-7,970
Scheduled repayments of bank loans	-6,617	-6,720
Income tax expense on profits (Lithuania)	-32	-148
Free cash flow	**11,109**	**11,314**
80% of free cash flow	8,887	9,051
Adjustments for gross dividends	0	1,050
Income tax from dividends	-1,320	-1,174
Potential net dividend according to dividend policy	**7,567**	**8,927**
Potential additional cash flow from refinancing[1]	6,300	2,166
Income tax from additional dividends	-1,310	-273
Potential net dividend, including additional cash-flow from refinancing	**12,557**	**10,820**
Number of shares at the end of reporting period	11,440,340	10,819,796
Potential net dividend per share, euros	**1.10**	**1.00**

[1]The potential incremental cash flow includes additional free cash from refinancing of bank loans in 2025.



The shares of EfTEN Real Estate Fund AS have been traded on the main list of Nasdaq Tallinn since December 2017.

EFT1T share statistics	2024	2023
Opening price	18.90	19.75
Closing price	18.95	18.90
Minimum share price	18.25	17.90
Maximum share price	19.90	22.10
Volume of traded shares, thousands	161.782	376.047
Volume, EUR millions	3.07	7.33
Market capitalization as of 31.12, EUR millions	216.79	204.49
Profit per share, EUR	1.25	0.09
Net accounting value of the share	20.37	20.21
EPRA net value of the share	21.22	20.96
P/B (closing price / equity per share)	0.93	0.94
P/B EPRA (closing price / EPRA equity per share)	0.89	0.90



Shareholder statistics

	31.12.2024	31.12.2023
Number of shareholders	7,058	6,794
Number of represented countries	25	13
Share of Estonian residents in share capital	96.33%	96.35%
Share of legal entities in share capital	79.27%	86.13%
Share of private individuals in share capital	20.73%	13.87%

As of 31.12.2024, members of the Fund's Supervisory and Management Board and their related persons owned 28.09% of the shares.

Shareholders by geographical areas

Proportion	31.12.2024	31.12.2023
Estonia	96.33%	96.35%
Lithuania	2.03%	2.05%
Switzerland	1.30%	1.35%
United States	0.17%	0.19%
Latvia	0.13%	0.04%
Other	0.04%	0.02%

The largest shareholders as of 31.12.2024

	Number of shares	Share
Hoiukonto OÜ	1,287,296	11.3%
REF Aktsiad OÜ	1,258,144	11.0%
LHV Pensionifond L	1,210,475	10.6%
Altiuse KVI OÜ	1,092,845	9.6%
Vello Kunman	632,148	5.5%
Ivard OÜ	472,658	4.1%
EfTEN Capital AS	292,688	2.6%
EfTEN United Property Fund	218,759	1.9%
LHV Pensionifond XL	212,779	1.9%
HTB Investeeringute OÜ	198,032	1.7%
LHV Pensionifond M	187,978	1.6%
Tiskreoja OÜ	180,636	1.6%
Luminor Bank AS/EE Pensions	171,754	1.5%
Gomab (Swiss) AG	146,690	1.3%

Corporate governance report

Report on good corporate governance

This report has been prepared accordance with the principles of the Accounting Act and the Corporate Governance code and provides an overview of the compliance of the management of EfTEN Real Estate Fund AS (hereinafter the Fund) with the Corporate Governance Code as at 31.12.2024.

The Fund shall comply with good corporate governance practices, unless otherwise stated in this report, and in particular due to the specificities arising from the law when managing an investment fund registered as a public limited company.

GENERAL MEETING

Shareholders' rights

The Fund is an investment company incorporated as a public limited company with a nominal value of EUR 10 each. Each share grants one vote to the shareholder at the general meeting. The share entitles the shareholder to participate in the general meeting of shareholders and to distribute profits and assets remaining upon termination of the fund, as well as other rights provided by law and the articles of association. There are no specifications that would give shareholders different voting or other rights. The rights of shareholders were not changed during the reporting year.

The General Meeting is the highest governing body of the Fund, which has the authority to amend the Fund's articles of association, increase and decrease the share capital to the extent not authorized by the Supervisory board, decide to conclude, amend and terminate the management agreement concluded with the Fund Management Company, amend the policy for making payments to shareholders at the expense of the Fund, amend the Fund's investment policy, insofar as it is not in the competence of the Supervisory Board according to the articles of association, elect members of the Supervisory Board, renew and revoke their powers and determine their remuneration policy and amount, determine the necessity of special control, approve the annual report and decide on the distribution of profits, decide on the liquidation or merger of the Fund, decide on a transaction with a Supervisory Board member, determine the terms of the transaction, decide on legal disputes and appoint a representative of the Fund in this transaction or dispute, as well as decide on other issues in the competence of the General Meeting.

Significant Shareholders

None of the shareholders has control over the Fund. As far as the Fund is aware, there are no shareholder agreements or other agreements signed between the shareholders that could later give control over the Fund.

As of 31.12.2024, the Fund had three significant (over 10%) shareholders:

(i) OÜ Hoiukonto – 11.25 %, owned through holding companies by Marcel Vichman (33.03%), Ants Ratas (32.46%), Olari Taal (21.46%) and Hanno Murrand (13.65);

(ii) (ii) REF Aktsiad OÜ – 11 %, owned through holding companies by Olav Miil (84%) Toomas Vaher (16%);

(iii) (iii) LHV Pensionifond L – 10.58%.

The Fund Manager, EfTEN Capital AS, owns 2.56 % of the Fund's share capital.

Convening of the General Meeting and information to be published

Every shareholder has the right to participate in the General Meeting, to speak at the General Meeting on topics presented on the agenda and to ask justified questions and make proposals. The Annual General Meeting of Shareholders shall be called at least once a year within four months after the end of the financial year of the Fund. In addition, an Extraordinary General Meeting of Shareholders shall be called if deemed necessary by the Fund Manager or the Fund's Management Board or if it is requested by the Fund's Supervisory Board, auditor, Fund Manager, the Financial Supervisory Authority or the depository of the Fund. In addition to other persons stipulated by the law, shareholders whose shares represent at least 1/20 of the share capital may also demand the convening of an extraordinary General Meeting and the inclusion of issues on the agenda of the General Meeting. The request for convening an extraordinary General Meeting must be submitted to the Management Board in writing, stating the reason for the convocation.

The shareholders will be notified of the convening of ordinary and extraordinary meetings of shareholders via Nasdaq Tallinn Stock Exchange System and the notice will also be published on the website of the Fund and in a national daily newspaper at least three weeks prior to the meeting. Information related to the General Meeting is published as a stock exchange announcement and on the website in both Estonian and English. The newspaper will only publish the notice of the meeting in Estonian.

The agenda of the General Meeting, the proposals of the Management and Supervisory Board, draft resolutions and other relevant materials and information are made available to the shareholders before the General Meeting together with the notice the General Meeting on the Fund's website.

The Annual General Meeting of Shareholders was held on 02.04.2024 in the Radisson Collection Hotel Conference Centre. The notice convening the meeting was published as a stock exchange notice on 29.02.2024 and on the Fund's website www.eref.ee and on 01.03.2024 in the newspaper "Postimees". The Fund allowed shareholders to ask questions about the topics on the agenda by the e-mail address provided in the notice, by mail at the Fund's address and by phone, and to view the annual report on the Fund's website and its location at A. Lauteri 5, Tallinn, from the publication of the notice of the general meeting until the day of the general meeting. Shareholders had the opportunity to participate in the general meeting through an authorized representative or vote on draft resolutions electronically before the general meeting. The agenda of the Annual General Meeting of Shareholders included an overview of the fund's activities by the Management Board, approval of the 2023 annual report, and distribution of profit.

The decisions made at the regular general meeting of shareholders have been published both in the information system of the Nasdaq Tallinn stock exchange and on the website of the Fund www.eref.ee.

In addition, one extraordinary general meeting was held during the reporting year, the convening notice of which was published on 24.09.2024 as a stock exchange notice, on the fund's website www.eref.ee and in the newspaper "Õhtuleht". The extraordinary general meeting of shareholders was held on 16.10.2024 in the conference centre of the Radisson Collection hotel. The fund allowed shareholders to ask questions about the topics mentioned in the agenda of the extraordinary general meeting to the e-mail address provided in the notice, by mail to the fund's address and by phone, and to view the annual report on the fund's website and at the its location at A. Lauteri 5, Tallinn, from the publication of the notice of the general meeting until the day of the extraordinary general meeting. Shareholders had the opportunity to participate in the general meeting through an authorised representative or to vote on draft resolutions before the general meeting electronically. The agenda of the extraordinary general meeting of shareholders included an overview of the Management Board's economic activities in the reporting year and the increase in the Fund's share capital and the listing of new shares on the main list of the Nasdaq Tallinn Stock Exchange. The decisions made at the extraordinary general meeting of shareholders have been published both in the information system of the Nasdaq Tallinn Stock Exchange and on the fund's website www.eref.ee. Based on the decision of the general meeting, the increase in share capital was entered in the commercial register on 23.12.2024. and the new shares were admitted to trading (the first trading day was 30.12.2024).

Conducting a regular general meeting of shareholders

The annual general meeting of 02.04.2024 was held in Estonian and was chaired by attorney-at-law Raino Paron. The chairman of the meeting introduced the Fund representatives participating in the meeting to the shareholders and then the procedure for conducting the meeting, including the procedure for submitting questions and voting on the issues on the agenda. The meeting was attended by the members of the Fund's Management Board Viljar Arakas and Tõnu Uustalu, the chairman of the Supervisory Board Arti Arakas, the members of the Supervisory Board Olav Miil, Sander Rebane and Siive Penu, and the chief auditor of the Fund's auditor PricewaterhouseCoopers AS, Rando Rand. The registration and voting of shareholders were organized by ARS Corporate Service OÜ. The voting results were calculated electronically. According to the articles of association, the general meeting may adopt resolutions if shareholders who hold more than half of the votes represented by shares participate in the general meeting. Shareholders who accounted for 70.46% of the votes represented by shares were represented at the general meeting. Some of them, 0.08% of all votes determined by shares, cast their votes electronically before the meeting in accordance with the procedure published in the notice convening the general meeting. The general meeting presented an overview of the fund's activities, which was an informative agenda item. Then, under separate agenda items, a) the annual report 2023 together with the remuneration report; and b) the distribution of profit was decided.

Shareholders were given the opportunity to ask questions about agenda items, make proposals and ask questions. Statements and dissenting opinions were not presented at the regular general meeting. The general meeting was held in accordance with the requirements of the law and the articles of association. There was no video transmission of the general meeting.

Holding an extraordinary general meeting of shareholders

On 16.10.2024 the extraordinary general meeting was held in Estonian and was chaired by attorney-at-law Gerli Kivisoo. The chairman of the meeting introduced the Fund representatives participating in the meeting to the shareholders and then the procedure for conducting the meeting, including the procedure for submitting questions and voting on the issues on the agenda. The meeting was attended by the Fund's Management Board members Viljar Arakas and Tõnu Uustalu, and the Supervisory Board members Olav Miil, Sander Rebane and Siive Penu. The registration and voting of shareholders were organized by ARS Corporate Service OÜ. The voting results were calculated electronically. According to the articles of association, the general meeting may adopt decisions if shareholders who hold more than half of the votes represented by shares participate in the general meeting. Shareholders who constituted 77.01% of the votes represented by shares were represented at the general meeting. Some of them, 12.89% of all votes determined by shares, cast their votes electronically before the meeting in accordance with the procedure published in the notice convening the general meeting. The general meeting presented an overview of the Fund's economic activities in the reporting year, which was an informative agenda item. It was then decided to increase the Fund's share capital and list new shares on the main list of the Nasdaq Tallinn Stock Exchange. Shareholders were guaranteed the opportunity to ask questions about the agenda items, make proposals and ask questions. No statements or dissenting opinions were presented at the extraordinary general meeting. The general meeting complied with the requirements of the law and the articles of association. There was no video transmission of the general meeting.

MANAGEMENT BOARD

Tasks of the Management Board

The board supervises the activities of the management company related to the fund to the extent and in the manner prescribed in the management agreement, i.e. supervises the fulfilment of the obligations of the management company arising from the management agreement and supervises the operations of the depository to the extent and in the manner prescribed in the depository agreement, as well as the performance of other tasks related to the management of the Fund and delegated by third parties.

The board of the Fund does not manage the Fund's assets to the extent resulting from valid legislation, articles of association and management agreement.

During the reporting year, there were no changes in the duties and competence of the board.

Composition and remuneration

According to the Articles of Association of the Fund, the Management Board consists of one to three members. The members of the Management Board are elected and recalled by the Supervisory Board. Viljar Arakas and Tõnu Uustalu have been members of the Management Board since their establishment. The chairman of the board has not been elected. In 2024, there were no changes in the members of the Management Board.

Every member of the board can represent the Fund in all legal proceedings.

No separate agreements have been concluded with the members of the Management Board. No remuneration has been paid to the members of the Management Board and there are no decisions to pay any remuneration or benefits (incl. non-monetary) to the members of the Management Board in the future. Viljar Arakas, a member of the Management Board of the Fund, is at the same time a member of the Management Board of the Management Company and the Management Company has entered into an agreement with Viljar Arakas, he has signed a board member contract. Tõnu Uustalu, a member of the Management Board of the Fund, is also the head of the investment department of the Management Company, with whom the Management Company has entered into an employment contract.

In connection with the management of the Fund, the management company has established internal rules to ensure the functioning of the fund's risk management and internal control, as well as internal rules for organizing accounting and preparing financial statements and together with the Management Board. The members of the Management Board shall submit and update their declarations of financial interests at least once a year.

Conflict of interest

In 2024, there were no transactions between the Fund and the members of the board, their relatives or persons related to them, except for the provision of management services by the management company to the Fund according to the management agreement. In addition to the duties of the board members, participation in other associations has taken place with the consent of the council and published in the fund's prospectus, which is available on the fund's website www.eref.ee. Board member Viljar Arakas is a member of the council of Coop Pank AS, whose shares are listed on the Nasdaq Tallinn stock exchange, from14.04.2021. Board member Tõnu Uustalu does not simultaneously participate in the work of the board or council of any other publicly listed company on the securities market.

As of 31.12.2024, board member Viljar Arakas owns a total of 0.22% of the Fund's share capital and 22.36% of the Fund management company's share capital through his holding company and as a private individual. Board member Tõnu Uustalu owns 0.62% of the Fund's share capital and 16.77% of the Fund management company's share capital.

The management company owns 2,56% of the Fund's share capital.

Neither the board member nor the employee shall demand or accept money or other benefits from third parties for personal purposes in connection with their work, nor shall they make illegal or unjustified favours to third parties on behalf of the Fund.

In 2024, neither the Management Board nor, as far as the Management Board is aware, the employees of the group have gone astray against the mentioned principle.

SUPERVISORY BOARD

Tasks

Considering the limitations set forth in the Fund's Articles of Association, the Supervisory Board is authorized to appoint and recall a procurator, appoint an audit firm, approve the terms of the depository agreement, approve a stockholder; decide on a transaction with a Management Board member and the terms of transactions, decide on legal disputes and appoint a representative of the Fund in this transaction or dispute , approve semi-annual report, approve opening balance and annual report of liquidation, supervise the Management Board and increase share capital within three years from the date of establishment.

The Supervisory Board’s approval is required for transactions that go beyond the normal course of business, including acquisition and termination of holdings in other companies, the establishment or termination of a subsidiary, the approval and amendment of a Fund’s operating strategy, significant changes to the Fund’s activities or involving the Fund in business activities that are not directly related to the objectives of the Fund’s current economic activity and transactions in excess of EUR 250,000.

The Fund does not have an audit or remuneration committee, and these functions are performed by the Supervisory Board.

The work of the Supervisory Board is organized by the Chairman of the Supervisory Board, who is elected by the Supervisory Board members from among themselves. The Supervisory Board makes decisions at meetings of the Supervisory Board or without convening a meeting. A decision of the Supervisory Board is adopted if more than half of the members of the Supervisory Board participating in the meeting are in favour of it, unless the legislation or the articles of association stipulate a requirement for a larger majority. In the event of an equal division of votes, the Chairman of the Supervisory Board does not have a casting vote. In order to adopt decisions without convening a meeting, all members of the Supervisory Board must agree to the decision. The tasks and work organization of the Supervisory Board were not changed during the reporting year.

Composition and remuneration

According to the Articles of Association of the Fund, the Supervisory Board consists of three to five members. Since its establishment, the Supervisory Board has 4 members, including Arti Arakas (Chairman of the Supervisory Board), Olav Miil, Siive Penu and Sander Rebane. According to the Articles of Association, reelection of the members of the Supervisory Board (extension of the term of office) is permitted. There were no changes in the composition of the Supervisory Board in 2024, the powers of the members of the Supervisory Board are valid.

No agreements have been concluded with the members of the Supervisory Board. No remuneration has been paid to the members of the Supervisory Board and there are no decisions to pay any remuneration or benefits (incl. non-monetary) to the members of the Supervisory Board in the future. All members of the Supervisory Board attended more than half of the meetings of the Supervisory Board.

Conflict of interest

Council members avoid conflicts of interest in their activities. In his activities as a member of the Supervisory Board, the member of the Supervisory Board prefers the issuer's interests to personal or third-party interests. The council member does not use commercial offers aimed at the issuer for his personal interests. In 2024, as far as the Fund is aware, the members of the Council have not gone astray against the said principle. Among other things, the members of the council update their declaration of economic interests at least once a year.

In 2024, no transactions took place between EfTEN Real Estate Fund AS and members of the Supervisory Board of the Fund, their relatives or persons related to them, except for the provision of management services by the management company to the Fund in accordance with the management agreement. Council members do not simultaneously participate in the work of the boards or councils of other publicly listed companies on the securities market. The activities of the council members in other associations are published in the fund's prospectus and available on the Fund's website www.eref.ee.

As of 31.12.2024, the chairman of the Supervisory Board, Arti Arakas, owns 5.62% of the Fund's share capital and 8.61% of the Fund's Manager share capital through holding companies, Olav Miil owns 9.24% of the Fund's share capital through a holding company and 0.46% of the Fund's share capital as a private individual and 4.53% of the Fund's Manager share capital as a private individual, Siive Penu owns 0.01% of the Fund's share capital and does not hold any shares in the Fund's Manager share capital. Siive Penu is a member of the Management Board of HTB Investeeringud OÜ, who owns 1.73% of the Fund's share capital and 4.53% of the Fund's share capital. Supervisory board member Sander Rebane owns 0.001% of the Fund's shares as a private individual and through a holding company. Sander Rebane does not own any shares in the Fund's share capital.

The Fund Manager owns 2.56% of the Fund's share capital.

COOPERATION OF MANAGEMENT AND SUPERVISORY BOARD

The board and the council cooperate closely with the aim of best protecting the interests of the Fund. Cooperation is primarily based on an open exchange of opinions between the board and the council as well as within the board and the council. At the same time, the members of the board participate in the discussions of the adoption of the decisions of the council both at the meetings of the council and outside of the meetings.

Close cooperation between the council and the board has continued in 2024.

Confidentiality requirements are applied to all information exchange between the Supervisory Board and the Management Board, which ensure control over the flow of price-sensitive information in particular, including the establishment of internal rules for handling inside information, maintaining a list of persons possessing inside information and disclosing information. To the knowledge of the Fund, neither the Management Board nor the management company have deviated from the instructions given by the Supervisory Board in managing the Fund in 2024.

DISCLOSURE OF INFORMATION

The Fund informs all shareholders about material matters equally, using the information system of the Tallinn Stock Exchange and its website. The website of the Fund www.eref.ee contains general information about the fund, an overview of real estate investments, information about the members of the Management Board and Supervisory Board, the main service providers as well as stock exchange announcements, reports and other relevant information. The annual and interim reports of the Fund provide information on the fund's strategy and financial performance, as well as a report on corporate governance. Information on the composition of the Supervisory Board and the auditor, resolutions of the general meeting and other important information is published in the section of stock exchange releases. In addition, the annual reports of the Fund are available on the website of the Management Company EfTEN Capital AS at www.eften.ee.

In addition to the quarterly interim reports and the annual report, the Fund also publishes the Fund's net asset value on a monthly basis as of its registration on the Nasdaq Tallinn Stock Exchange, which is also available on the Fund's website. Before the end of each financial year, the Fund shall publish through the Nasdaq Tallinn stock exchange system and thereafter on its website the following financial year, showing the dates of quarterly and annual financial results and the date of the annual general meeting. Once the information has been published through the Nasdaq Tallinn Stock Exchange system, all of this information will also be available on the Fund's website. The Fund regularly communicates with its shareholders. The general meeting of shareholders shall be convened at least once a year, with a separate agenda item providing an overview of the activities of the fund and where each shareholder can ask questions to the members of the management and Supervisory Boards. The Management Board also meets with shareholders outside general meetings, including at conferences and meetings. In addition, two web seminars were held in relation to the public offering of new shares.

FINANCIAL REPORTING AND AUDITING

Reporting

The consolidated financial statements of the Fund are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The annual report is audited and approved by the Supervisory Board and approved by the annual general meeting of shareholders. The Fund annually publishes the consolidated audited annual report and the consolidated quarterly reports during the financial year, which are published through the information system of the Tallinn Stock Exchange and are publicly available on the website of the Fund and the Fund Manager.

Election of the auditor and audit of the financial statements

The independent auditor of the Fund is AS PricewaterhouseCoopers, which was appointed as the auditor of the Fund upon its establishment. In accordance with the Investment Funds Act and the Fund's Articles of Association, the right to appoint the auditor is granted to the Supervisory Board. The auditor's duties, schedule and remuneration are defined in the contract concluded with the auditor.

In 2024, the Fund's contractual auditor AS PricewaterhouseCoopers did not provide any other services in addition to the audit of the consolidated annual report and the annual reports of the subsidiaries. In 2024, the total amount of fees paid or payable for audit services provided by the Group's appointed auditor is 84 thousand euros, including 34 thousand euros for the Fund's consolidated annual report. In 2024, the PwC network companies have provided other services for agreed-upon procedures in the amount of 30 thousand euros and audit services for the auditing the Fund's subsidiaries in the amount of 12 thousand euros.

There were no events or circumstances in 2024 that the auditor has informed the Supervisory Board of and that, in the auditor's opinion, may affect the work of the Supervisory Board or the management of the Fund. Nor has the auditor informed the Fund of any threat to the auditor's independence or the professionalism of his work.

In 2024, Rando Rand, the chief auditor of PricewaterhouseCoopers AS, participated in the annual general meeting of shareholders, where the report for the previous financial year was approved.

RISK PROFILE AND RISK MANAGEMENT

EfTEN Real Estate Fund AS is a public limited-liability investment fund (alternative investment fund), whose shares are listed on the Nasdaq Tallinn stock exchange and are freely traded. the aim of providing shareholders with an opportunity to participate in an actively managed real estate portfolio and the aim of the Fund has not changed in 2024.

The Fund is not a guaranteed fund, i.e. the payment of dividends to the investor is not guaranteed.

Key information about the Fund published for investors is available on the Fund's website www.eref.ee.

In its day-to-day operations, the fund is exposed to various risks. The fund and the fund management company treat risk as a possible danger that some event, action or inaction may cause a loss of property or reputation or threaten the effective performance of tasks/goals. The main risks related to the activities of the fund and its subsidiaries are also described in the Fund's prospectus, which is available on the fund's website at www.eref.ee.

The Fund and the Management Company regard risk management as a continuous process of defining, assessing, measuring and mitigating risks and as part of the management of the company's daily activities. . The principle is that risks must be taken in a balanced manner, taking into account the internal risk management rules established by the management company, the investment and risk diversification restrictions set out in the fund's articles of association and applying risk mitigation measures as appropriate. When investing the Fund's assets, excessive risk-taking is unacceptable and appropriate measures must be applied to identify risks, assess risks, perform risk analysis and evaluate results in order to manage risks. Thus, the risk management process includes both the risks related to the investment planned or made on behalf of the fund and the management of the fund's management and the management company's own operational and other risks. An independent internal auditor of the management company is also involved in the evaluation of the risk management process and measures, and in addition, a compliance function functions as part of the management company's internal control. The role of risk management and internal control is to ensure that risks are recognized and addressed at all levels as part of the risk management process. The Management Board shall ensure that each employee and member of the management body is aware of the requirements with which he or she must comply in order to perform his or her duties and that the performance of the various functions does not prevent the employee or member of the management body from acting in a reliable, fair and appropriate manner. To this end, trainings for the employees of the management company are also conducted annually.

REMUNERATION REPORT

This report provides an overview of the principles of remuneration of managers of EfTEN Real Estate Fund AS and the determination of work-related benefits, as well as the fees paid to managers in the 2024 financial year. In this remuneration report, the members of the board of the stock issuer are treated as directors in accordance with the Securities Market Act.

The basic remuneration principles of EfTEN Real Estate Fund AS were defined when the Fund was founded in 2015, according to which no fees are paid to the members of the fund's management bodies, including members of the board. Also, severance and retirement benefits or other benefits are not assigned to the members of the fund's management bodies at the expense of the fund. These principles were not changed during the reporting year. The mentioned basic principles based on the difference, because of which EfTEN Real Estate Fund AS is not just an issuer of shares, but an investment fund established as a joint-stock company, the members of the board of which are members of the executive management of the management company managing the fund. The fund pays a management fee to the Fund Manager in accordance with the principles published in the fund's articles of association and the management agreement. EfTEN Real Estate Fund AS board member Viljar Arakas is a Management Board member and EfTEN Real Estate Fund AS board member Tõnu Uustalu is the manager of the investment department of the management company.

In the financial year 2024, the fund did not pay a basic salary or performance fee to Tõnu Uustalu nor Viljar Arakas, i.e. the basic salary and performance fee was 0 euros. Regarding the compliance of the sum, the Fund Manager (EfTEN Capital AS) has established the principles of remuneration for management and employees as a part of its Code of Conduct, which originate of the general principle to ensure the motivation of the management and employees, but not to contribute to taking risks that are not in line with the risk profile and Articles of Association of the funds managed by Fund Manager, including the Fund. The Fund Manager pays monthly fixed remuneration to the members of the Management Board and employees of the Fund Manager. To avoid conflicts of interest, a member of the Management Board or an employee of the management company shall not be paid a performance fee upon making investments in the funds managed by the Fund Manager. This also ensures that the principles of remuneration are clear and transparent, based on the long-term objectives of the funds managed and that the legitimate interests of investors and creditors are considered. Compliance with the management company's remuneration policy is checked annually by the internal auditor and the remuneration policy is reviewed by the management company's Supervisory Board at least once a year.

As no performance fee is foreseen, it is not applicable to assess compliance with the performance criteria. It is therefore also not applicable to present an annual change in the remuneration of EfTEN Real Estate Fund AS, the company's performance and the average full-time remuneration of the company's employees.

Viljar Arakas and Tõnu Uustalu do not have a variable remuneration as managers of the Fund and therefore it is not applicable to provide an overview of the possibility to reclaim variable remuneration. In 2024, there are no exceptions to the principles of remuneration of management.

As of 31.12.2024, board member Viljar Arakas owns a total of 24,606 fund shares through his holding company and as a private individual, or 0.22% of the fund's share capital and 22.36% of the fund management company's share capital. Board member Tõnu Uustalu owns 70,500 shares or 0.62% of the fund's share capital and 16.77% of the fund management company's share capital. The fund management company owns 292,688 shares, or 2.68% of the fund's share capital. Tõnu Uustalu and Viljar Arakas do not have stock options.

The shareholders of the fund, including Tõnu Uustalu and Viljar Arakas, in accordance with the Articles of Association, when increasing the fund's share capital and issuing new shares, have the right to subscribe for new shares, analogously to other shareholders of the fund, in proportion to their existing participation in the fund, except in cases where the right to subscribe for existing shareholders is excluded by the decision of the general meeting of the Fund.

The remuneration principles of the fund's managers are also published in the Fund's prospectus, which is available on the EfTEN Real Estate Fund AS website at www.eref.ee. In addition, the prospectus also publishes the fees paid to the managers of EfTEN Real Estate Fund AS's subsidiaries. At the same time, neither Viljar Arakas nor Tõnu Uustalu have been paid any fees, compensations or incentives from any company belonging to the same group as EfTEN Real Estate Fund AS.

Remuneration of the Group's employees and the Group's sales revenue and net profit for the last five years

	2024	2023	2022	2021	2020
€ thousands					
Total remuneration calculated for the Fund's employees	482	469	267	245	260
Number of employees	13	12	10	11	12
Sales revenue	32,238	31,817	14,299	12,921	10,731
Net profit	13,564	1,000	11,408	13,099	3,317

FINANCIAL STATEMENTS OF THE CONSOLIDATION GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2024	2023
€ thousands			
Revenue	3,4	32,238	31,817
Cost of services sold	5	-1,569	-1,626
Gross profit		**30,669**	**30,191**
Marketing costs	6	-692	-583
General and administrative expenses	7	-3,666	-3,546
Gain / loss from valuation of investment properties	13	-1,080	-13,941
Other operating income and expense		88	21
Operating profit	**3**	**25,319**	**12,142**
Loss from joint ventures	2	-118	-499
Interest income		278	184
Other finance income and expense	8	-8,696	-7,970
Profit before income tax		**16,783**	**3,857**
Income tax expense	9	-3,219	-2,857
Net profit for the financial period	**3**	**13,564**	**1,000**
Total comprehensive income for the period		**13,564**	**1,000**
Earnings per share	10		
- basic		1.25	0.09
- diluted		1.25	0.09

The notes on pages 27-57 are integral parts of the interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2024	31.12.2023
€ thousands			
ASSETS			
Cash and cash equivalents	11	18,415	14,712
Short-term deposits	16	2,092	3,400
Receivables and accrued income	12	2,055	2,360
Prepaid expenses		138	106
Total current assets		**22,700**	**20,578**
Long-term receivables	12	154	214
Shares in joint ventures	2	1,960	2,078
Investment property	3,13	373,815	357,916
Property, plant and equipment		134	158
Total non-current assets		**376,063**	**360,366**
TOTAL ASSETS		**398,763**	**380,944**
LIABILITIES AND EQUITY			
Borrowings	14	30,300	16,907
Liabilities and prepayments	15	3,245	3,417
Total current liabilities		**33,545**	**20,324**
Borrowings	14	119,120	130,849
Other long-term liabilities	15	1,928	1,790
Deferred income tax liability	9	11,097	9,283
Total non-current liabilities		**132,145**	**141,922**
Total liabilities		**165,690**	**162,246**
Share capital	17	114,403	108,198
Share premium	17	90,306	84,721
Statutory reserve capital		2,799	2,749
Retained earnings	18	25,565	23,030
TOTAL EQUITY		**233,073**	**218,698**
TOTAL LIABILITIES AND EQUITY		**398,763**	**380,944**

The notes on pages 27-57 are integral parts of the interim financial report.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2024	2023
€ thousands			
Cash flows from operating activities			
Net profit		**13,564**	**1,000**
Adjustments of net profit:			
Loss from joint ventures using the equity method	2	118	499
Income on interest		-278	-184
Finance income and expense	8	8,696	7,970
Gain/loss on valuation of investment property	13	1,080	13,941
Depreciation and impairment losses	5,7	55	69
Income tax expense	9	3,219	2,857
Total adjustments with non-cash changes		**12,890**	**25,152**
Total cash flows from operations before changes in working capital		**26,454**	**26,152**
Change in receivables and payables related to operating activities		344	-462
Change in liabilities and prepayments related to operating activities		-73	86
Total cash flows from operating activities		**26,725**	**25,776**
Cash flows from investing activities			
Acquisition of property, plant and equipment		-33	-46
Acquisition of investment property	13	-21,448	-6,055
Sale of investment properties	13	4,633	0
Change in short-term deposits	16	1,308	-3,400
Cash from the merger		0	11,621
Interest received		258	177
Total cash flows from investing activities		**-15,282**	**2,297**
Cash flows from financing activities			
Loans received	14	14,260	4,080
Loan repayments	14	-12,615	-6,720
Interest paid		-8,822	-7,800
Issuance of shares	17	11,630	0
Dividends paid	16	-10,820	-12,472
Income tax on dividends paid		-1,373	-1,780
Total cash flows from financing activities		**-7,740**	**-24,692**
TOTAL CASH FLOW		**3,703**	**3,381**
Cash and cash equivalents at the beginning of period	**11**	**14,712**	**11,331**
Change in cash and cash equivalents		3,703	3,381
Cash and cash equivalents at end of period	**11**	**18,415**	**14,712**

The notes on pages 27-57 are integral parts of the interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Statutory reserve capital	Retained earnings	Total
€ thousands					
Balance 31.12.2022	**50,725**	**16,288**	**2,149**	**35,102**	**104,264**
Issuance of shares (Note 17)	57,473	68,433	0	0	125,906
Dividends declared	0	0	0	-12,472	-12,472
Provision for reserve capital	0	0	600	-600	0
Total transactions with owners	**57,473**	**68,433**	**600**	**-13,072**	**113,434**
Net profit for the financial period	0	0	0	1,000	1,000
Total comprehensive income for the period	**0**	**0**	**0**	**1,000**	**1,000**
Balance 31.12.2023	**108,198**	**84,721**	**2,749**	**23,030**	**218,698**
Issuance of shares (Note 17)	6,205	5,585	0	-159	11,631
Dividends declared (Note 16)	0	0	0	-10,820	-10,820
Provision for reserve capital	0	0	50	-50	0
Total transactions with owners	**6,205**	**5,585**	**50**	**-11,029**	**811**
Net profit for the financial period	0	0	0	13,564	13,564
Total comprehensive income for the period	**0**	**0**	**0**	**13,564**	**13,564**
Balance 31.12.2024	**114,403**	**90,306**	**2,799**	**25,565**	**233,073**

Additional information on share capital is provided in Note 17.

The notes on pages 27-57 are integral parts of the interim financial report.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

1 *Accounting policies and measurement bases used in the preparation of the consolidated annual financial statements*

1.1 *General information*

EfTEN Real Estate Fund AS (formerly EfTEN Real Estate Fund III AS) is a public closed investment fund established in 2015, the main activity of which is investments to commercial real estate that generate cash flow in the Baltic states. The fund's investment activities follow the opportunistic and value-generating strategy. The fund is mainly directed to retail investors. EfTEN Real Estate Fund AS executes commercial investment property in the Baltic states.

The structure of the Group as of 31.12.2024 is as follows (see also Note 2):

EFTEN REAL ESTATE FUND AS

	OFFICE	LOGISTICS	RETAIL	CARE HOMES	OTHER
ESTONIA	EfTEN SPV2 OÜ *Lauteri 5, Tallinn* EfTEN SPV5 OÜ *Pärnu mnt 105, Tallinn* EfTEN SPV6 OÜ *Pärnu mnt 102, Tallinn*	EfTEN SPV15 OÜ *Premia Külmhoone, Tallinn* EfTEN SPV17 OÜ *Betooni 1a, Betooni 6, Tallinn* EfTEN SPV12 OÜ *Kuuli 10, Tallinn* EfTEN Tänassilma OÜ *DSV logistics centre, Tallinn* EfTEN Härgmäe OÜ *Härgmäe tn 8, Tallinn* EfTEN Paemurru OÜ *Paemurru tee 3, Harku vald (under construction)*	EfTEN SPV14 OÜ *Võru Rautakesko* EfTEN SPV3 OÜ *Uku Keskus, Viljandi* EfTEN SPV7 OÜ, EfTEN SPV8 OÜ *Mustika Keskus, Tallinn* EfTEN SPV12 OÜ *Tammsaare tee Rautakesko, Tallinn* EfTEN Laagri OÜ *Laagri Selver, Tallinn* EfTEN Seljaku OÜ *Hortes gardening centre, Laagri* EfTEN Autokeskus OÜ *ABC Motors Autokeskus, Tallinn* EfTEN Tähesaju tee OÜ	EfTEN Pirita OÜ *Pirita Pansionaat, Tallinn* EfTEN Valkla OÜ *Valkla Südamekodu* EfTEN Ermi OÜ *Tartu Südamekodu*	EfTEN SPV4 OÜ *Rakvere Police and rescue building* EfTEN SPV11 OÜ (joint venture 50%) *Hotel Palace*
LATVIA	EfTEN Terbata SIA *Terbata office building, Riga* EfTEN Riga Airport SIA *airBaltic main building, Riga*	EfTEN Jurkalne SIA *Jurkalne Technology Park, Riga* EfTEN Krustpils SIA *DSV logistics centre, Riga* EfTEN Piepilsetas SIA *Piepilsetas logistics centre, Kekava*	EfTEN Jelgava SIA *RAF Centrs, Jelgava*		EfTEN ABC SIA Auras Centrs SIA *Jelgava development project (under development)*
LITHUANIA	Verkių projektas UAB *Ulonu office building, Vilnius* EfTEN Menulio UAB *Menulio 11, Vilnius* EfTEN Laisves UAB *L3 office building, Vilnius* EfTEN Evolution UAB *Evolution office building, Vilnius* EfTEN Rutkausko UAB *Rutkausko office building, Vilnius*	EfTEN Stasylu UAB *DSV logistics centre, Vilnius* EfTEN Ramygalos UAB *Ramygalos logistics center, Panevėžyses*	Saulės Miestas UAB *Saulės Miestas shopping centre, Šiauliai*		

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

The consolidated financial statements of EfTEN Real Estate Fund AS and its subsidiaries for the year ended 31 December 2024 have been signed by the Management Board on 27 February 2025. According to the requirements of the Commercial Code of the Republic of Estonia, the annual report prepared by the Management Board and approved by the Supervisory Board is approved at the general meeting of shareholders. These consolidated financial statements form part of the annual report approved by the shareholders and are one of the bases for deciding on the distribution of profits. Shareholders have the right not to approve the annual report prepared by the Management Board and approved by the Supervisory Board and to demand the preparation of a new report until approval by the general meeting.

1.2 *Summary of significant accounting policies*

The consolidated financial statements of EfTEN Real Estate Fund AS and its subsidiaries (hereinafter also referred to as the “Group”) have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS EU). The financial reporting principles of investment funds are set out in the Investment Funds Act, the Accounting Act and Regulation No. 8 of the Minister of Finance 'Requirements for Fund Reports Subject to Disclosure' of 18 January 2017.

The Group's financial statements are presented in thousands of euros.

The financial statements have been prepared under the historical cost convention, unless otherwise stated (for example, investment property is carried at fair value).

In the preparation of financial statements, the accounting entity is presumed to be carrying on its activities as a going concern.

1.2.1 Application of new or revised standards and interpretations

From January 1, 2024, the following new or revised standards and interpretations became mandatory for the Group:

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

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

The above changes had no impact on the Group's financial statements.

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

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

The above changes had no impact on the Group's financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements

In response to concerns of the users of financial statements about inadequate or misleading disclosure of financing arrangements, in May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require disclosure about entity’s supplier finance arrangements (SFAs). These amendments require the disclosures of the entity’s supplier finance arrangements that would enable the users of financial statements to assess the effects of those arrangements on the entity’s liabilities and cash flows and on the entity’s exposure to liquidity risk. The purpose of the additional disclosure requirements is to enhance the transparency of the supplier finance arrangements. The amendments do not affect recognition or measurement principles but only disclosure requirements.

The above changes had no impact on the Group's financial statements.

The standards will come into force in the following reporting periods and standards not yet adopted

(effective to reporting periods beginning on or after 1 January 2025; not yet adopted by the European Union)

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7

On May 30, 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

(a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;

(b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;

(c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and

(d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group will analyse and disclose the impact of this change after implementation.

IFRS 18 Presentation and Disclosure in Financial Statements

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

- the structure of the statement of profit or loss;

- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and

- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

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

The Group will analyse and disclose the impact of this change after implementation.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

The International Accounting Standard Board (IASB) has issued a new IFRS Accounting Standard for subsidiaries. IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. Subsidiaries using IFRS Accounting Standards for their own financial statements provide disclosures that maybe disproportionate to the information needs of their users. IFRS 19 will resolve these challenges by:

- enabling subsidiaries to keep only one set of accounting records – to meet the needs of both their parent company and the users of their financial statements;

- reducing disclosure requirements – IFRS 19 permits reduced disclosure better suited to the needs of the users of their financial statements.

The Group will analyse and disclose the impact of this change after implementation.

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

These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. In 2015, the IASB decided to postpone the effective date of these amendments indefinitely.

The Group will analyse and disclose the impact of this change after implementation.

1.2.2 Management's critical estimates and judgements

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

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

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

Estimation uncertainty

The estimates made by management are based on historical experience and the information that has become available by the date of preparation of the financial statements. Therefore, there is a risk with the assets and liabilities presented at the balance sheet date, and the related revenue and expenses, that the estimates applied need to be revised in the future. The key sources of estimation uncertainty that have a significant risk of causing material restatements to the financial statements are described below.

a) Determination of the fair value of investment property

Investment property is measured at its fair value at each balance sheet date. The Group's real estate investments are valued by Colliers International Advisors OÜ. The Group's independent appraiser evaluates investment properties individually using the discounted cash flow method. All of the Group's investment properties earn (or will earn) rental income, which means that the method used best represents the fair value of the investment property. The cash flow projections for all properties have been updated to determine the fair value, and the discount rates and exit yields have been differentiated depending on the location of the facilities, the technical condition, and the level of risk of the tenants. Due to the halt in the rise of EURIBOR and the reversal of the downward trend and the stabilization of the market situation in real estate transactions, the discount rates and exit yields used in the valuations of the real estate portfolio have also decreased slightly in 2024. Discount rates at the end of 2024 are between 7.5% and 10.55% (2023: 8.1% to 10.7%) depending on the investment property and exit yields are between 6.5% and 8.5% (2023: 6.5% to 8.8%). Additional information on the assumptions and sensitivities used in the valuations is provided in Note 13.

b) Business combinations and acquisitions of assets

Purchases of investment property are generally treated as acquisitions of assets. According to the management, there are no business combinations if the real estate object has individual tenants, the Fund does not acquire other assets or rights in addition to the real estate object and does not hire former employees. The Fund does not acquire the business process management know-how of a real estate object but manages all acquired objects centrally.

c) Assessments of the presence of control or significant influence in other companies

The group owns 100% of all subsidiaries, and only members of the board of the parent company of the group belong to the control bodies of the subsidiaries. Thus, the group has full control over its subsidiaries both in terms of profit sharing and management decisions. The group has a 50% stake in the joint ventures it owns, and the board members of the joint ventures also overlap with the board members of the group's parent companies. All decisions in joint ventures are made in accordance with the agreements with the consent of both shareholders, which is resulting to a jointly controlled company.

Investment company

The management of the Group has assessed the compliance of its activities with the definition of an investment company and finds that EfTEN Real Estate Fund AS does not meet the definition of an investment company, as it has the characteristics of a real estate company rather than a purely investment company. Although the investors of EfTEN Real Estate Fund AS also expect an increase in the value of assets and a profit from current economic activities from their capital investment, EfTEN Real Estate Fund AS also takes a significant part of development risks in its investments, which are characteristic of a conventional real estate company. An investment firm should also make direct investments in companies that are measured at fair value in accordance with IFRS 10. In the case of the parent company of EfTEN Real Estate Fund AS, the fair value measurement is indirect - at fair value, the assets located in the subsidiaries are valued and thus the fair value of the subsidiary is obtained, which may not be the final market price of the subsidiary. The Group's economic activities are also assessed on the basis of rental income, profit margins, volume of assets and other financial indicators characterizing real estate companies, which cannot be done only on the basis of the fair value of the subsidiary.

1.2.3 Summary of other accounting policies

Segment reporting

The Group allocates raised capital and available resources for investments in accordance with the Group's investment policy, analysing the reasonable allocation of risks by real estate sector.

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

The Group has five business segments (office, logistics, trade, nursing homes, hotels) and three geographical segments (Estonia, Latvia, Lithuania). The breakdown of the Group's investment portfolio by segment as of 31.12.2024 is shown in the matrix below:

	Estonia	Latvia	Lithuania
Office	Lauteri 5, Tallinn	Terbata office building, Riga	Ulonu office building, Vilnius
	Pärnu mnt 105, Tallinn	airBaltic head office, Riga	Menulio 11, Vilnius
	Pärnu mnt 102, Tallinn		L3 office building, Vilnius
			Evolution office building, Vilnius
			Rutkausko office building, Vilnius
Logistics	Premia Külmhoone, Tallinn	Jurkalne Technology Park, Riga	DSV logistics centre, Vilnius
	Kuuli 10, Tallinn	DSV logistics centre, Riga	Ramygalos logistics centre, Panevežyses
	Betooni 1a, Tallinn	Piepilsetas logistics centre, Kekava	
	Betooni 6, Tallinn		
	DSV logistics centre, Tallinn		
	Härgmäe 8, Tallinn		
	Paemurru tee 3, Harku		
Retail	Võru Rautakesko	RAF Centrs, Jelgava	Saules Miestas shopping centre, Šiauliai
	Uku Keskus, Viljandi	Jelgava development project, Jelgava	
	Mustika Keskus, Tallinn		
	Tammsaare tee Rautakesko, Tallinn		
	Laagri Selver, Tallinn		
	Hortes gardening centre, Laagri		
	ABC Motors Autokeskus, Tallinn		
Care homes	Pirita Pansionaat, Tallinn		
	Valkla Südamekodu, Valkla		
	Tartu Südamekodu, Tartu		
Other	Rakvere Police and rescue building		
	Hotell Palace, Tallinn		

The main indicators used by the management in making business decisions is sales revenue, net operating income (net sales less the cost of sales and marketing costs), EBITDA and operating profit. It is also important to monitor the volume of investment property by segments. The Group analyses all indicators monthly.

Investment in subsidiaries and joint ventures in the parent company's unconsolidated balance sheet

In the separate balance sheet of the parent company (presented in Note 21), investments in subsidiaries and joint ventures are recognised using the fair value method. A joint venture is a company whose economic activities are jointly controlled by two or more parties (including the parent company) resulting from a contractual agreement. Joint ventures are recognised using the equity method.

Revenue recognition

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

Lease income from operating leases is recognised on a straight-line basis over the lease term. If the Group agrees with the tenants during the lease-free period, the said expense is also recognised on a straight-line basis over the lease term, reducing rental income.

Administrative fees and marketing fees are recognised in the period in which the control over the services is transferred to the customer, i.e. during the service period.

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

The Group acts as an agent for resale of utility and administrative expenses, and therefore such income is not shown in gross amount but is offset by the related expense.

Financial assets

Impairment of financial assets

The Group estimates the expected credit loss of debt instruments reflected in the adjusted acquisition cost based on future information. The applied impairment methodology depends on whether the credit risk has increased significantly.

The Group applies the simplified approach permitted by IFRS 9 to trade receivables, which do not have a significant financing component, and considers the discount on receivables as an expected credit loss for the duration of the receivables during the initial recognition of the receivables.

As of December 31, 2024 and December 31, 2023, all financial assets of the Group were classified in the category:

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

Investment property

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

An investment property is initially recognised in the balance sheet at cost, including any directly attributable expenditure (e.g. notary fees, property transfer taxes, professional fees for legal services, and other transaction costs without which the transaction would not have taken place). After initial recognition, investment property is measured at fair value at each balance sheet date.

The fair value of investment property is determined based on the valuation performed by qualified appraisers. In determining the fair value, the method of discounted cash flows is used. In order to calculate the present value of a property's future cash flows, the appraiser has to forecast the property's future rental income (including rent per 1 square meter and the occupancy rate) and operating expenses. Depending on the terms of the lease (whether and how easily the lease can be terminated by the lessee), the appraiser will base the projections on either the property's existing cash flows or the market's current average cash flows for similar properties. The present value of the future net cash flow is found by applying a discount rate, which best reflects the current market assessments of the time value of money and the risks specific to the asset. The discount rate is selected based on the market's average capital structure, not asset structure. The discounted cash flow method is used to determine the value of investment properties that generate stable rental income.

Financial liabilities

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

Success fee liability

EfTEN Real Estate Fund AS and EfTEN Capital AS have entered into a management contract, according to which the success fee is calculated based on the growth of the adjusted share closing prices on the stock exchange for the last two years, adjusting the closing prices of the trading day by dividends paid, income tax on dividends and minimum expected yield (the minimum expected yield is 10% of the closing price of the last trading day). The success fee is equal to 20% of the change in the closing price of the last trading day of the current and the previous reporting year, multiplied by the number of shares of the Fund. The costs incurred due to changes in the success fee are recognised as general expenses (see Note 7).

Income tax

Subsidiaries registered in Estonia

According to the Income Tax Act, the annual profit of the company's reporting year is not taxed in Estonia, but the profit allocations (dividends) that are paid out are taxed. The tax rate on (net) dividends is 22/78). Income tax arising from dividend distribution is expensed when dividends are declared (when the payment obligation arises).

During 2019–2024, it was possible to apply a tax rate of 14/86 to dividend payments. This more favourable tax rate could be used for dividend payments up to the average dividend payment of the previous three financial years, which were taxed at a tax rate of 20/80.

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

Latvian subsidiaries

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

As a result of the implementation of the Income Tax Act effective from 2018, there are no longer differences between the tax accounting and carrying amounts of assets and liabilities in Latvia, and therefore deferred income tax assets and liabilities to Latvian subsidiaries are not recognized. All deferred income tax assets and liabilities assumed in previous periods were derecognised in 2017 and the corresponding income tax expense / income was recognized in the income statement.

Lithuanian subsidiaries

In Lithuania, the net profit of a company is taxable at a 15% income tax rate (from 01.01.2025, the net profit of Lithuanian companies is taxable at 16%). Taxable income is calculated from the profit of companies before income tax, adjusted in income tax returns by temporary or permanent income and expense adjustments under the requirements of local income tax legislation.

For Lithuanian subsidiaries, the deferred income tax assets or liabilities are determined for all temporary differences between the tax bases of assets and liabilities and their carrying amounts at the balance sheet date. Deferred tax assets are recognised in the balance sheet only when it is probable that future taxable profit will be available against which the deductions can be made.

Recognition of deferred income tax liability in consolidated financial statements

The Group's deferred income tax liability arises for companies located in countries where the profit for the financial year is taxed.

The Group's deferred income tax liability also arises from investments in Estonian and Latvian subsidiaries and associates, unless the Group can control the timing of the reversal of taxable temporary differences and their reversal is not probable in the foreseeable future. Examples of reversals of taxable temporary differences are the payment of dividends, the sale or liquidation of an investment and other transactions. As the Group controls the dividend policies of its subsidiaries, it is also able to control the timing of the reversal of temporary differences associated with that investment. If the parent has decided not to distribute the profit of the subsidiary in the foreseeable future, it does not recognize a deferred income tax liability. If the parent estimates that the dividend will be paid in the foreseeable future, the deferred income tax liability is measured at the planned dividend payment, provided that there are sufficient funds and equity to pay the dividend at the reporting date. In measuring deferred income tax liabilities, the Group uses tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable temporary differences when they are expected to reverse.

2 Subsidiaries and joint ventures

As of 31.12.2024, EfTEN Real Estate Fund AS owned the following subsidiaries and joint ventures (see Note 1):

Company name	Country of domicile	Investment property	Equity, € thousands		Group`s ownership, %	
			31.12.2024	31.12.2023	31.12.2024	31.12.2023
Parent company						
EfTEN Real Estate Fund AS	Estonia					
Subsidiaries						
Saules Miestas UAB	Lithuania	Saules Miestas shopping centre, Šiauliai	24,079	23,888	100	100
Verkiu Projektas UAB	Lithuania	Ulonu office building, Vilnius	4,364	4,147	100	100
EfTEN Stasylu UAB	Lithuania	DSV logistics centre, Vilnius	5,252	4,960	100	100
EfTEN Tänassilma OÜ	Estonia	DSV logistics centre, Tallinn	8,514	8,164	100	100
EfTEN Krustpils SIA	Latvia	DSV logistics centre, Riga	3,077	3,060	100	100
EfTEN Laisves UAB	Lithuania	L3 office building, Vilnius	6,076	5,727	100	100
EfTEN Laagri OÜ	Estonia	Laagri Selver, Tallinn	4,723	4,204	100	100
EfTEN Seljaku OÜ	Estonia	Hortes gardening centre, Laagri	2,482	2,437	100	100
EfTEN Evolution UAB	Lithuania	Evolution office building, Vilnius	5,728	6,023	100	100
EfTEN Tähesaju tee OÜ	Estonia	(Tähesaju Hortes gardening centre – sold in September 2024)	63	2,504	100	100
EfTEN Autokeskus OÜ	Estonia	ABC Motors Autokeskus, Tallinn	1,828	1,808	100	100
EfTEN Riga Airport SIA	Latvia	airBaltic main building, Riga	5,238	4,929	100	100
EfTEN Piepilsetas SIA	Latvia	Piepilsetas logistics centre, Kekava	3,811	3,788	100	100
EfTEN Rutkausko UAB	Lithuania	Rutkausko office building, Vilnius	6,667	6,286	100	100
EfTEN Pirita OÜ	Estonia	Pirita Pansionaat, Tallinn	3,560	3,388	100	100
EfTEN Ramygalos UAB	Lithuania	Ramygalos logistics centre, Panevežyses	5,573	5,190	100	100
EfTEN Valkla OÜ	Estonia	Valkla Südamekodu, Valkla	1,822	1,659	100	100
EfTEN Ermi OÜ	Estonia	Tartu Südamekodu, Tartu	-183	219	100	100
EfTEN ABC SIA	Latvia	-	3	3	100	100
EfTEN SPV2 OÜ	Estonia	Lauteri 5, Tallinn	3,295	2,915	100	100
EfTEN SPV3 OÜ	Estonia	Uku Keskus, Viljandi	7,948	7,401	100	100
EfTEN SPV4 OÜ	Estonia	Rakvere Police and rescue building	4,127	3,707	100	100
EFTEN SPV5 OÜ	Estonia	Pärnu mnt 105, Tallinn	2,843	3,168	100	100
EFTEN SPV6 OÜ	Estonia	Pärnu mnt 102, Tallinn	5,305	5,590	100	100
EfTEN SPV7 OÜ	Estonia	Mustika Center, Tallinn	25,144	22,343	100	100
EfTEN SPV8 OÜ (EfTEN SPV7 OÜ subsidiary)	Estonia	Mustika Center, Tallinn	10,596	8,867	100	100
EfTEN SPV12 OÜ	Estonia	Tammsaare tee Rautakesko, Tallinn; Kuuli 10, Tallinn	17,553	15,846	100	100
EfTEN SPV14 OÜ	Estonia	Võru Rautakesko	1,619	1,866	100	100
EfTEN SPV15 OÜ	Estonia	Premia Külmhoone, Tallinn	3,690	3,488	100	100
EfTEN SPV17 OÜ	Estonia	Betooni 1a, Tallinn, Betooni 6, Tallinn	11,494	10,558	100	100
EfTEN Jelgava SIA	Latvia	RAF Centrs, Jelgava	5,844	5,105	100	100
EfTEN Jurkalne SIA	Latvia	Jurkalne Technology Park, Riga	14,814	14,707	100	100
EfTEN Terbata SIA	Latvia	Terbata office building, Riga	4,757	4,613	100	100
Auras Centrs SIA	Latvia	Jelgava development project, Jelgava (under development)	822	1,604	100	100
EfTEN Menulio UAB	Lithuania	Menulio 11, Vilnius	3,661	3519	100	100
EfTEN Härgmäe OÜ	Estonia	Härgmäe tn 8, Tallinn	4,383	0	100	0
EfTEN Paemurru OÜ	Estonia	Paemurru tee 3, Harku vald (under development)	1,886	0	100	0
Joint ventures						
EfTEN SPV11 OÜ	Estonia	Hotell Palace, Tallinn	1,960	2,078	50	50

In September 2024, the group established two new subsidiaries - EfTEN Härgmäe OÜ and EfTEN Paemurru OÜ. EfTEN Härgmäe OÜ was established to acquire an investment property at Härgmäe tn.8, Tallinn and 4,333 thousand euros have been contributed to the company's equity. EfTEN Paemurru OÜ was established to acquire an investment property at Paemurru tee 3, Harku vald, Harjumaa and 1,907 thousand euros have been contributed to the company's equity.

(As of the balance sheet date 01.01.2023, EfTEN Real Estate Fund AS merged with EfTEN Kinnisvarafond AS. Upon the merger, EfTEN Real Estate Fund AS acquired, among other things, all subsidiaries of EfTEN Kinnisvarafond AS and a stake in a joint venture. To carry out the merger, EfTEN Real Estate Fund AS issued 5,747,261 shares in a directed manner to the shareholders of EfTEN Kinnisvarafond AS, for which a non-cash contribution was paid based on the EPRA NRV value of EfTEN Kinnisvarafond AS in the amount of 125,906 thousand euros. Additional information on the increase in share capital is provided in Note 17 to the report.)

All subsidiaries and the joint venture are engaged in the acquisition and leasing of investment properties. None of the subsidiaries' shares are listed on the stock exchange.

EfTEN Real Estate Fund AS owns 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:

EfTEN SPV11 OÜ	**31.12.2024**	**31.12.2023**
€ thousands		
Cash and cash equivalents	49	55
Other current assets	48	34
Total current assets	**97**	**89**
Investment properties	8,630	9,040
Shares in joint ventures	190	133
Total non-current assets	**8,820**	**9,173**
TOTAL ASSETS	**8,917**	**9,262**
Current borrowings	4,970	5,077
Other current liabilities	26	29
Total current liabilities	**4,996**	**5,106**
TOTAL LIABILITIES	**4,996**	**5,106**
NET ASSETS	**3,921**	**4,156**

	2024	**2023**
Revenue	498	437
Loss	**-235**	**-998**

The following changes have occurred in the investment in the joint venture in 2024:

	31.12.2024	**31.12.2023**
Book value at the beginning of the reporting period	**2,078**	**2,577**
Loss from joint venture (Note 3)	-118	-499
Book value at the end of the reporting period	**1,960**	**2,078**

3 Segment reporting

SEGMENT RESULTS

	Office		Logistics		Retail		Care homes		National		Non-allocated		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
€ thousands														
Revenue (Note 4), incl.	**7,503**	**7,742**	**9,979**	**9,658**	**13,119**	**12,921**	**799**	**677**	**838**	**819**	**0**	**0**	**32,238**	**31,817**
Estonia	2,041	2,005	4,319	4,044	7,638	7,591	799	677	838	819	0	0	15,635	15,136
Latvia	1,336	1,238	4,053	4,050	1,084	1,047	0	0	0	0	0	0	6,473	6,335
Lithuania	4,126	4,499	1,607	1,564	4,397	4,283	0	0	0	0	0	0	10,130	10,346
Net rental income, incl.	**6,958**	**7,260**	**9,476**	**9,153**	**12,082**	**11,845**	**792**	**672**	**679**	**685**	**-10**	**-7**	**29,977**	**29,608**
Estonia	1,826	1,725	4,213	3,934	7,189	7,205	792	672	679	685	0	0	14,699	14,221
Latvia	1,224	1,130	3,656	3,655	904	844	0	0	0	0	-10	0	5,774	5,629
Lithuania	3,908	4,405	1,607	1,564	3,989	3,796	0	0	0	0	0	-7	9,504	9,758
Operating profit, incl.	**3,982**	**-2,508**	**9,694**	**4,086**	**11,629**	**10,587**	**452**	**-184**	**638**	**535**	**-1,076**	**-374**	**25,319**	**12,142**
Estonia	-642	-3,682	4,194	2,316	7,754	5,174	452	-184	638	535	-328	-374	12,068	3,785
Latvia	1,234	-45	3,548	809	1,419	821	0	0	0	0	-748	0	5,453	1,585
Lithuania	3,390	1,219	1,952	961	2,456	4,592	0	0	0	0	0	0	7,798	6,772
EBITDA, incl.	**6,163**	**6,466**	**8,624**	**8,290**	**10,740**	**10,552**	**650**	**543**	**666**	**675**	**-389**	**-374**	**26,454**	**26,152**
Estonia	1,660	1,574	3,929	3,644	6,434	6,520	650	543	666	675	-327	-374	13,012	12,582
Latvia	1,026	924	3,243	3,245	794	741	0	0	0	0	-62	0	5,001	4,910
Lithuania	3,477	3,968	1,452	1,401	3,512	3,291	0	0	0	0	0	0	8,441	8,660
Operating profit													**25,319**	**12,142**
Loss from joint venture (Note 2)													-118	-499
Net financial expense (Note 8)													-8,418	-7,786
Profit before income tax													**16,783**	**3,857**
Income tax expense (Note 9)													-3,219	-2 857
NET PROFIT FOR THE REPORTING PERIOD													**13,564**	**1,000**

SEGMENT ASSETS

	Office		Logistics		Retail		Care homes		National		Total	
As of December 31	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
€ thousands												
Investment property												
Estonia	23,520	25,070	63,157	50,100	85,310	88,420	15,618	11,834	7,200	7,220	194,805	182,644
Latvia	16,080	15,080	40,890	40,050	11,650	11,702	0	0	0	0	68,620	66,832
Lithuania	50,960	50,310	20,250	19,710	39,180	38,420	0	0	0	0	110,390	108,440
Total investment property (Note 13)	**90,560**	**90,460**	**124,297**	**109,860**	**136,140**	**138,542**	**15,618**	**11,834**	**7,200**	**7,220**	**373,815**	**357,916**
Joint ventures (Note 2)											1,960	2,078
Other non-current assets											288	372
Net debt (liabilities minus cash)											-147,275	-147,534
Other current assets											4,285	5,866
NET ASSETS											**233,073**	**218,698**

In 2024, the group acquired two investment properties in the logistics segment in Estonia – Härgmäe 8 in Tallinn and Paemurru tee 3 in Harku. At the end of the year, Paemurru tee 3 was an ongoing development project, the fair value of which as of 31.12.2024 was 3,927 thousand euros. The logistics centre will be completed in the spring of 2025.

In 2024, the group sold one investment property in the retail segment in Estonia - Tähesaju Hortes in Tallinn for 4,675 thousand euros.

There were no transactions between the business segments in 2024 and 2023. The Group's main income is derived from investment properties located in the same countries as the subsidiary holding the investment property.

The Group's largest customers are Kesko Senukai Estonia AS, Livonia Print SIA and Prisma Peremarket AS, accounting for 5.6%, 5.3% and 5.0% of the Group's consolidated rental income, respectively. The share of the income of the other tenants in the consolidated income is less than 5%.

4 Revenue

Segments	2024	2023
€ thousands		
Rental income from office premises (Note 13)	7,477	7,679
Rental income from national institutions (Note 13)	838	819
Rental income from retail premises (Note 13)	12,292	12,111
Rental income from logistics premises (Note 13)	9,687	9,334
Rental income from care home premises (Note 13)	782	663
Other sales revenue	1,162	1,211
Total revenue by segments of activity (Note 3)	**32,238**	**31,817**

Revenue by geographic areas	2024	2023
€ thousands		
Estonia	15,635	15,136
Latvia	6,473	6,335
Lithuania	10,130	10,346
Total revenue by geographical area (Note 3)	**32,238**	**31,817**

5 Cost of services sold

Cost of services sold	2024	2023
€ thousands		
Repair and maintenance of rental premises	-719	-792
Property insurance	-63	-61
Land tax and real estate tax	-208	-198
Other costs of administrative activities	-104	-96
Utility costs of vacant premises	-254	-133
Depreciation expenses	-18	-20
Improvement costs	-98	-137
Wage costs, including taxes (Note 19)	-4	-31
Proportional costs of VAT	-20	-44
Other selling expenses	-1	0
Allowance for doubtful accounts	-80	-114
Total cost of services sold (Note 13)	**-1,569**	**-1,626**

6 Marketing costs

Marketing costs	2024	2023
€ thousands		
Commission expenses on rental premises	-117	-47
Advertising, advertising events[1]	-575	-536
Total marketing costs	**-692**	**-583**

[1]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 and administrative expenses	2024	2023
€ thousands		
Management services (Note 19)	-2,159	-2,148
Office expenses	-75	-78
Wages and salaries, incl. Taxes (Note 19)	-478	-438
Consulting expenses, legal expenses, accounting service, evaluation service	-561	-507
Audit costs	-143	-126
Regulator costs	-148	-157
Other general administrative expenses	-64	-43
Depreciation costs	-38	-49
Total general administrative expense	**-3,666**	**-3,546**

8 Other financial income and expenses

Other financial income and expenses	2024	2023
€ thousands		
Interest expenses, incl.	-8,696	-7,970
Interest expenses from loans	-8,696	-7,970
Total other financial income and expenses (Note 3,16)	**-8,696**	**-7,970**

9 Income tax

	2024	2023
€ thousands		
Deferred income tax expense on dividends	-1,320	-1,511
Income tax expense from added dividends	-270	0
Lithuanian corporate deferred income tax expense	-1,597	-1,198
Lithuanian corporate income tax expense on profits	-32	-148
Total income tax expense (Note 3)	**-3,219**	**-2,857**

Changes in deferred tax liabilities in 2024 and 2023 include the following changes:

	Deferred income tax liability related to real estate investments	Deferred income tax liability in respect of dividends	Total
€ thousands			
Balance as at 31.12.2022	**6,912**	**336**	**7,248**
Change in deferred income tax liability in the income statement in 2023	1,198	1,511	2,709
Income tax paid on dividends	0	-1,780	-1,780
Deferred income tax expense from the merger	0	1,101	1,101
Other changes	-1	6	5
Balance as at 31.12.2023	**8,109**	**1,174**	**9,283**
Change in deferred income tax liability in the income statement in 2024	1,597	1,320	2,917
Income tax expense from added dividends	0	270	270
Income tax paid on dividends	0	-1,373	-1,373
Balance as at 31.12.2024	**9,706**	**1,391**	**11,097**

10 Earnings per share

Earnings per share	2024	2023
Net profit for the period, € thousands	13,564	1,000
Dividend per share, euros	1.00	1.15
Weighted average number of shares, pcs.	10,833,397	10,819,796
Earnings per share, euros	**1.25**	**0.09**

11 Cash and cash equivalents

	31.12.2024	31.12.2023
€ thousands		
Demand deposit	7,476	9,822
Overnight deposits	10,369	4,890
Deposits with a maturity of less than 3 months	570	0
Cash and cash equivalents (Note 16)	**18,415**	**14,712**

Overnight deposits bear interest at a variable rate, as of 31.12.2024 the interest rate was 1.412% and 2.52% (31.12.2023: 3.7%) per annum. Term deposits bear interest at 2.5% and 3.5% per annum.

12 Receivables and accrued income

	31.12.2024	31.12.2023
€ thousands		
Trade receivables		
Receivables from customers	1,309	1,637
Allowance for doubtful accounts	-136	-120
Total receivables from customers (Note 16)	**1,173**	**1,517**
Other short-term receivables		
Other short-term receivables	32	26
Total other short-term receivables	**32**	**26**
Accrued income		
Interests	28	8
Advances and refunds of VAT	325	179
Other accrued income	497	630
Total accrued income	**850**	**817**
Total receivables and accrued income (Note 16)	**2,055**	**2,360**

	31.12.2024	31.12.2023
€ thousands		
Receivables and prepayments related to real estate development projects	154	214
Total long-term receivables	**154**	**214**

Additional information on receivables and accrued income is provided in Note 16.

13 Investment properties

As of December 31, 2024, the Group has made investments in the following investment properties:

Name	Location	Net rental area (m2)	Year of construction	Date of acquisition	Acquisition cost	Fair value as of 31.12.2024	Increase in value	Share of the market value of the fund's assets
€ thousands								
Office								
Lauteri 5	Tallinn, Estonia	3,825	1958	01.2023	5,976	5,060	-15%	1%
Pärnu mnt 105	Tallinn, Estonia	4,712	1998	01.2023	8,346	6,460	-23%	2%
Pärnu mnt 102	Tallinn, Estonia	8,933	2005	01.2023	16,750	12,000	-28%	3%
Terbata	Riga, Latvia	6,036	2005	01.2023	9,255	8,330	-10%	2%
Menulio 11	Vilnius, Lithuania	5,617	renov. 2011-2013	01.2023	8,332	7,490	-10%	2%
Ulonu	Vilnius, Lithuania	5,290	2012	12.2015	8,440	8,700	3%	2%
L3	Vilnius, Lithuania	6,150	2004	10.2016	8,880	10,610	19%	3%
Evolution	Vilnius, Lithuania	6,614	2009	05.2018	10,423	11,360	9%	3%
airBaltic	Riga, Latvia	6,217	renov. 2016	03.2020	7,777	7,750	0%	2%
Rutkausko	Vilnius, Lithuania	6,812	2014	08.2020	11,819	12,800	8%	3%
Office total		**60,206**			**95,998**	**90,560**	**-6%**	**23%**
Logistics								
Premia Külmhoone	Tallinn, Estonia	7,258	2002/2007	01.2023	6,840	6,550	-4%	2%
Kuuli 10	Tallinn, Estonia	15,197	2006	01.2023	11,564	11,590	0%	3%
Betooni 1a	Tallinn, Estonia	10,678	2008	01.2023	9,198	9,140	-1%	2%
Betooni 6	Tallinn, Estonia	17,220	1998	01.2023	10,249	9,820	-4%	2%
Jurkalne Technology Park	Riga, Latvia	44,579	2002	01.2023	25,180	24,160	-4%	6%
DSV logistics centre	Vilnius, Lithuania	11,751	2005	06.2016	8,566	9,410	10%	2%
DSV logistics centre	Tallinn, Estonia	16,014	2003	07.2016	12,368	13,340	8%	3%
DSV logistics centre	Riga, Latvia	12,149	2000	07.2016	9,060	8,430	-7%	2%
Piepilsetas logistics centre	Kekava, Latvia	13,392	2007	03.2020	8,848	8,300	-6%	2%
Ramygalos logistics centre	Panevėžyses, Lithuania	20,126	2007	06.2021	10,024	10,840	8%	3%
Härgmäe logistics centre	Tallinn, Estonia	9,838	2024	09.2024	8,829	8,790	0%	2%
Paemurru logistics centre	Tallinn, Estonia	under construction		09.2024	3,927	3,927	0%	1%
Logistics total		**178,202**			**124,653**	**124,297**	**0%**	**31%**
Retail								
Võru Rautakesko	Võru, Estonia	3,120	2008	01.2023	2,890	2,760	-4%	1%
Uku Center	Viljandi, Estonia	8,940	2012/2018	01.2023	13,620	13,670	0%	3%
Mustika Center	Tallinn, Estonia	27,614	1998/2002	01.2023	37,145	38,340	3%	10%
RAF Centrs	Jelgava, Latvia	6,225	2014/2017	01.2023	9,288	9,993	8%	3%
Tammsaare tee Rautakesko	Tallinn, Estonia	9,120	2007	01.2023	15,700	15,860	1%	4%
Jelgava development project	Jelgava, Latvia	under development		01.2023	2,342	1,657	-29%	0%
Saules Miestas Shopping centre	Šiauliai, Lithuania	20,347	2007	08.2015	31,902	39,180	23%	10%
Laagri Selver	Tallinn, Estonia	3,059	2017	05.2017	6,303	8,110	29%	2%
Hortes gardening centre	Laagri, Estonia	3,470	2006	05.2017	3,138	3,470	11%	1%
ABC Motors Autokeskus	Tallinn, Estonia	2,149	2002	02.2019	3,482	3,100	-11%	1%
Retail total		**84,044**			**125,810**	**136,140**	**8%**	**34%**
National								
Rakvere Police and rescue building (National)	Rakvere, Estonia	5,775	2010	01.2023	7,368	7,200	-2%	2%
Care homes								
Pirita Pansionaat	Tallinn, Estonia	5,983	2020	12.2020	6,217	5,830	-6%	1%
Valkla Südamekodu	Valkla, Estonia	4,423	2023	04.2022	4,647	4,148	-11%	1%
Tartu Südamekodu	Tartu, Estonia	4,118	2024	04.2022	5,868	5,640	-4%	1%
Care homes total		**14,524**			**16,732**	**15,618**	**-7%**	**4%**
Total		**342,751**			**370,561**	**373,815**	**1%**	**94%**

Additional information on investment properties is provided in Note 3 'Segment reporting'.

In addition to the investment properties listed in the table above, the Group's 50% joint venture EfTEN SPV11 OÜ owns an investment property at Vabaduse väljak 3 /Pärnu mnt 14, Tallinn (hotel "Palace"). The fair value of the investment property as of 31.12.2024 was 8,630 thousand euros (Note 2).

During the reporting year, the Group acquired a completed investment property at Härgmäe tn. 8, Tallinn for 8,800 thousand euros and an investment property under development at Paemurru tee 3, Harku parish for 1,154 thousand euros. As of the end of the year, an additional 2,773 thousand euros had been paid for the development work of the logistics centre at Paemurru tee 3. The logistics centre will be completed in the spring of 2025.
During the reporting year, the Group sold an investment property at Tähesaju tee 5, Tallinn to an unrelated party for a price of 4,675 thousand euros. The transaction costs totalled 42 thousand euros.

The following changes have occurred in the Group's investment properties in 2024 and 2023:

	Investment property under development	Completed investment property	Total investment property
Balance as of 31.12.2022	**2,634**	**166,241**	**168,875**
Acquisitions and developments	3,607	0	3,607
Assets acquired from the merger	2,342	193,950	196,292
Capitalized improvements	0	3,083	3,083
Reclassifications	-3,567	3,567	0
Profit/loss from the change in fair value	0	-13,941	-13,941
Balance as of 31.12.2023	**5,016**	**352,900**	**357,916**
Acquisitions and developments	7,909	8,829	16,738
Capitalized improvements	0	4,874	4,874
Reclassifications	-5,868	5,868	0
Sales	0	-4,633	-4,633
Profit/loss form the change in fair value	-685	-395	-1,080
Balance as of 31.12.2024	**6,372**	**367,443**	**373,815**

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

As of December 31, or for the year	**2024**	**2023**
Rental income from investment properties (Note 4)	31,076	30,606
Costs directly related to the management of investment properties (Note 5)	-1,569	-1,626
Outstanding amounts from the acquisition of investment properties (Note 15) [1]	1,065	904
Book value of investment properties pledged as collateral for loan liabilities	**372,158**	**355,574**

[1]As of 31.12.2024, the group had unpaid amounts of the purchase price of Paemurru tee 3 and 406 thousand euros for construction work, 16 thousand euros for construction work of the DSV Riga logistics centre, 269 thousand euros for construction work of the Valkla Südamekodu, 42 thousand euros for construction work of the Pärnu mnt. 102 office building and 32 thousand euros for construction work of the Mustika centre.

The lease agreements concluded between Group and the tenants comply with the conditions of unbreakable operating lease agreements. The income from these leases is distributed as follows:

Payments from perpetual operating leases	**31.12.2024**	**31.12.2023**
€ thousands		
Up to 1 year	27,140	27,483
2-5 years	50,156	48,075
Over 5 years	23,315	23,183
Total	**100,611**	**98,741**

Assumptions and basis for determining the fair value of investment property

The Group's investment properties are valued by an independent valuer. The fair value of all investment properties reported in the group's financial statements as of 31.12.2024 and 31.12.2023 has been obtained using the discounted cash flow method. The following assumptions have been used in determining the fair value:

As of 31.12.2024:

Sector	Fair value	Valuation method	Estimated rental income per year	Discount rate	Exit yield	Average rental price €/m2
€ thousands						
Office	90,560	Discounted cash flows	7,192	7.5%-9.55%	6.5%-8.3%	11.2
Logistics	124,297	Discounted cash flows	10,461	8.0%-10.55%	7.1%-8.5%	4.8
Retail	136,140	Discounted cash flows	11,637	7.8%-10.0%	6.8%-8.5%	12.6
National	7,200	Discounted cash flows	836	9.4%	8.5%	11.1
Care homes	15,618	Discounted cash flows	1,133	8.5%-9.5%	7.5%-8.5%	8.9
Total	**373,815**		**31,259**			

As of 31.12.2023:

Sector	Fair value	Valuation method	Estimated rental income per year	Discount rate	Exit yield	Average rental price €/m2
€ thousands						
Office	90,460	Discounted cash flows	7,611	8.3%-9.7%	6.5%-8.25%	11.1
Logistics	109,860	Discounted cash flows	9,762	8.1%-10.7%	7.1%-8.5%	4.7
Retail	138,542	Discounted cash flows	11,768	8.1%-10.5%	6.8%-8.8%	12.0
National	7,220	Discounted cash flows	856	9.5%	8.5%	11.3
Care homes	11,834	Discounted cash flows	907	9.0%-9.5%	7.5%-8.5%	8.6
Total	**357,916**		**30,904**			

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 recognized in the Group's balance sheet **as of 31.12.2024** to the most important valuation assumptions:

Sector	Fair value	Sensitivity to management estimate		Sensitivity to independent appraisal			
		Revenue +10%	Revenue -10%	Discount rate +50bp	Discount rate -50bp	Exit yield rate +50bp	Exit yield rate -50bp
€ thousands							
Office	90,560	10,070	-10,110	-1,830	1,850	-4,090	4,660
Logistics	124,297	13,250	-13,230	-2,420	2,520	-5,200	5,930
Retail	136,140	14,897	-14,953	-2,593	2,597	-5,503	6,207
National	7,200	930	-930	-140	140	-270	300
Care homes	15,618	960	-980	-300	270	-410	430
TOTAL	**373,815**	**40,107**	**-40,203**	**-7,283**	**7,377**	**-15,473**	**17,527**

As of 31.12.2023

Sector	Fair value	Sensitivity to management estimate		Sensitivity to independent appraisal			
		Revenue +10%	Revenue -10%	Discount rate +50bp	Discount rate -50bp	Exit yield rate +50bp	Exit yield rate -50bp
€ thousands							
Office	90,460	9,920	-9,930	-1,800	1,840	-4,030	4,630
Logistics	109,860	12,650	-11,820	-2,230	2,300	-4,400	5,880
Retail	138,542	14,990	-14,950	-2,580	2,670	-5,460	6,250
National	7,220	900	-900	-140	140	-270	290
Care homes	11,834	980	-960	-150	180	-380	440
TOTAL	**357,916**	**39,440**	**-38,560**	**-6,900**	**7,130**	**-14,540**	**17,490**

Level three inputs have been used to determine the fair value of all the Group's investment properties (Note 16).

14 Borrowings

As of 31.12.2024, the Group has the following borrowings:

Lender	Country of lender	Loan amount as per agreement	Loan balance as of 31.12.24	Contract term	Loan agreement interest rate as of 31.12.24	Loan collateral	Collateral value	Share of the fund's net asset value
SEB	Estonia	4,800	3,135	30.04.27	4.76%	Mortgage - Premia Külmhoone	6,550	1.3%
Luminor	Estonia	2,633	1,257	25.12.26	5.25%	Mortgage - Võru Rautakesko	2,760	0.5%
SEB	Estonia	2,714	1,929	13.06.26	4.81%	Mortgage - Lauteri 5	5,060	0.8%
SEB	Estonia	8,429	5,007	25.01.27	4.81%	Mortgage - Uku Center	13,670	2.1%
Swedbank	Estonia	3,711	3,460	25.10.25	4.66%	Mortgage - Rakvere Police and rescue building	7,200	1.5%
Swedbank	Estonia	4,153	2,946	30.08.28	4.62%	Mortgage - Pärnu mnt 105	6,460	1.3%
Swedbank	Estonia	8,508	6,949	30.08.26	4.57%	Mortgage - Pärnu mnt 102	12,000	3.0%
SEB	Estonia	20,000	14,882	31.08.27	5.00%	Mortgage - Mustika Keskus	38,340	6.4%
Swedbank	Estonia	15,622	11,852	31.05.28	4.46%	Mortgage - Tammsaare tee Rautakesko; Kuuli 10	27,450	5.1%
SEB	Estonia	10,300	8,200	26.06.27	5.04%	Mortgage - Betooni 1a; Betooni 6	18,960	3.5%
Swedbank	Lithuania	4,078	3,028	07.12.25	5.27%	Mortgage - Menulio 11	7,490	1.3%
SEB	Latvia	4,561	3,264	16.04.27	4.64%	Mortgage - RAF Centrs	9,993	1.4%
Swedbank	Latvia	5,850	3,466	31.07.27	4.86%	Mortgage - Terbata office building	8,330	1.5%
SEB	Latvia	13,060	9,925	08.08.29	4.95%	Mortgage - Jurkalne Technology Park	24,160	4.3%
Swedbank	Lithuania	17,116	12,419	13.08.28	5.31%	Mortgage - Saules Miestas Shopping centre	39,180	5.3%
SEB	Lithuania	5,500	3,690	28.06.26	4.77%	Mortgage - DSV logistics centre	9,410	1.6%
SEB	Latvia	5,123	3,553	29.06.26	4.69%	Mortgage - DSV logistics centre	8,430	1.5%
SEB	Estonia	7,950	5,351	29.06.26	4.58%	Mortgage - DSV logistics centre	13,340	2.3%
SEB	Lithuania	5,620	3,789	27.10.26	4.82%	Mortgage - L3 office building	10,610	1.6%
SEB	Lithuania	5,200	3,335	21.12.25	5.17%	Mortgage - Ulonu office building	8,700	1.4%
SEB	Lithuania	5,850	4,337	30.05.28	4.86%	Mortgage - Evolution office building	11,360	1.9%
Swedbank	Estonia	3,833	3,584	29.06.27	4.26%	Mortgage - Laagri Selver	8,110	1.5%
SEB	Estonia	1,860	1,170	05.07.27	5.68%	Mortgage - Hortes gardening centre Laagri	3,470	0.5%
LHV	Estonia	1,800	1,488	25.02.29	6.41%	Mortgage - ABC Motors Autokeskus	3,100	0.6%
Swedbank	Latvia	4,000	2,398	05.02.26	5.30%	Mortgage - Piepilsetas logistics centre	8,300	1.0%
Luminor	Latvia	3,905	2,110	04.02.25	5.81%	Mortgage - airBaltic main building	7,750	0.9%
Swedbank	Estonia	3,100	2,666	28.11.25	4.81%	Mortgage - Pirita Pansionaat, parent company guarantee	5,830	1.1%
Swedbank	Estonia	2,250	1,570	25.09.27	4.81%	Mortgage - Valkla Südamekodu	4,148	0.7%
Swedbank	Estonia	3,100	2,750	21.12.28	4.81%	Mortgage -Tartu Südamekodu; EfTEN Real Estate Fund AS guarantee	5,640	1.2%
Šiaulių bankas	Lithuania	6,000	5,154	13.06.26	5.34%	Mortgage - Ramygalos logistics centre	10,840	2.2%
SEB	Lithuania	7,300	5,781	12.08.25	5.10%	Mortgage - Rutkausko office building	12,800	2.5%
Swedbank	Estonia	4,500	4,466	27.09.29	4.86%	Mortgage - Härgmäe logistics centre	8,790	1.9%
SEB	Estonia	3,000	641	27.10.29	4.64%	Mortgage - Paemurru logistics centre; EfTEN Real Estate Fund AS guarantee	3,927	0.3%
Total		**205,426**	**149,552**				**372,158**	**64.2%**

As of 31.12.2023, the Group has the following borrowings:

Lender	Country of lender	Loan amount as per agreement	Loan balance as at 31.12.23	Contract term	Interest rate as at 31.12.23	Loan collateral	Value of collateral	Loan balance's share of the fund's net asset value
SEB	Estonia	4,800	3,258	30.04.27	5.71%	Mortgage - Premia Külmhoone	6,530	1.5%
Luminor	Estonia	2,633	950	25.12.26	6.28%	Mortgage - Võru Rautakesko	2,670	0.4%
SEB	Estonia	2,514	1,929	13.06.26	5.76%	Mortgage - Lauteri 5	5,100	0.9%
SEB	Estonia	8,429	5,303	25.01.27	5.77%	Mortgage - Uku Center	13,620	2.4%
Swedbank	Estonia	3,711	3,571	25.10.25	5.67%	Mortgage - Rakvere Police and rescue building	7,220	1.6%
Swedbank	Estonia	4,153	3,072	30.08.28	5.60%	Mortgage - Pärnu mnt 105	6,780	1.4%
Swedbank	Estonia	8,508	7,168	30.08.26	5.55%	Mortgage - Pärnu mnt 102	13,190	3.3%
SEB	Estonia	20,000	15,240	31.08.27	6.08%	Mortgage - Mustika Keskus	36,810	7.0%
Swedbank	Estonia	15,622	12,358	31.05.28	5.47%	Mortgage - Tammsaare tee Rautakesko; Kuuli 10	27,090	5.7%
SEB	Estonia	10,300	8,425	26.06.27	5.85%	Mortgage - Betooni 1a; Betooni 6	18,760	3.9%
Swedbank	Lithuania	4,078	3,295	07.12.25	6.37%	Mortgage - Menulio 11	7,490	1.5%
SEB	Latvia	4,561	3,411	16.04.27	5.72%	Mortgage - RAF Centrs	9,360	1.6%
Swedbank	Latvia	5,850	3,619	31.07.27	5.87%	Mortgage - Terbata office building	8,190	1.7%
SEB	Latvia	12,060	9,332	08.08.24	6.02%	Mortgage - Jurkalne Technology Park	23,440	4.3%
Swedbank	Lithuania	15,257	11,750	13.08.28	6.30%	Mortgage - Saules Miestas Shopping centre	38,420	5.4%
SEB	Lithuania	5,500	3,876	28.06.26	5.76%	Mortgage - DSV logistics centre	9,120	1.8%
SEB	Latvia	5,123	3,719	29.06.26	5.77%	Mortgage - DSV logistics centre	8,320	1.7%
SEB	Estonia	7,950	5,600	29.06.26	5.78%	Mortgage - DSV logistics centre	13,300	2.6%
SEB	Lithuania	5,620	3,995	27.10.26	5.81%	Mortgage - L3 office building	10,370	1.8%
SEB	Lithuania	5,200	3,522	21.12.25	6.16%	Mortgage - Ulonu office building	8,700	1.6%
SEB	Lithuania	5,850	4,478	30.05.28	5.85%	Mortgage - Evolution office building	11,130	2.0%
Swedbank	Estonia	3,833	3,699	29.06.27	5.25%	Mortgage - Laagri Selver	7,700	1.7%
SEB	Estonia	1,860	1,263	05.07.27	5.91%	Mortgage - Hortes gardening centre Laagri	3,550	0.6%
Swedbank	Estonia	3,290	2,797	11.01.27	5.81%	Mortgage - Hortes gardening centre Tähesaju	5,340	1.3%
LHV	Estonia	1,800	1,493	25.02.24	6.90%	Mortgage - ABC Motors Autokeskus	3,150	0.7%
Swedbank	Latvia	4,000	2,501	05.02.26	6.17%	Mortgage - Piepilsetas logistics centre	8,290	1.1%
Luminor	Latvia	3,905	2,283	04.02.25	6.72%	Mortgage - airBaltic main building	6,890	1.0%
Swedbank	Estonia	3,100	2,790	28.11.25	5.82%	Mortgage - Pirita care home, parent company's guarantee	5,820	1.3%
Swedbank	Estonia	2,250	1,636	25.09.27	5.82%	Mortgage - Valkla Südamekodu	3,340	0.7%
Šiaulių bankas	Lithuania	6,000	5,403	13.06.26	6.43%	Mortgage - Ramygalos logistics centre	10,590	2.5%
SEB	Lithuania	7,300	6,172	12.08.25	6.09%	Mortgage - Rutkausko office building	12,620	2.8%
Swedbank	Estonia	3,100	0	21.12.28	5.81%	Mortgage -Tartu Südamekodu; parent company's guarantee	2,674	0.0%
Total		**198,157**	**147,908**				**355,574**	**67.6%**

Short-term borrowings	**31.12.2024**	**31.12.2023**
€ thousands		
Repayments of non-current bank loans in the next period[1] (Note 16)	30,358	16,966
Discounted contract fees for bank loans	-58	-59
Total short-term borrowings	**30,300**	**16,907**

[1] Repayments of long-term bank loans in the next period as of 31.12.2024 include the balance of six loan obligations expiring within the next 12 months in the amount of 20,380 thousand euros. The LTV of expiring loan agreements is 27% - 48% and investment properties have stable rental cash flow, therefore, in the opinion of the group's management, there will be no obstacles to extending loan agreements and the group's working capital is sufficient to cover short-term liabilities. In addition, two loan obligations have been recognised as short-term, the special conditions of the financial ratios under the loan agreement as of 31.12.2024 for which the requirements were not met: a loan in the amount of 1,929 thousand euros (interest service coverage ratio ISCR is 2.4, the minimum value required in the agreement is 2.5) and a loan in the amount of 2,750 thousand euros (the subsidiary's equity to assets ratio was less than the 20% required in the agreement). Regarding the temporary breach of the special terms and conditions of the loan obligation of EUR 1,929 thousand, the fund's subsidiary has received confirmation from the bank after the balance sheet date, where the bank agrees to lower the interest service coverage ratio to 2.0 for the period of relocation of tenants, and regarding the loan of EUR 2,750 thousand, the bank has provided approval after the balance sheet date regarding the temporary non-compliance with the equity requirements. The fund brought the subsidiary's equity into compliance with the requirements set out in the agreement in February 2025, by converting the owner loan into the equity structure of the subsidiary.

Repayments of long-term bank loans in the next period as of 31.12.2023 included the balance of two loan obligations expiring in 2024 in the total amount of 10,825 thousand euros. The loans expiring in 2024 were extended upon their maturity.

Long-term borrowings	31.12.2024	31.12.2023
€ thousands		
Total long-term borrowings	149,420	147,756
incl. current portion of borrowings	30,300	16,907
incl. non-current portion of borrowings, incl	119,120	130,849
- Bank loans (Note 16)	119,194	130,942
Discounted contract fees on borrowings	-74	-93

Borrowings are divided as follows according to repayment date:

Repayments of borrowings by maturity	31.12.2024	31.12.2023
€ thousands		
Up to 1 year	30,358	16,966
2-5 years	119,194	130,942
Total repayments of borrowings	**149,552**	**147,908**

Cash flows of borrowings	2024	2023
€ thousands		
Balance at the beginning of the period	**147,756**	**67,975**
Bank loans received from merger	0	82,403
Bank loans received	14,260	4,080
Annuity payments on bank loans	-6,617	-6,720
Bank loan repayments	-5,998	0
Change of discounted contract fees	19	18
Balance at the end of the period	**149,420**	**147,756**

Additional information on borrowings is also provided in Note 16.

15 Liabilities and prepayments

Current liabilities and prepayments

	31.12.2024	31.12.2023
€ thousands		
Payables to suppliers from fixed asset transactions (Note 13)	1,065	904
Other payables to suppliers	621	827
Total payables to suppliers	**1,686**	**1,731**
Other payables	74	91
Total other payables	**74**	**91**
Tax liabilities		
VAT	551	476
Corporate income tax	1	14
Personal income tax	7	6
Social tax	13	13
Land tax, real estate tax	88	84
Other tax liabilities	9	10
Total tax liabilities	**669**	**603**
Payables to employees	36	44
Interest liabilities	118	264
Tenants' security deposits	452	363
Other accrued liabilities	208	320
Total accrued liabilities	**814**	**991**
Other prepaid income	2	1
Total prepayments	**2**	**1**
Total liabilities and prepayments (Note 16)	**3,245**	**3,417**

Non-current liabilities

	31.12.2024	31.12.2023
€ thousands		
Tenants' security deposits	1,928	1,790
Total other non-current liabilities	**1,928**	**1,790**

For additional information on liabilities, please see Note 16.

16 *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 8.

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

	Notes	31.12.2024	31.12.2023
€ thousands			
Financial assets – loans and receivables			
Cash and cash equivalents	11	18,415	14,712
Short-term deposits[1]		2,092	3,400
Trade receivables	12	1,173	1,517
Total financial assets		**21,680**	**19,629**
Financial liabilities measured at amortised cost			
Borrowings	14	149,420	147,756
Trade payables	15	1,686	1,731
Tenant security deposits	15	2,380	2,153
Interest liabilities	15	118	264
Accrued expenses	15	244	364
Total financial liabilities measured at amortised cost		**153,848**	**152,268**
Total financial liabilities		**153,848**	**152,268**

[1]Short-term deposits are concluded with a term of 3 to 6 months and bear interest of 2.8% - 3.7% per annum (as of 31.12.2023: short-term deposits are concluded with a term of 4 to 6 months and bear interest of 2.3% - 4.5% per annum).

The fair value of the financial assets and financial liabilities presented in the table above, which are recorded at adjusted cost, does not differ materially from their fair value.

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.

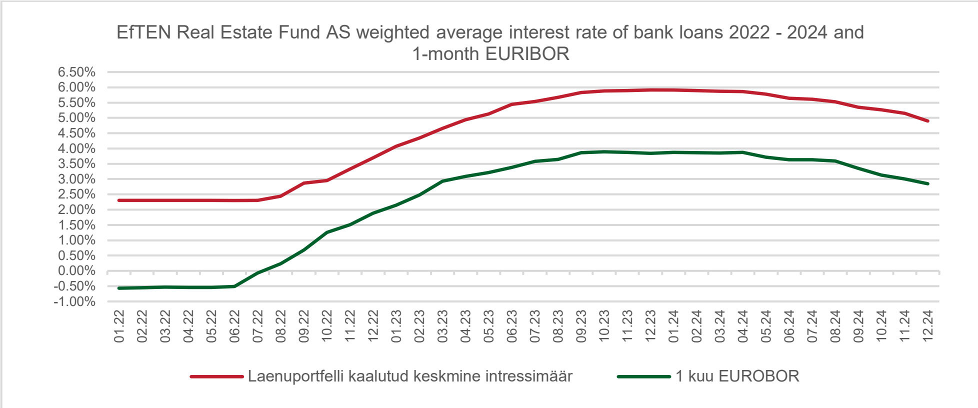
Market risk

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.

Since the summer of 2022, the variable interest rate component (EURIBOR) of the Group's long-term loan agreements has fluctuated significantly. This is due to macroeconomic factors, including central bank policies, inflation expectations and geopolitical events. These changes have a direct impact on the Group's financial performance, cash flows and risk management strategies. While the EURIBOR component related to the Group's loan agreements was negative in June 2022, interest rates increased consistently from July 2022 until September 2023. In 2024, interest rates on loans have gradually decreased.



As of 31.12.2024, all of the Group's loan agreements are concluded on a floating interest basis (margin between 1.40% and 3.0% plus 1-month, 3-month and 6-month EURIBOR). All agreements in the Group's loan portfolio have a 0% floor to protect against negative EURIBOR, i.e. in the event of a negative EURIBOR, the loan margin on these loan obligations will not decrease. The weighted average interest rate of the Group's loans as of 31.12.2024 was 4.9% (31.12.2023: 5.9%).

Due to the uncertain situation in the interest rate market, the Group's subsidiaries do not have valid interest rate swap agreements as of 31.12.2024. As of the date of preparation of this report, the Group's management assesses that further aggressive increases in interest rates are unlikely and is considering derivative transactions of up to 50% of the entire loan portfolio to fix the ceiling on interest expenses when the interest rate market stabilizes.

The change in EURIBOR has a significant impact on the Group's net profit and cash flows. The table below shows the impact of interest rate changes on the Group's profit before tax and cash flows at EURIBOR levels of 2.0%-4.5.0%, taking into account the outstanding loans as of 31.12.2024.

EURIBOR RATE	**Impact on pre-tax profits and cash flows per year**	***Change in interest expense, %***
€ thousands		
Interest expense per year, as at the end of the reporting period	**-7,047**	
Effect of EURIBOR change:		
EURIBOR 2.0%	1,295	*-18.4%*
EURIBOR 2.5%	576	*-8.2%*
EURIBOR 4.0%	-1,580	*22.4%*
EURIBOR 4.5%	-2,299	*32.6%*

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 so that no more than 65% of the acquisition cost of the investment is involved in external capital when making real estate investments and the Group's debt coverage ratio would be higher than 1.2. As of 31.12.2024, the share of the Group's interest-bearing debt liabilities in rental income generating investment properties was 40% (31.12.2023: 42%) and the average debt service coverage ratio (DSCR) for the last 12 months was 1.7 (2023: 1.8).

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 of 31.12.2024	Less than 1 month	2-4 months	5 to 12 months	2 to 5 years	over 5 years	Total
€ thousands						
Interest-bearing liabilities (Note 14)	5,221[1]	3,679	21,458	119,194	0	**149,552**
Interest payments	633	1,806	4,608	10,611	0	**17,658**
Interest liabilities (Note 15)	118	0	0	0	0	**118**
Trade payables (Note 15)	1,686	0	0	0	0	**1,686**
Tenant security deposits (Note 15)	20	167	265	1,424	504	**2,380**
Accrued expenses (Note 15)	244	0	0	0	0	**244**
Total financial liabilities	**7,922**	**5,652**	**26,331**	**131,229**	**504**	**171,638**

[1] Debt liabilities with a maturity of less than 1 month include two loan liabilities whose special terms and conditions under the loan agreement as of 31.12.2024 did not meet the requirements (Note 14): a loan in the amount of 1,929 thousand euros with a contractual repayment term of 2026 and a loan in the amount of 2,750 thousand euros with a contractual repayment term of 2028. The non-compliances of the special terms and conditions have been approved by the banks after the balance sheet date, in February 2025.

As of 31.12.2023	Less than 1 month	2-4 months	5 to 12 months	2 to 5 years	over 5 years	Total
€ thousands						
Interest-bearing liabilities (Note 14)	622	3,088	13,257	130,941	0	**147,908**
Interest payments	862	2,176	5,481	16,262	0	**24,781**
Interest liabilities (Note 15)	264	0	0	0	0	**264**
Trade payables (Note 15)	1,731	0	0	0	0	**1,731**
Tenant security deposits (Note 15)	7	99	258	1,245	545	**2,153**
Accrued expenses (Note 15)	364	0	0	0	0	**364**
Total financial liabilities	**3,850**	**5,363**	**18,996**	**148,448**	**545**	**177,201**

Statement of working capital

	31.12.2024	31.12.2023
€ thousands		
Cash and cash equivalents (Note 11)	18,415	14,712
Short-term deposits	2,092	3,400
Receivables and accrued income (Note 12)	2,055	2,360
Prepaid expenses	138	106
Total current assets	**22,700**	**20,578**
Short-term portion of long-term liabilities (Note 14)	-30,300	-16,907
Short-term debts and prepayments (Note 15)	-3,245	-3,417
Total current liabilities	**-33,545**	**-20,324**
Total working capital	**-10,845**	**254**

The Group's working capital as of 31.12.2024 is negative in the amount of -10,845 thousand euros due to the Group's six loan agreements maturing within the next 12 months in the total amount of 20,380 thousand euros. The expiring loan agreements are secured by investment properties with strong rental cash flow, therefore, according to the management's assessment, there will be no obstacles to extending these loan agreements.

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 daily, 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:

	31.12.2024	31.12.2023
Not due	1,005	1,303
Past due, incl	**304**	**333**
Up to 30 days	125	193
30-60 days	38	70
More than 60 days	141	70
Allowance for doubtful accounts	-136	-119
Total trade receivables (Note 12)	**1,173**	**1,517**

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

	31.12.2024	31.12.2023
€ thousands		
Cash and cash equivalents (Note 11)	18,415	14,712
Short-term deposits	2,092	3,400
Trade receivables (Note 12)	1,173	1,517
Total maximum credit risk	**21,680**	**19,629**

Bank account balances and deposits reflected in the group's cash and cash equivalents and short-term deposits are divided by banks according to ratings (Moody's long-term) as follows:

Rating	31.12.2024	31.12.2023
€ thousands		
Aa3	19,935	17,107
A2	190	680
A3	294	325
Baa1	88	0
Total	**20,507**	**18,112**

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 real estate projects. The required amount of equity is calculated for each investment individually, considering 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).

According to the Group's management, the Group's free cash flow allows it to pay gross dividends to investors on average 80% of the adjusted cash flow for the calendar year (EBITDA minus interest expense minus loan payments). During 2024, the Group has earned free cash flow of 11,109 thousand euros (2023: 11,314 thousand euros), of which 8,887 thousand euros (2023: 9,051 thousand euros) could be considered gross dividends according to the Fund's dividend policy. In the spring of 2025, the Fund's management plans to refinance bank loans whose LTV (Loan-to-Value) has fallen significantly lower compared to the Fund's financing policy and whose operating cash flows exceed loan and interest payments by more than two times. According to the Management's assessment, refinancing would allow the dividend payment to be increased to up to 1.1 euros per share (net). In 2024, the fund paid dividends of 10,820 thousand euros to shareholders (1 euro per share).

Statement of capitalization

More detailed information on mortgages established as collateral for the obligations provided in the capitalization report is available in Note 13 of the report.

	31.12.2024	31.12.2023
€ thousands		
Short term liabilities guaranteed with mortgage (Note 14)	30,358	16,966
Unsecured current liabilities	3,187	3,358
Total current liabilities	**33,545**	**20,324**
Long term liabilities guaranteed with mortgage (Note 14)	119,194	130,942
Unsecured non-current liabilities	12,951	10,980
Total non-current liabilities	**132,145**	**141,922**
Share capital and share premium (Note 17)	204,709	192,919
Reserves	2,799	2,749
Retained earnings (Note 18)	25,565	23,030
Total shareholder's equity	**233,073**	**218,698**
Total liabilities and equity	**398,763**	**380,944**

Statement of net debt

	31.12.2024	31.12.2023
€ thousands		
Cash (Note 11)	18,415	14,712
Short term deposits	2,092	3,400
Total liquid assets	**20,507**	**18,112**
The current portion of non-current borrowings (Note 14)	30,358	16,966
Net current liabilities	**9,851**	**-1,146**
Non-current borrowings (non-current portion) (Note 14)	119,194	130,942
Total non-current liabilities	**119,194**	**130,942**
Total net debt	**129,045**	**129,796**

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 31.12.2024 or 31.12.2023, the Group does not have any assets with fair value that would be included in the Level 1 group for the purpose of determining the value. All of the Group's investment properties are recorded at fair value and are included in the Level 3 group according to the valuation method (see Note 13). All of the Group's loan liabilities and derivative securities entered into to hedge interest rate risk belong to Level 2 group.

17 Share capital and statutory reserve capital

The registered share capital of EfTEN Real Estate Fund AS as of 31.12.2024 is 114,403 thousand euros (31.12.2023: 108,198 thousand euros). The share capital consisted of 11,440,340 shares (31.12.2023: 10,819,796 shares) with a nominal value of 10 euros (31.12.2023: the same). As of 31.12.2024, EfTEN Real Estate Fund AS has allocated 2,799 thousand euros (31.12.2023: 2,749 thousand euros) from retained earnings to reserve capital. As of 31.12.2024, the share premium is 90,306 thousand euros.

In December of 2024, the fund issued 620,544 new shares at an issue price of 19 euros, of which the nominal value was 10 euros and the share premium was 9 euros. As a result of the issue, the Fund's share capital increased by 6,205 thousand euros and the share premium by 5,585 thousand euros (a total of 11,790 thousand euros). The total expenses directly related to the issuance were 159 thousand euros. The increase in share capital was registered in the Commercial Register on 23.12.2024.

On 28.02.2023, EfTEN Real Estate Fund AS (formerly known as EfTEN Real Estate Fund III AS) merged with EfTEN Kinnisvarafond AS. According to the merger agreement, the balance sheet date of the merger was 01.01.2023. To carry out the merger, the share capital of EfTEN Real Estate Fund AS was increased by 57,472 thousand euros and 5,747,261 new shares with a nominal value of 10 euros were issued. Upon the increase in the share capital, the shares were paid for in full with a non-cash contribution from all assets of EfTEN Kinnisvarafond AS transferred to EfTEN Real Estate Fund AS, the value of which was the net asset value of EfTEN Kinnisvarafond AS's EPRA assets as of 31.12.2022 (125,905 thousand euros). New shares were issued to shareholders of EfTEN Kinnisvarafond AS, the merging fund, who were included in the list of shareholders as of 31.01.2023.

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

	As of 31.12.2024	
Company	**Number of shares**	**Ownership, %**
Hoiukonto OÜ	1,287,296	11.25%
REF Aktsiad OÜ	1,258,144	11.00%
LHV Pensonifond	1,210,475	10.58%

Shares owned by EfTEN Real Estate Fund AS Management or Supervisory Board members, their close family members, or companies under their control:

	As of 31.12.2024	
Company	**Number of shares**	**Ownership, %**
REF Aktsiad OÜ, a company under significant control of the member of the Supervisory Board Olav Miil	1,258,144	11.00%
Altiuse KVI OÜ, a company under significant control of Council member Arti Arakas	1,092,845	9.55%
EfTEN Capital AS, fund management company	292,688	2.56%
EfTEN United Property Fund, a fund managed by Fund Manager EfTEN Capital AS	218,759	1.91%
HTB Investeeringud OÜ, a company under significant control of Siive Penu, a member of the Supervisory Board	198,032	1.73%
Member of the Board Tõnu Uustalu	70,500	0.62%
Member of the Supervisory Board Olav Miil	52,649	0.46%
Member of the Board Viljar Arakas	2,000	0.02%
Miemma Holding OÜ, a company owned by Management Board member Viljar Arakas	22,606	0.20%
Meeli Leis, a close family member of Management Board member Tõnu Uustalu	2,707	0.02%
Member of the Supervisory Board Siive Penu	1,500	0.01%
Aile Arakas, a relative of Supervisory Board member Arti Arakas	515	0.005%
Martin Arakas, a close family member of Supervisory Board member Arti Arakas	853	0.007%
Lisandra Nirgi, a close family member of Supervisory Board member Arti Arakas	140	0.001%
Laura Ly Oja, a close family member of the Management Board member Viljar Arakas	19	0.000%
Member of the Supervisory Board Sander Rebane	2	0.000%
Sannu Investeeringud OÜ, owned by Supervisory Board member Sander Rebane	167	0.001%
Total	**3,214,126**	**28.09%**

18 Contingent liabilities

	31.12.2024	31.12.2023
€ thousands		
Retained earnings	25,565	23,030
Potential income tax liability	5,624	4,606
Dividends can be paid out	**19,941**	**18,424**

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 31.12.2024 and 31.12.2023.

19 Transactions with related parties

In preparing the Group's consolidated annual report, the following are considered related parties:

- Owners and companies related to the owners with significant influence over the Group;
- members of the Management Board and the companies they control (collectively referred to as management);
- members of the Supervisory Board;
- close family members of the above-listed individuals and their related companies.

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;
- Management Board members and companies owned by the Management Board members of subsidiaries 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;
- Joint venture EfTEN SPV11 OÜ;
- EfTEN Capital AS (the fund management company).

During the year of 2024, the Group purchased management services from EfTEN Capital AS in the amount of EUR 2,159 thousand (2023: 2,148 thousand euros), see Note 7.

EfTEN Real Estate Fund AS did not purchase or sell other goods or services from other related parties during the 2024 or 2023.

As of December 31, 2024, the Group had a total of 13 employees, who were paid a total of EUR 482 thousand euros (2023: 12 employees, 469 thousand euros), see Note 5,7. No fees were calculated or paid to the members of the Group's Management Board or Supervisory Board during the 2024 nor 2023. The members of the Group's Management Board work for EfTEN Capital AS, a company providing management services to the Group, and expenses related to the activities of a member of the Management Board are included in the management services. The members of the Management Boards of the Group's subsidiaries were calculated in 2024, including related taxes, in the amount of 66 thousand euros (2023: 60 thousand euros).

20 Provisions

Pending cases

EfTEN SPV2 OÜ claim against Tallinna Vesi AS

The Group's subsidiary EfTEN SPV2 OÜ filed a claim against AS Tallinna Vesi on 31.10.2020, based on the fact that AS Tallinna Vesi had provided water services to EfTEN SPV2 OÜ at excessively high prices (+15%) from 2011 to 2019, without obtaining the approval of the Competition Authority, which has significantly violated the requirements of §14 et seq. of the ÜVVKS. AS Tallinna Vesi does not recognize the claim. The Harju County Court dismissed the claim by its decision of 10.04.2024. The County Court qualified the legal relationship between the parties as a claim for unjust enrichment, which is incorrect. EfTEN SPV2 OÜ takes this position due to the fact that in a similar court dispute that took place in parallel (judgment of 25.06.2024 in civil case no. 2-22-10417), the Supreme Court explained that this is not a claim for unjust enrichment, but a contractual claim. EfTEN SPV2 OÜ has also contested the decision of the Harju County Court and the appeal has been accepted for processing by the Tallinn Circuit Court. The Circuit Court will resolve the appeal in written proceedings, where the parties have presented their positions. The decision can be expected in April of 2025. EfTEN SPV2 OÜ continues to be of the opinion that AS Tallinna Vesi, which operates in a monopoly position, has illegally and unreasonably charged high water service prices during the period 2011–2019, and AS Tallinna Vesi is obliged to compensate for the damage caused by this. The amount of EfTEN SPV2 OÜ's claim is 91 thousand euros. The Group has not recognized the aforementioned claim separately due to its uncertainty.

21 Parent company's separate financial statements

Pursuant to the Accounting Act of the Republic of Estonia, information of the unconsolidated financial statements (primary statements) of the consolidating entity (Parent Company) shall be disclosed in the notes to the consolidated financial statements. In preparing the primary financial statements of the Parent Company the same accounting policies have been used as in preparing the consolidated financial statements. The accounting policy for reporting subsidiaries has been amended in the separate primary financial statements disclosed as supplementary information in the annual report in conjunction with IAS 27, Consolidated and Separate Financial Statements.

In the parent separate primary financial statements, disclosed in the Notes to these consolidated financial statements, investments in subsidiaries are measured at fair value.

Parent company’s income statement

	2024	2023
€ thousands		
General and administrative expenses	-327	-316
Operating loss	**-327**	**-316**
Change in the management company's success fee liability	-5,804	0
Gain from subsidiaries	19,540	1,498
Loss from joint ventures	-118	-499
Finance income	518	310
Finance expense	-61	0
Profit before income tax	**13,748**	**993**
Net profit for the year	**13,748**	**993**

Parent company’s statement of financial position

	31.12.2024	31.12.2023
€ thousands		
Cash and cash equivalents	6,058	1,899
Receivables and accrued income	2,300	1,913
Total current assets	**8,358**	**3,812**
Shares of subsidiaries	212,045	198,811
Shares of joint ventures	1,960	2,078
Long-term receivables	11,835	14,938
Total non-current assets	**225,840**	**215,827**
TOTAL ASSETS	**234,198**	**219,639**
Borrowings	9	8
Total short-term liabilities	**9**	**8**
Interest liabilities	933	933
Total long-term liabilities	**933**	**933**
Total liabilities	**942**	**941**
Share capital	114,403	108,198
Share premium	90,306	84,721
Statutory reserve capital	2,799	2,749
Retained earnings	25,748	23,030
Total equity	**233,256**	**218,698**
TOTAL LIABILITIES AND EQUITY	**234,198**	**219,639**

Parent company statement of equity

	Share capital	Share premium	Statutory reserve capital	Retained earnings	Total
€ thousands					
Balance as at 31.12.2022	**50,725**	**16,288**	**2,149**	**35,108**	**104,270**
Issuance of shares	57,473	68,433	0	0	**125,906**
Dividends declared	0	0	0	-12,472	**-12,472**
Provision for reserve capital	0	0	600	-600	**0**
Net profit for the reporting year	0	0	0	993	**993**
Balance as at 31.12.2023	**108,198**	**84,721**	**2,749**	**23,029**	**218,697**
Issuance of shares	6,205	5,585	0	-159	**11,631**
Dividends declared	0	0	0	-10,820	**-10,820**
Provision for reserve capital	0	0	50	-50	**0**
Net profit for the reporting year	0	0	0	13,748	**13,748**
Balance as at 31.12.2024	**114,403**	**90,306**	**2,799**	**25,748**	**233,256**

Adjusted unconsolidated equity of the parent company (to account for compliance with the requirements set forth in the Commercial Code) is as follows:

	31.12.2024	31.12.2023
€ thousands		
Parent company's unconsolidated equity	233,256	218,697
Value of subsidiaries and joint ventures in the parent company's unconsolidated balance sheet (minus)	-214,005	-200,889
Value of subsidiaries and joint ventures calculated using the equity method (plus)	214,005	200,889
Total	**233,256**	**218,697**

Parent company's statement of cash flows

	2024	2023
€ thousands		
Cash flows from operating activities		
Net profit	**13,748**	**993**
Adjustments of net profit:		
Interest income and expense	-457	-311
Gain/loss from change in fair value of subsidiaries	-8,744	10,974
Loss from joint ventures using the equity method	118	499
Dividends received	-10,796	-12,471
Change in success fee liability	5,804	0
Total adjustments	**-14,075**	**-1,309**
Cash flows from operations before changes in working capital	**-327**	**-316**
Change in receivables and payables related to operating activities	-12	368
Total cash flows from operating activities	**-339**	**52**
Cash flows from investing activities		
Purchase of subsidiaries	-4,490	0
Subsidiary liquidation distribution	0	66
Money received on merger	0	471
Loans granted	-2,890	-2,193
Repayment of loans granted	190	0
Dividends received	10,796	12,471
Interest received	143	57
Total cash flows from investing activities	**3,749**	**10,872**
Cash flows from financing activities		
Loans received	5,620	0
Repayments of loans received	-5,620	0
Interest paid	-61	0
Dividends paid	-10,820	-12,471
Issuance of shares	11,630	0
Total cash flows from financing activities	**749**	**-12,471**
TOTAL CASH FLOWS	**4,159**	**-1,547**
Cash and cash equivalents at the beginning of period	**1,899**	**3,446**
Change in cash and cash equivalents	4,159	-1,547
Cash and cash equivalents at the end of period	**6,058**	**1,899**

22 Events after the balance sheet date

After the balance sheet date, in January 2025, the anchor tenant of the group's subsidiary EfTEN Seljaku OÜ Laagri Hortes Garden Center AS Hortes (which has been undergoing reorganization so far) filed a bankruptcy petition. On 28.01.2025, by court order in civil case No. 2-24-10026/49, Harju County Court accepted the bankruptcy petition for processing. The court hearing to review the bankruptcy petition will be held on 03.03.2025.

EfTEN Seljaku OÜ submitted a notice of termination of the lease agreement to the tenant on 31.01.2025. As of 31.01.2025, the tenant owes EfTEN Seljaku OÜ a total of 39 thousand euros. Since the tenant has paid a security deposit of 29 thousand euros under the lease agreement, EfTEN Seljaku OÜ will offset the tenant's debt with the security deposit in the overlapping part.

The Group's management has assessed the impact of the tenant's bankruptcy on the fair value of the Laagri Hortes Garden Centre and, taking into account the active interest of market participants in the acquisition of the property or the rental of the centre's commercial premises, the Group's management believes that the fair value of the investment property does not differ significantly from its market value, despite the bankruptcy proceedings of the existing tenant. The carrying amount of the investment property as of 31.12.2024 is 3,470 thousand euros and the total loan liabilities are 1,163 thousand euros. The available funds in the subsidiary's bank account as of 31.12.2024 cover the scheduled loan and interest payments for the next 17 months.

Management Board Declaration for the Consolidated Annual Report 2024

The Management Board hereby confirms that the consolidated annual report of EfTEN Real Estate Fund AS for the year 2024 has been prepared to the best of the Management Board's knowledge and, in accordance with applicable accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of EfTEN Real Estate Fund AS and the undertakings included in the consolidation as a whole, and the management report gives a true and fair view of the development and results of the business activities and financial position of EfTEN Real Estate Fund AS and the undertakings included in the consolidation as a whole, and includes a description of the main risks and uncertainties.

_______________________	_______________________________
Viljar Arakas	Tõnu Uustalu
Member of the Management Board	Member of the Management Board

The Fund's consolidated annual report in .pdf format without European Common Electronic Reporting Format (ESEF) marking. The original document has been submitted to the Tallinn Stock Exchange in machine-readable .xhtml format and digitally signed (Link: https://nasdaqbaltic.com/statistics/et/instrument/EE3100127242/reports).

Independent auditor's report

To the Shareholders of EfTEN Real Estate Fund AS

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of EfTEN Real Estate Fund AS (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2024, and the Group´s consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 27 February 2025.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of comprehensive income for the year then ended 31 December 2024;
- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Translation note:

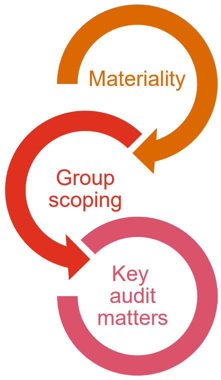
This version of the report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language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

This independent auditor's report (translation of the Estonian original) should only be used with the original document submitted in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link:https://nasdaqbaltic.com/statistics/et/instrument/EE3100127242/reports).

The non-audit services that we have provided to the Company and its subsidiaries in the period from 1 January 2024 to 31 December 2024 are disclosed in the management report.

Our audit approach

Overview



- Overall Group audit materiality is EUR 4 million, which represents approximately 1% of the Group's total assets.
- The Group audit team and component auditors, under our instructions, audited the Group companies essentially covering all parts of the consolidated statements of financial position and comprehensive income.
- Valuation of investment properties.

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

Materiality

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

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

Translation note:

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

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Overall Group audit materiality	EUR 4 million
How we determined it	Approximately 1% of total assets
Rationale for the materiality benchmark applied	We have applied total assets as benchmark, as this is the key indicator on which the Group's value depends and that is monitored by the management board and investors.

Key audit matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties *Additional information is disclosed in the financial statements of the consolidation group's Note 1.2 "Summary of significant accounting policies" and in Note 13 "Investment property".* As at 31 December 2024 the investment properties carried at fair value amounted to EUR 374 million and the revaluation loss recognised in 2024 in the consolidated statement of comprehensive income was EUR 1 million. The management uses independent appraisers to evaluate the fair values by engaging an external valuation at least twice a year for each asset. The Group measures the fair value of the investment properties using the discounted cash flow method, based on the rental rates of these properties, using the existing rental rates for properties leased out. Among other factors, the valuation of the Group's investment property portfolio is inherently subjective due to the individual nature of each investment property, its location and the expected future rental rates.	Given the inherent subjectivity involved in the valuation of investment properties and the need for market knowledge and valuation expertise, we engaged PwC valuation specialists to assist us in our audit of this area. We obtained and read the valuation reports and valuation inputs for all the investment properties and assessed whether the valuation approach for each investment property was in accordance with the principles of measuring fair value under IFRS. We verified the compliance of the methods used to measure the fair value of real estate objects with the IFRS fair value measurement principles. We assessed the qualifications, expertise and objectivity of the appraisers to ensure that they have performed their work in accordance with professional valuation standards and have significant experience in the markets in which the Group operates. We compared the major assumptions such as rental rates, discount rates, capitalisation rates and vacancy rates used by the appraisers with our internally developed estimated ranges, determined via reference to published benchmarks when applicable. Where assumptions were outside the expected range or otherwise deemed unusual, or valuations showed

In determining the fair value of investment property, the appraisers and the management take into account property specific information such as the current tenancy agreements and rental income. Assumptions for yields and estimated market rent used are influenced by prevailing market yields and comparable market transactions. The existence of significant estimation uncertainty, coupled with the fact that only a small percentage difference in individual investment property valuations, when aggregated, could result in a material impact, warranted specific audit focus in this area.	unexpected movements not consistent with general trends in the market, we undertook further investigations and challenged the appraisers and Group management by requesting additional information and explanations on inputs and assumptions used. As a result of inquiries made to management and appraisers and analysis of expert opinions, we verified that the valuation of each property had considered its specific characteristics, such as its overall quality, geographical location and cash flow potential as a whole. We examined whether the assumptions used in the valuation of the properties appropriately considered the effects of recent significant market transactions and whether management and valuers had considered and considered alternative assumptions before reaching the final valuation result. We also considered whether the disclosures made in the consolidated financial statements met the requirements set out in IFRS and noted no issues.

How we tailored our Group audit scope

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

The Group's consolidated financial statements include financial data from 38 reporting units. Based on our risk and materiality assessments, we determined which entities were required to be audited at full scope considering the relative significance of each entity to the Group and the overall coverage obtained over each material line item in the consolidated financial statements. Full scope statutory audits were performed for EfTEN Real Estate Fund AS, EfTEN SPV3 OÜ, EfTEN SPV4 OÜ, EfTEN SPV5 OÜ, EfTEN SPV6 OÜ, EfTEN SPV7 OÜ, EfTEN SPV8 OÜ, EfTEN SPV11 OÜ (joint venture), EfTEN SPV12 OÜ, EfTEN SPV15 OÜ, EfTEN SPV17 OÜ, EfTEN Tänassilma OÜ, EfTEN Laagri OÜ, EfTEN Härgmäe OÜ and EfTEN Pirita OÜ and statutory reviews for EfTEN SPV2 OÜ, EfTEN Autokeskus OÜ, EfTEN Seljaku OÜ, EfTEN Ermi OÜ, EfTEN Paemurru OÜ ja EfTEN Valkla OÜ by the Group audit team and for Saules Miestas UAB, EfTEN Krustpils SIA, EfTEN Riga Airport SIA, EfTEN Pielpilsetas SIA, EfTEN Terbata SIA, EfTEN Jelgava SIA, EfTEN Jurkalne SIA and Auras Centrs SIA by component auditors in accordance with our instructions. For other significant subsidiaries the Group audit team performed full scope audit procedures on investment properties' balances and the component auditors performed full scope audit procedures on cash and bank accounts, receivables from customers, notes payable and long-term debt, tax balances and revenue transactions from rental income. For the audit procedures performed by component auditors, we determined the level of involvement we needed to have in their audits to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

Reporting on other information including the Management report

The Management Board is responsible for the other information. The other information comprises Management report, the Remuneration Report and Distribution of revenue according to the Estonian Classification of Economic Activities (but does not include the consolidated financial statements and our auditor's report thereon).

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

In accordance with the Securities Market Act of the Republic of Estonia with respect to the Remuneration Report, our responsibility is to consider whether the Remuneration Report includes the information in accordance with the requirements of Article 135^3 (3) of the Securities Market Act of the Republic of Estonia.

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

- the information given in the Management report for the financial year for which the consolidated financial statements are prepared is consistent, in all material respects, with the consolidated financial statements;
- the Management report has been prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia; and
- the Remuneration Report has been prepared in accordance with Article 135^3 (3) of the Securities Market Act of the Republic of Estonia.

If, based on the work we have performed on the Management report and other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement in the Management report or in this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management Board and those charged with governance for the consolidated financial statements

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

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In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on other legal and regulatory requirements

Report on the compliance of the presentation of consolidated financial statements with the requirements of the European Single Electronic Format ("ESEF")

We have been engaged based our agreement by the Management Board of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the presentation of the consolidated financial statements of EfTEN Real Estate Fund AS for the year ended 31 December 2024 (the "Presentation of the Consolidated Financial Statements").

Description of a subject matter and applicable criteria

The Presentation of the Consolidated Financial Statements has been applied by the Management Board of the Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). The applicable requirements regarding the Presentation of the Consolidated Financial Statements are contained in the ESEF Regulation.

The requirements described in the preceding sentence determine the basis for application of the Presentation of the Consolidated Financial Statements and, in our view, constitute appropriate criteria to form a reasonable assurance conclusion.

Responsibility of the Management Board and those charged with governance

The Management Board of the Company is responsible for the Presentation of the Consolidated Financial Statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Presentation of the Consolidated Financial Statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process, which should also be understood as the preparation of consolidated financial statements in accordance with the format resulting from the ESEF Regulation.

Our responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Presentation of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (Estonia) 3000 (revised) “Assurance Engagements other than Audits and Reviews of Historical Financial Information" (ISAE (EE) 3000 (revised)). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Presentation of the Consolidated Financial Statements complies, in all material aspects, with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance with ISAE (EE) 3000 (revised) will always detect the existing material misstatement (significant non-compliance with the requirements).

Quality management requirements and professional ethics

We apply the provisions of the International Standard on Quality Management (Estonia) 1 (revised), and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Presentation of the Consolidated Financial Statements complies, in all material aspects, with the applicable requirements and such compliance is free from material errors or omissions. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Electronic Reporting Format of the Consolidated Financial Statements, including the preparation of the XHTML format and marking up the consolidated financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the consolidated financial statements using the iXBRL markup language according to the requirements of the implementation of electronic format as described in the ESEF Regulation;

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- evaluating the appropriateness of the Group’s' use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, based on the procedures performed, the Presentation of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

Appointment and period of our audit engagement

In connection to listing the shares of EfTEN Real Estate Fund AS in Tallinn Nasdaq stock exchange on 1 December 2017, it is our eighth year as an auditor of EfTEN Real Estate Fund AS, as a public interest entity. Our uninterrupted engagement appointment period for EfTEN Real Estate Fund AS as a public interest entity can be up to 20 years. In accordance with the Auditors Activities Act of the Republic of Estonia and the Regulation (EU) No 537/2014, our appointment as the auditor of EfTEN Real Estate Fund AS can be extended for up to the financial year ending 31 December 2036.

AS PricewaterhouseCoopers

Original report is signed in Estonian language

Jüri Koltsov
Certified auditor in charge, auditor’s certificate no. 623

27 February 2025
Tallinn, Estonia

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Signatures of the members of the Supervisory Board to the annual report

The Supervisory Board has reviewed the Annual Report prepared by the Management Board consisting of the Management Report, Renumeration Report and the Consolidated Financial Statements, and the independent auditor's report to the General Meeting of Shareholders.

27 February 2025

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Arti Arakas

Chairman of the Supervisory Board

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Siive Penu

Member of the Supervisory Board

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Sander Rebane

Member of the Supervisory Board

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Olav Miil

Member of the Supervisory Board

Distribution of revenue according to the Estonian Classification of Economic Activities

	EMTAK code	2024	Sales revenue %	Main activity
€ thousands				
Fund management	66301	0	-	yes