



## Interim report 01.01.2023 – 31.03.2023

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

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## Management report

In the middle of last year, the global increase in interest rates led to a drop in commercial property prices in many countries. However, in the Baltic commercial real estate market, which is very small on an international scale, this essentially brought transaction activity to a standstill, as potential buyers and sellers' price expectations were greatly affected. However, in the first quarter of 2023, we have observed the first signs of change in the Baltic countries. The first sellers are adjusting their price expectations downwards, and offers with a lower price level has entered the market. At the moment, it is mainly limited to the so-called B-class office segment of Vilnius, where EFTEN United Property Fund already has considerable investments. Therefore, the Fund did not make new investments in the first quarter of the year, and we expect the fall in prices in commercial investment property in the Baltics to be transferred to other segments as well.

Regarding the Fund's existing investments, the biggest developments took place in the development of the Uus-Järveküla residential area. In February, the municipality of Rae issued building permits for the buildings of the first stage of this development, and the corresponding construction works began there immediately. In April 2023, Uus-Järveküla OÜ signed a loan agreement with Coop Pank AS to finance the construction. In the fund's commercial investment property investments, the annual indexation of several leases of the office building at Menulio 7 in Vilnius took place in the first quarter. As a result, the property's rental income increased by 8% since March. In the former Danske Vilnius office building of, where the fund owns a stake in the limited partnership fund EFTEN Real Estate Fund 5, new leases were signed during the quarter. As a result, the building has been completely rented out. Through the change of tenants, the rental income of the building has increased by 16% in a year.

In the first quarter of 2023, EFTEN United Property Fund made a cash distribution to investors in the amount of 584 thousand euros, or 23.495 cents per share. The distribution is based on the return of capital paid by the limited partnership fund EFTEN Real Estate Fund 5 to EFTEN United Property Fund in connection with the refinancing of the loan of the former Danske office building in Vilnius.

On 23.01.2023, the Financial Supervisory Authority approved the changes to the fund terms of the EFTEN United Property Fund. The change in the terms of the Fund was primarily due to the need to exclude provisions that are no longer relevant after the listing of the Fund's units on the Nasdaq Tallinn stock market on 31.05.2022. As an important change, the frequency of issuing fund units has been changed. After listing on the stock market, investors have the opportunity to trade EFTEN United Property Fund units on a daily basis. Therefore, the monthly issuance of fund units is no longer necessary to provide a regular investment opportunity. The fund management company also requested the addition of the possibility of the repurchase program of EFTEN United Property Fund units to the terms and conditions of the Fund. In the opinion of the Financial Supervision Authority, the buyback program cannot be applied to contractual funds and their units listed on the stock exchange. Therefore, the buyback program provisions were not included in the terms. The amended terms and conditions of EFTEN United Property Fund came into force on 25.02.2023.

### **Financial review**

In the first quarter of 2023, EFTEN United Property Fund (hereinafter the Fund) earned a net loss of 34 thousand euros (2022 first quarter: 121 thousand euros net profit), including a profit of 28 thousand euros from the increase in the value of the subsidiary (2022 first quarter: 21 thousand euros loss) and 101 thousand euros loss from the increase in the value of underlying funds (2022 I quarter: 115 thousand euros profit). The Fund's expenses totaled 90 thousand euros in the first quarter (2022 first quarter: 35 thousand euros).

The loss in the value of the underlying funds is related to a change in the principles of accounting financial investments, resulting from the merger of the EFTEN Kinnisvarafond with the listed fund EFTEN Real Estate Fund III AS. After the merger the value of the shares of the joint fund EFTEN Real Estate Fund is recorded according to the closing price of the stock market (previously, the value was recorded according to the net asset value of the share). If the value of the EFTEN Real Estate Fund is reflected on the basis of the net asset value, the EFTEN United Property Fund would have earned more than 230 thousand euros in the first quarter of 2023 from the change in the value of financial investments.

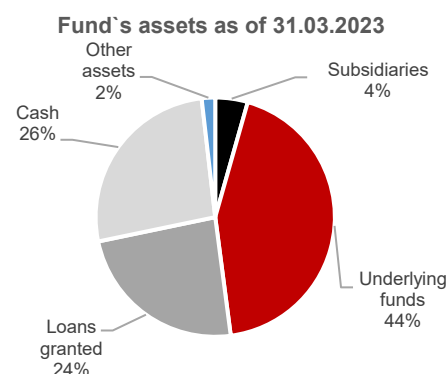
The volume of assets of EFTEN United Property Fund is 26,855 thousand euros (31.12.2022: 27,472 thousand euros), of which, as of the end of March, 72% are long-term investments (31.12.2022: 67%).

<b>Key financial indicators</b>	<b>31.03.2023</b>	<b>31.12.2022</b>
<i>€ thousand</i>		
Cash received on the subscription of shares in the fund	0	9,863
Net asset value of the fund	26,853	26,886
Fund's asset value per share, EUR (net asset value at the end of the period : number of shares at the end of the period)	10.81	10.82
Growth in the Fund's net asset value during the period	2.5%	2.7%
Profit/loss per share (combined profit for the reporting period: average number of shares in the period)	-0.01	0.66
Result of the Fund	-34	1,439
Investments in subsidiaries	1,180	1,152
Investments in underlying funds	11,690	11,790
Loans granted	6,395	5,376

### **Investments**

In the first quarter the fund granted an additional loan in the amount of 1,019 thousand euros to the subsidiary in connection with the infrastructure development at Uus-Järveküla. As of 31.03.2023, the balance of loans granted to subsidiaries was a total of 6,395 thousand euros (31.12.2022: 5,376 thousand euros).

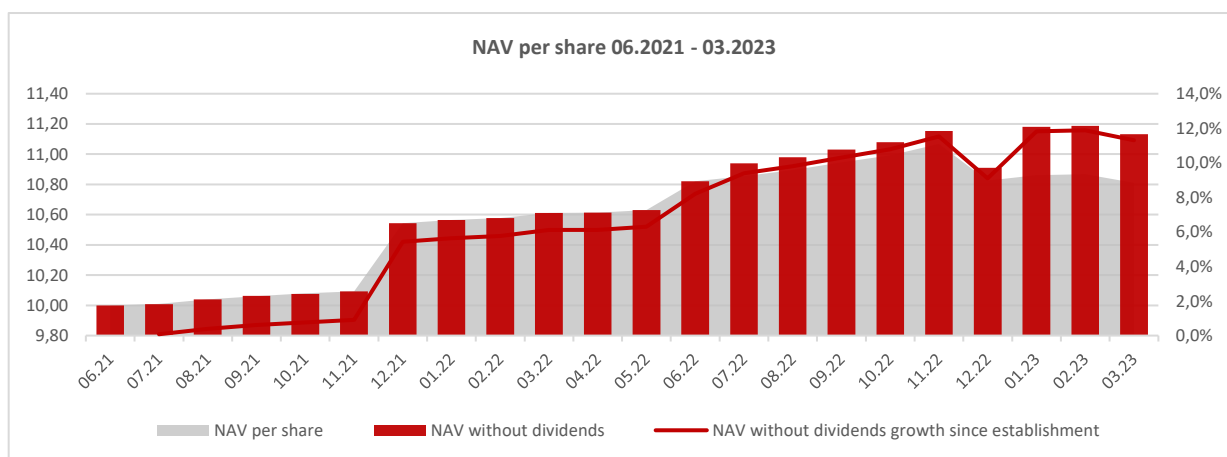
On 20.02.2023, the Fund concluded two guarantee agreements in the amount of 1,795 thousand euros with a term of 28.05.2025 as security for the Uus-Järveküla infrastructure construction, which is guaranteed by a fixed-term deposit agreement with an interest rate of 2.5% per year. In real estate development projects placing a bank guarantee for infrastructure development is a standard procedure. Most of the guaranteed infrastructure works are planned to be completed in the coming months and this will also free-up the guarantee deposit of the Fund.



### **Net asset value of the Fund**

The value of the EFTEN United Property Fund share as of 31.03.2023 was 10.81 euros (31.03.2022: 10.61 euros). Since the foundation of the Fund, the net value of the share has increased by 8.1%. The net asset value of the fund was 26.853 million euros as of 31.03.2023 (31.12.2022: 26.886 million euros).

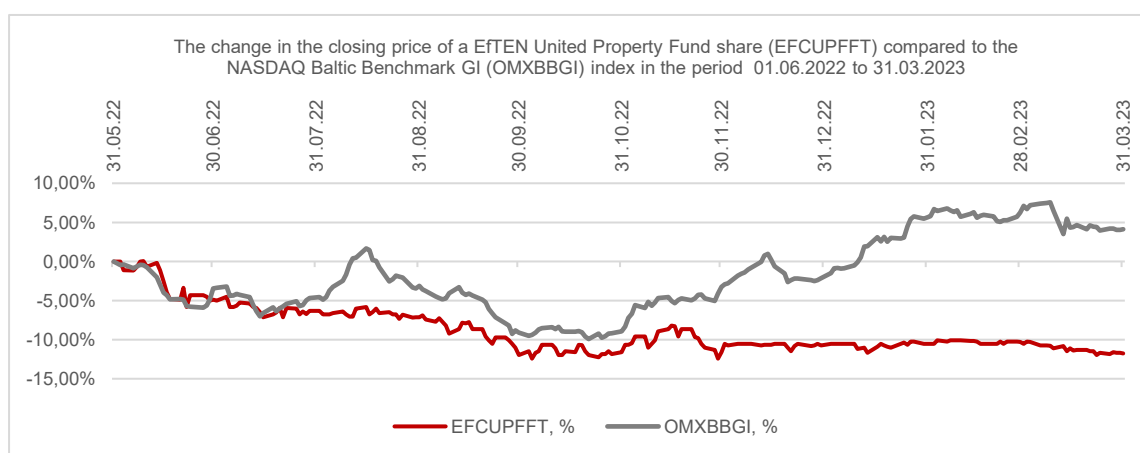
As of 31.03.2023, EFTEN United Property Fund has raised a total of 25.466 million euros of capital, of which more than 7 million euros remain uninvested as of the first quarter of 2023. All existing investments are performing well and do not currently appear to require higher capital injections than usual.



Trading statistics of EFTEN United Property Fund shares are presented in the table below:

EFCUPFFT statistics	I quarter
	2023
Opening price	9.5
Closing price	9.4
Share price, lowest	9.4
Share price, higher	9.6
Shares traded, in thousands	71
Turnover, EUR millions	0.672
Market capitalization as of 31.03, millions of EUR	23.348
P/B (closing price per share / equity per share)	0.87

The value of the fund's share has fallen by 11.8% since listing, and the Baltic Benchmark GI main index of the Baltic market has risen by 4.1% during the same period.



Kristjan Tamla  
 EFTEN Capital AS  
 Head of Retail business

## **Signatures of the EfTEN United Property Fund's fund manager's management to 2023 I quarter report**

The management of fund manager EfTEN Capital AS has prepared the report of EfTEN United Property Fund for the first quarter of 2023, covering the period from 01.01.2023 to 31.03.2023, consisting of the Management Report, Financial Statements and the Fund's Investment Report.

Viljar Arakas

Member of the Management Board

Maie Talts

Member of the Management Board

Tallinn, 03.05.2023

## Financial Statements

### Statement of the comprehensive income

	Notes	I quarter	
		2023	2022
<i>€ thousand</i>			
<b>Income</b>			
Interest income	7	106	61
Dividend income	7	23	0
<b>Net profit / loss from assets recognised in fair value through profit or loss</b>	<b>4,7</b>	<b>-73</b>	<b>95</b>
Investments in subsidiaries		28	-21
Underlying funds		-101	115
<b>Total income</b>		<b>56</b>	<b>156</b>
<b>Costs</b>			
Operating expenses			
Management fee	8	-27	-17
Costs of administering the Fund		-63	-8
Other operating expenses		0	-11
<b>Total operating expenses</b>		<b>-90</b>	<b>-35</b>
<b>Operating profit</b>		<b>-34</b>	<b>121</b>
<b>Profit before income tax</b>		<b>-34</b>	<b>121</b>
<b>Net profit for the reporting period</b>		<b>-34</b>	<b>121</b>
<b>Total consolidated profit for the reporting year</b>	<b>6</b>	<b>-34</b>	<b>121</b>
<b>Ordinary and diluted earnings / loss per share (EUR)</b>	<b>6</b>	<b>-0,01</b>	<b>0,07</b>

Notes on pages 11-22 are an integral part of these financial statements.

## Statement of financial position

	Notes	31.03.2023	31.12.2022
<i>€ thousand</i>			
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	5,306	8,769
Other receivables and accrued income	3	489	385
<b>Total current assets</b>		<b>5,795</b>	<b>9,154</b>
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	3,7	12,870	12,942
Investments in subsidiaries		1,180	1,152
Underlying funds		11,690	11,790
Loans granted	3,7	6,395	5,376
Long-term receivable	3,7	1,795	0
<b>Total non-current assets</b>		<b>21,060</b>	<b>18,318</b>
<b>TOTAL ASSETS</b>		<b>26,855</b>	<b>27,472</b>
<b>LIABILITIES</b>			
Current liabilities	3	2	586
<b>Total liabilities, excluding net asset value of the fund attributable to shareholders</b>		<b>2</b>	<b>586</b>
<b>NET ASSET VALUE OF THE FUND</b>			
Net asset value of the fund attributable to shareholders	5	26,853	26,886
<b>Total liabilities and net asset value of the fund attributable to shareholders</b>		<b>26,855</b>	<b>27,472</b>

Notes on pages 11-22 are an integral part of these interim financial statements



## Statement of changes in the net asset value of the fund attributable to shareholders

	Notes	3 months	
		2023	2022
<i>€ thousand</i>			
<b>Net asset value of the fund as at the beginning of the period</b>		<b>26,886</b>	<b>16,379</b>
Subscription of the shares		0	2,837
<b>Total transactions with shareholders</b>		<b>0</b>	<b>2,837</b>
Increase in net asset value attributable to shareholders		-34	121
<b>Total net asset value of the fund attributable to shareholders as at 31.03</b>	<b>5</b>	<b>26,853</b>	<b>19,337</b>
Number of shares outstanding at the end of the reporting period, pcs.		2,483,860	1,822,216
<b>Net asset value per share at the end of the reporting period</b>	<b>5</b>	<b>10.81</b>	<b>10.61</b>

Notes on pages 11-22 are an integral part of these interim financial statements

## Statement of cash flows

(Direct method)

	Notes	I quarter	
		2023	2022
<i>€ thousand</i>			
<b>Cash flows from operating activities</b>			
Acquisition of subsidiaries	4	0	-723
Loans granted	8	-1,019	-2,876
Interest received		22	0
Operating expenses paid		-88	-35
<b>Total cash flows from operating activities</b>		<b>-1,085</b>	<b>-3,634</b>
<b>Cash flows from investing activities</b>			
Acquisition of other investments	3	-1,795	0
<b>Total cash flows from investing activities</b>		<b>-1,795</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Proceeds from subscription of shares	5	0	4,947
Dividends paid		-583	0
<b>Total cash flows from financing activities</b>		<b>-583</b>	<b>4,947</b>
<b>Total cash flows</b>		<b>-3,463</b>	<b>1,313</b>
<b>Cash and cash equivalents at the beginning of the period</b>			
		<b>8,769</b>	<b>2,743</b>
<b>Change in cash and cash equivalents</b>			
		<b>-3,463</b>	<b>1,313</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>3</b>	<b>5,306</b>	<b>4,056</b>

Notes on pages 11-22 are an integral part of these interim financial statements.

## Notes to the financial statements

### Note 1 General information

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

EFTEN United Property Fund is managed by EFTEN Capital AS, A. Lauteri 5, Tallinn.

The financial statements reflect the Fund's business activities from 01.01.2023 to 31.03.2023.

The financial statements are presented in thousands of Euros, unless otherwise stated.

These financial statements have been approved by the Management Company on 03.05.2023.

### Note 2 Summary of significant accounting policies

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#### 2.1 Basis for the report

The interim financial statements of EFTEN United Property Fund have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS EU). This consolidated interim report has been prepared in accordance with International Accounting Standard IAS 34: Interim Reporting. In preparing the interim report, the same accounting methods have been used as in the annual report for the financial year ended 31.12.2022. The interim report should be read in conjunction with the fund's latest published 2022 financial year report, prepared in accordance with International Financial Reporting Standards (IFRS). In the opinion of the management board, EFTEN United Property Fund's interim report for the I quarter of 2023 correctly and fairly reflects the financial performance of the fund in accordance with the principle of continuity. This interim report has not been audited or otherwise checked by auditors and contains only fund reports. The reporting currency is the euro. The interim accounting report is prepared in thousands of euros and all figures are rounded to the nearest thousand, unless otherwise indicated.

## Note 3 Financial risk management

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### The Fund's investment policy

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

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

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

The fund invests in the form of debt capital (bonds, loans) with the aim of spreading the level of risk of investments between different layers of capital. As a general rule, the Fund holds such investments to maturity, i.e. the Fund does not aim to trade actively on the secondary market in the form of debt. The proportion of investments made in the form of debt capital shall not exceed 30% of the net asset value of the Fund when acquired.

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

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

The proportion of the net asset value of the Fund's assets attributable to a single investment (other than debt securities) may not exceed 20% at the time of acquisition and 30% at any other time.

The proportion of the net asset value of the Fund represented by an investment in the form of debt capital (debt securities issued, loans granted) made by a single person may not exceed 10% of the net asset value of the Fund at the time of acquisition and the proportion of the net asset value of the Fund represented by an investment in the form of debt capital made by a group may not exceed 15% of the net asset value of the Fund.

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

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

As at 31.03.2023 and 31.12.2022, the Fund has the following financial assets and liabilities:

	Notes	31.03.2023	31.12.2022
€ thousand			
<b>Financial assets – loans and receivables at amortised cost</b>			
Cash and cash equivalents		5,306	8,769
Long-term receivable	7	1,795	0
Loans granted	7	6,395	5,376
Interest claims	7	460	377
Other receivables and accrued income		29	8
<b>Total financial assets – loans and receivables at amortised cost</b>		<b>13,985</b>	<b>14,530</b>
<b>Financial assets at fair value through profit or loss</b>			
Investments in subsidiaries	4	1,180	1,152
Investments in underlying funds	4	11,690	11,790
<b>Total financial assets at fair value through profit or loss</b>	<b>7</b>	<b>12,870</b>	<b>12,942</b>
<b>TOTAL FINANCIAL ASSETS</b>		<b>26,855</b>	<b>27,472</b>
<b>Financial liabilities at amortised cost</b>			
Other short-term liabilities		2	586
<b>Total financial liabilities at amortised cost</b>		<b>2</b>	<b>586</b>
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>2</b>	<b>586</b>

The fair value of financial assets and financial liabilities carried at amortised cost in the table above does not differ materially from their fair value.

The Fund's investment policy mainly exposes it to the following risks:

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

### 3.1 Market risk

#### Refinancing risk and interest rate risk

The Fund invests in the Baltic real estate market, which is why the Management Company assesses the risk associated with fluctuations in real estate prices in this region as higher than usual. The real estate sector is cyclical, with changes in the macroeconomic environment of a country generally being the main driver. All the Baltic States (Estonia, Latvia and Lithuania) are small open economies (exports of goods and services represent a very significant part of the economy) whose development is largely dependent on changes in the macroeconomic environment of the same main trading partners. The cyclical fluctuations of small open economies can be much larger in amplitude than the global average. In sum, this means that the Baltic countries may have higher than average house price volatility and that house price movements in the three countries may be highly correlated, i.e. house prices in Estonia, Latvia and Lithuania are more likely than average to move in the same direction. For example, according to Eurostat data ([https://ec.europa.eu/eurostat/databrowser/view/PRC\\_HPI\\_A\\_custom\\_920794/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/PRC_HPI_A_custom_920794/default/table?lang=en)), residential property prices in the Baltic countries fell by around 40% in the global economic crisis of 2008-2010, while the average fall in residential property prices in the European Union over the same period was around 5%. The materialisation of

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

### **Currency risk**

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

### **Refinancing risk and interest rate risk**

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

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

In accordance with the Fund's risk management policy, the Fund's manager monitors interest rate risk and sensitivity on a daily basis.

As of 31.03.2023, the 6-month EURIBOR is 3.6% (31.12.22: 2.7%) and the 1-month EURIBOR is 3.0% (31.12.22: 1.9%). Although EFTEN United Property Fund itself has no loan obligations, the increase in EURIBOR will affect the performance and cash flows of the underlying funds and the subsidiaries that have involved loan capital, as a result of which the periodic profit payments from the underlying funds and subsidiaries will likely decrease to some extent.

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

### **3.2 Concertation risk**

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

### **3.3 Liquidity risk**

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

### **Investment acquisition and disposal risk**

The fund generally invests in assets that are not traded on a regulated market with low liquidity. In addition, the Baltic real estate market is characterised by a relatively small number of professional and highly leveraged investors. As a result, if the Fund wishes to liquidate its investments, it may not be able to find a buyer at the desired time and price. The realisation of liquidity risk may have a negative impact on the Fund's financial results and may reduce profits or lead to losses. During the first years of operation, the Management Company will focus primarily on building up the Fund's portfolio of investments, and it is therefore unlikely that liquidity risk will materialise during the Fund's first years of operation. The Fund will also have the capacity to enter into short-term borrowing arrangements to cover liquidity risk

during the acquisition and disposal of investments. The Fund has not entered into any such loan agreements during the reporting period.

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

<b>As at 31.03.2023</b>	Less than 7 days	7 days to 1 month	1-12 months	More than 12 months	<b>Total</b>
<i>€ thousand</i>					
Total assets	5,306	0	11,690	9,859	<b>26,855</b>

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

As of 31.03.2023, the fund's liabilities totaled 2 thousand euros (31.12.2022: 586 thousand euros).

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

### 3.4 Credit risk

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

#### Transaction counterparty risk

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

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

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

	31.03.2023	31.12.2022
€ thousand		
Cash and cash equivalents	5,306	8,769
Long-term receivable (Note 7)	1,795	0
Loans granted (Note 7)	6,395	5,376
Other receivables	489	385
<b>Total maximum credit risk</b>	<b>13,985</b>	<b>14,530</b>

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

As long-term receivables as of 31.03.2023, two guarantee agreements set as collateral for a subsidiary's development project bank loan in the total amount of 1,795 thousand euros with a term of 28.05.2025, which are guaranteed by a fixed-term deposit agreement with an interest rate of 2.5% per annum, have been recorded.

Loans granted as at 31.03.2023 include loans granted to subsidiaries for a total amount of 6,395 thousand euros (31.12.2022: 5,376 thousand euros). One loan in the amount of 2,876 thousand euros matures on 28.07.2027 and bears an interest rate of 4% per annum. Second loan in the amount of 3,519 thousand euros matures on 18.08.2025 and bears an interest rate of 8% per annum until 18.12.2024. From 19.12.2024 onwards, the loan bears an interest rate of 15% per annum.

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

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

### 3.5 Capital risk

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

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

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

The Fund's consists of the net asset value of its assets, i.e. the money received from the issue of shares and the Fund's income. The Fund's capital changes periodically as new shares are issued. As of 31.03.2023, EFTEN United Property Fund has issued a total of 2,483,860 shares with a total value of 25,466 thousand euros.

In accordance with the Fund's risk management policy, the Fund Manager monitors the Fund's capital through the net asset value of the Fund.



EFTEN United Property Fund listed the shares on Nasdaq Tallinn stock market on 31.05.2022 and all the shares are freely tradable.

### **3.6 Risks associated with military operations**

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

## **Note 4 Fair value of financial assets**

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The balance sheet value of the Fund's financial assets and liabilities generally corresponds to their fair value, taking into account differences in the valuation techniques used.

The Fund's investments in subsidiaries and underlying funds are valued at fair value. Since none of the Fund's subsidiaries or underlying funds are listed on the stock exchange on 31.03.2023 or 31.12.2022, the Fund calculates the fair value of the investment based on the following:

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

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

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

Uus-Järveküla OÜ	Fair value as of 31.03.2023	Fair value as of 31.12.2022
<i>€ thousand</i>		
Cash and cash equivalents	2	120
Inventory	7,108	5,850
Other current assets	103	33
<b>Total current assets</b>	<b>7,213</b>	<b>6,003</b>
Long-term financial investments		3
<b>Total non-current assets</b>	<b>0</b>	<b>3</b>
<b>TOTAL ASSETS</b>	<b>7,213</b>	<b>6,006</b>
Short-term borrowings	12	12
Other current liabilities	2,254	2,110
<b>Total current liabilities</b>	<b>2,266</b>	<b>2,122</b>
Long-term borrowings	4,228	3,208
Other long-term debts	419	346
<b>Total long-term liabilities</b>	<b>4,647</b>	<b>3,554</b>
<b>TOTAL LIABILITIES</b>	<b>6,913</b>	<b>5,676</b>
<b>NET ASSETS</b>	<b>300</b>	<b>330</b>
	<b>I quarter 2023</b>	<b>I quarter 2022</b>
Revenue	0	0
<b>Loss for the first 3 months</b>	<b>-29</b>	<b>-37</b>

	31.03.2023	31.12.2022
<i>€ thousand</i>		
The Fund's share in Uus-Järveküla OÜ-s	80%	80%
Acquisition cost of the Fund's investment	2	2
Fair value of the Fund's investment	240	263
Profit- / loss on change in fair value in period	-23	-365

The Fund's total loss in the first quarter of 2023 was loss of 73 thousand euros from the change in the fair value of subsidiaries and underlying funds.

Name	Acquisition cost	Fair value	Profit from	Acquisition cost	Fair value	Profit from
	31.03.2023	31.03.2023	change in fair value 3 months 2023	31.12.2022	31.12.2022	change in fair value 2022
<i>€ thousand</i>						
<b>Subsidiaries</b>						
Uus-Järveküla OÜ	2	240	-23	2	263	-365
EFTEN M7 UAB	723	940	51	723	889	166
<b>Total subsidiaries</b>	<b>725</b>	<b>1,180</b>	<b>28</b>	<b>725</b>	<b>1,152</b>	<b>-199</b>
<b>Underlying funds</b>						
EFTEN Real Estate Fund AS	4,497	4,616	-150	4,497	4,766	255
EFTEN Kinnisvarafond II AS	963	1,028	-7	963	1,034	31
EFTEN Real Estate Fund 5 usaldusfond	4,158	5,255	59	4,158	5,196	1,015
EFTEN Residential Fund usaldusfond	727	791	-3	727	794	45
<b>Total underlying funds</b>	<b>10,345</b>	<b>11,690</b>	<b>-101</b>	<b>10,345</b>	<b>11,790</b>	<b>1,346</b>
<b>Total securities</b>	<b>11,070</b>	<b>12,870</b>	<b>-73</b>	<b>11,070</b>	<b>12,942</b>	<b>1,148</b>

Additional information is provided in Note 3.

The Fund did not sell or pledge any of its assets during the reporting period

### Fair value

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

Level 1 - Exchange prices on a traded market;

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

Level 3 - prices in a non-trading market.

As at 31.03.2023 nor 31.12.2022, the Fund does not hold any assets at fair value that would be included in a Level 1 group for valuation purposes. All of the Fund's investments in subsidiaries and underlying funds are carried at fair value and are included in the Level 3 group according to the valuation methodology. Details of significant management judgements and estimates are disclosed in Note 2.2.

## Note 5 Net asset value of the Fund

The Fund's shares are freely tradable on the Nasdaq Tallinn stock exchange from 31.05.2022. As of 31.03.2023, EFTEN United Property Fund has issued a total of 2,483,860 shares with a total cost of 25,466 thousand euros (31.12.2022: same). Due to the fund's relatively large proportion of uninvested capital and the listing of shares on the Nasdaq Tallinn Stock Exchange, EFTEN United Property Fund does not plan to issue new shares in the near future.

Since its establishment, the Fund has issued shares as follows:

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

The net value of the Fund's share as of 31.03.2023 was 10.81 euros (2022 3 months: 10.61 euros). The net asset value of the Fund was 26,853 thousand euros as of 2023 3 months (2022 3 months: 19,337 thousand euros).

## Note 6 Earnings per share

	I quarter	
	2023	2022
Growth in net asset value attributable to shareholders, € thousand	-34	121
Weighted average number of shares during the period, pcs.	2,483,860	1,643,470
Earnings per share, EUR	-0.01	0.07

## Note 7 Segment reporting

### SEGMENT'S RESULTS

3 months 2023	Commercial property	Residential property	Property development	Unallocated	Total
<i>€ thousand</i>					
Net gain/loss on assets at fair value through profit or loss	-47	-3	-23	0	-73
Dividend income	23	0	0	0	23
Interest income	29	0	54	23	106
<b>Total income</b>	<b>5</b>	<b>-3</b>	<b>31</b>	<b>23</b>	<b>56</b>
<b>Increase/decrease in net asset value attributable to shareholders</b>	<b>5</b>	<b>-3</b>	<b>31</b>	<b>-67</b>	<b>-34</b>

### SEGMENT'S ASSETS

As at 31.03.2023	Commercial property	Residential property	Property development	Total
<i>€ thousand</i>				
Financial assets at fair value (Note 3)	11,839	791	240	12,870
Loans granted (Note 3)	2,876	0	3,519	6,395
Interest receivables (Note 3)	128	0	332	460
Long-term receivable (Note 3)	0	0	1,795	1,795
<b>Total investments</b>	<b>14,843</b>	<b>791</b>	<b>5,886</b>	<b>21,520</b>
Net debt (cash minus total liabilities)				5,304
Other current assets				29
<b>Net asset value</b>				<b>26,853</b>

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

During the reporting period, the business segments did not transact with each other. The main income of the Fund was obtained in the first 3 month of 2023 from the economic performance of commercial investment property belonging to subsidiaries and underlying funds and from the increase in the fair value of investment property.

## Note 8 Related party transactions

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EFTEN United Property Fund counts as related parties:

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

During the reporting period, the Fund bought management services in the amount of 27 thousand euros from EFTEN Capital AS (2022 3 month: 17 thousand euros). The fund did not buy from other related parties or sell other goods or services to related parties during the reporting period.

In the reporting period, the Fund granted loans to subsidiaries in total of 6,395 thousand euros (31.12.2022: 5,376 thousand euros) and received interest income from the loans in the amount of 83 thousand euros in 3 months (2022 3 months: 61 thousand euros). The base currency of the loan is the euro.

As of 31.03.2023, the management of the Fund and the companies controlled by the management of the Fund owned 39,789 (31.12.2022: the same) EFTEN United Property Fund shares. The Fund's management team consists of the members of the management board of the fund manager EFTEN Capital AS, the head of the retail division and the head of investments.

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

## Fund's investment report as at 31.03.2023

### Subsidiaries

As at 31.03.2023

Name	Location	Participation in investment	Acquisition cost	Market value	Share in the Fund's assets' market value
<i>€ thousand</i>					
<b>Subsidiaries</b>					
Uus-Järveküla OÜ	Tallinn	80.0%	2	240	0.9%
EFTEN M7 UAB	Vilnius	100.0%	723	940	3.5%
<b>Total subsidiaries</b>			<b>725</b>	<b>1,180</b>	<b>4.4%</b>

As at 31.12.2022

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

## Funds

As at 31.03.2023

Name	Type	Country of origin	Fund management company	Share in the fund 31.03.2023	Acquisition cost	Average share acquisition cost	Total market value	Market value per share	Share in the Fund's assets' market value
<i>€ thousand</i>									
<b>Underlying funds</b>									
EFTEN Real Estate Fund 5 usaldusfond	Trust fund	Estonia	EFTEN Capital AS	36.5%	4,158	4,158	5,255	5,255	19.6%
EFTEN Real Estate Fund AS <sup>1</sup>	Equity fund	Estonia	EFTEN Capital AS	2.02%	4,497	0.0206	4,616	0.0211	17.2%
EFTEN Kinnisvarafond II AS	Equity fund	Estonia	EFTEN Capital AS	0.71%	963	0.0148	1,028	0.0158	3.8%
EFTEN Residential Fund usaldusfond	Trust fund	Estonia	EFTEN Capital AS	3.14%	727	727	791	791	2.9%
<b>Total underlying funds</b>					<b>10,345</b>		<b>11,690</b>		<b>43.5%</b>
<b>Total securities</b>					<b>11,070</b>		<b>12,870</b>		<b>47.9%</b>

<sup>1</sup> EFTEN Kinnisvarafond AS merged with EFTEN Real Estate Fund AS. The merger was effective as at 28.02.2023.

As at 31.12.2022

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

All funds whose shares and participations are held by EFTEN United Property Fund disclose their net asset value on a monthly basis.



**Loans granted**

As at 31.03.2023

Borrower	Borrower's country of origin	Deadline	Interest rate	Contractual loan amount	Loan balance 31.03.2023	Share in the Fund's assets' market value
<i>€ thousand</i>						
EFTEN M7 UAB	Lithuania	28.02.2027	4%	2,876	2,876	10.7%
Uus-Järveküla OÜ	Estonia	18.08.2025	8% until 18.12.2024 15% from 19.12.2024	3,519	3,519	13.1%
<b>Total loans granted</b>				<b>6,395</b>	<b>6,395</b>	<b>23.8%</b>

As at 31.12.2022

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

**Other assets**

As at 31.03.2023

Name	Market value	Share in the Fund's assets' market value
<i>€ thousand</i>		
Interest receivables	460	1.7%
Other current receivables	29	0.1%
<b>Total other assets</b>	<b>489</b>	<b>1.8%</b>

As at 31.12.2022

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

**Deposits**

As at 31.03.2023

Name	Type	Country of origin	Rating of the Credit institution and name of the rating agency	Maturity date	Interest rate	Amount	Share in the Fund's net asset value
<i>€ thousand</i>							
Swedbank Estonia	On demand deposit	Estonia	Moody's Aa2	On demand	-	5,306	19.8%
Swedbank Estonia	Term deposit	Estonia	Moody's Aa2	28.05.2025	2.5%	1,795	6.7%
<b>Total deposits</b>						<b>7,101</b>	<b>26.4%</b>
<b>TOTAL ASSETS</b>						<b>26,855</b>	<b>100.01%</b>

As at 31.12.2022

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

As at 31.03.2023

<b>Fund's liabilities</b>	<b>-2</b>	<b>-0.01%</b>
<b>NET ASSET VALUE OF THE FUND</b>	<b>26,853</b>	<b>100.00%</b>

As at 31.12.2022

<b>Fund's liabilities</b>	<b>-586</b>	<b>-2.18%</b>
<b>NET ASSET VALUE OF THE FUND</b>	<b>26,886</b>	<b>100.00%</b>