



Interim report 01.01.2023 – 30.06.2023

Entity name	EFTEN United Property Fund
ISIN code	EE3500001609
Address	A. Lauteri 5, 10114 Tallinn, Eesti
Phone number	+372 655 9515
Fax	+372 618 1818
E-mail	info@eften.ee
Main activity	Management of funds
Financial year	1 January – 31 December
Fund manager	EFTEN Capital AS
Management board	Viljar Arakas Maie Talts Kristjan Tamla
Fond type	Contractual alternative investment fund
Units	Listed on the Nasdaq Tallinn Stock Exchange

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Management report

The real estate sector is one of the largest users of leverage in the economy. Therefore, sudden changes in interest rates and availability of credit directly affect this sector. In Estonia and other Baltic countries, most loans are linked to EURIBOR, which, depending on the term, increased by approximately 1.5 percentage points in the first half of 2023.

Higher interest rates are also reflected in the increased financial costs of EFTEN United Property Fund's subsidiaries and sub-funds, where the weighted average interest rate increased by 1.3 percentage points in the first half of the year. In addition to increased financial costs, the weighted average interest rate (WACC) of capital used to discount the business cash flows of investment properties also depends on the market interest rate, the increase of which generally leads to a decrease in the fair value of investment property. Thus, as a result of the regular evaluation that took place in June, the value of investment property and underlying funds belonging to the fund's subsidiaries decreased by 0.9%.

Compared to other European and Baltic real estate funds, the valuation decrease of EFTEN United Property Fund remained relatively small. Both the indexation of rental income and the fund's relatively large share of uninvested capital helped balance the decrease. The rental income grew the most in the two Vilnius office buildings belonging to the fund's investment portfolio - the rental income of the building at Menulio 7 increased by 12% year-on-year due to the decrease in vacancy and indexation, and the rental income of the former Danske office building, in which the fund owns a stake through the EFTEN Real Estate Fund 5, has increased by 9% as a result of the change of tenants. As a result, the office building at Menulio 7 was one of the few investment properties whose value increased on the regular evaluation in June.

Major developments took place in the first half of 2023 in the Uus-Järveküla residential development belonging to the Fund's subsidiary. 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 immediately thereafter. In April 2023, Uus-Järveküla OÜ signed a loan agreement with Coop Pank AS to partially finance construction. In May and June, the first 10 semi-detached houses were added for sale in the development of the residential area, half of which were booked by customers in two months.

In the first half of 2023, the fund made two distributions to investors in the total amount of 1.04 million euros (584 thousand euros in January and 451 thousand euros in June), or 0.417 euros per share.

Financial review

In the II quarter of 2023, EFTEN United Property Fund (hereinafter the Fund) earned a net loss of 37 thousand euros (2023 II quarter: 726 thousand euros net profit), including a loss of 104 thousand euros (2022 II quarter: 180 thousand euros profit) from the change in the value of the subsidiary and 352 one thousand euros loss from the decrease in the value of the underlying funds (in the II quarter of 2022, 353 thousand euros of profit was obtained from the change in the value of the underlying fund). The Fund's expenses totalled 45 thousand euros in the second quarter (2022 second quarter: 98 thousand euros).

In the first half of 2023, the Fund earned a net loss of 71 thousand euros (2022 first half: 847 thousand euros net profit), including 453 thousand euros of losses from underlying funds (2022 first half: 468 thousand euros of profit) and 76 thousand euros of losses from the subsidiary (2022 first half of half year: 159 thousand euros profit). The Fund's expenses totalled 135 thousand euros in the first half of the year (2022 first half: 133 thousand euros).

In June 2023, the independent appraiser Colliers International conducted a regular investment property appraisal in both the underlying funds and the subsidiaries, as a result of which the value of the subsidiaries and underlying funds decreased

by 0.9% in June. The value decreased mainly due to the increased weighted average cost of capital (WACC) resulting from the rise in EURIBOR.

In the first half of 2023, the Fund received a total of 352 thousand euros in dividends and a total of 143 thousand euros in interest. A total of 452 thousand euros of the received income was distributed to the Fund's investors in June 2023. In addition, in January 2023, the fund distributed the capital return of EFTEN Real Estate Fund 5 to investors in the amount of 584 thousand euros.

The volume of assets of EFTEN United Property Fund as of 30.06.2023 is 26,391 thousand euros (31.12.2022: 27,472 thousand euros), of which long-term investments make up 79% as of the end of June (31.12.2022: 67%).

Key financial indicators of the Fund	As of 30.06.2023 or first 6 months of 2023	As of 31.12.2022
<i>€ thousands</i>		
Cash received on the subscription of shares in the fund	0	9,863
Net asset value of the fund at the end of the period	26,364	26,886
Fund's asset value per share, EUR (Net asset value at the end of the period : count of assets at the end of the period)	10.61	10.82
Growth in the Fund's net asset value during the period	-1.9%	2.7%
Profit/ Loss per share (combined profit for the reporting period : average number of assets in the period)	-0.03	0.66
Result of the Fund	-71	1,439
Investments in subsidiaries	1,076	1,152
Long-term deposits	1,795	0
Investments in underlying funds	11,578	11,790
Loans given	6,395	5,376

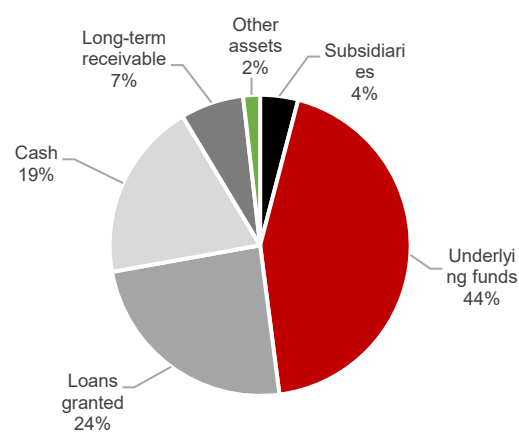
Investments

Within 6 months, the fund granted an additional loan in the amount of 1,019 thousand euros to the subsidiary in connection with the construction of the development infrastructure of Uus-Järveküla. The balance of loans granted to subsidiaries totalled 6,395 thousand euros as of 30.06.2023 (31.12.2022: 5,376 thousand euros)

On 20.02.2023, the fund signed two guarantee contracts in the amount of 1,795 thousand euros with a deadline of 28.05.2025 as a guarantee for the construction of the infrastructure of Uus-Järveküla, which is guaranteed by a fixed-term deposit agreement with an interest rate of 2.5% per year. In the case of real estate development, it is standard procedure to put a bank guarantee on the completion of the infrastructure. Most of the guaranteed infrastructure works are planned to be completed in the coming months, and then the deposit set as a guarantee of the contract will also be released.

In June 2023, EFTEN United Property Fund increased its investment in the EFTEN Residential Fund by 240 thousand euros in connection with the development projects of rental apartments in Riga and Vilnius.

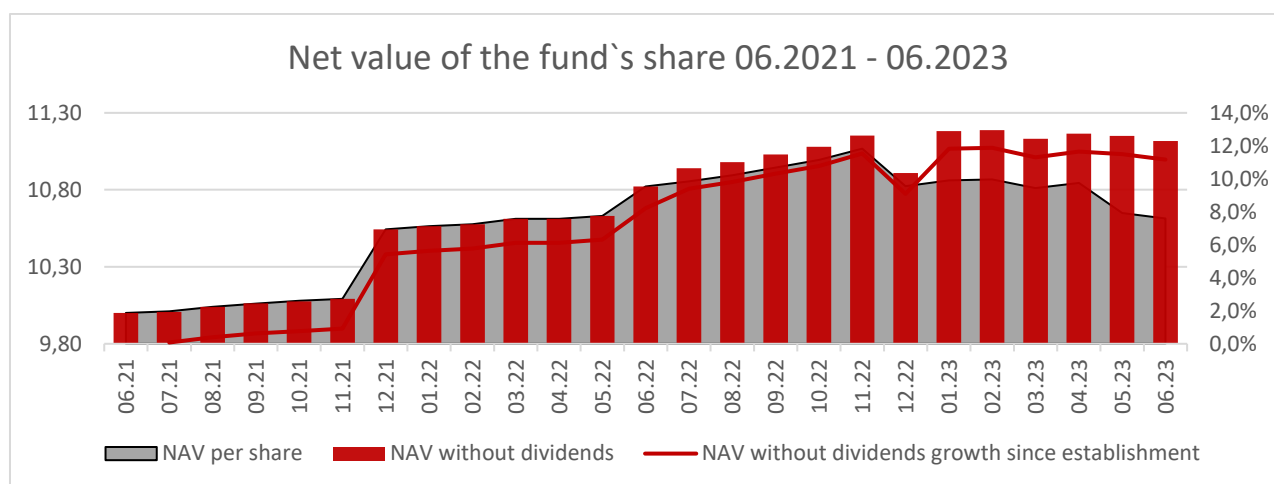
Fund's assets as of 30.06.2023



Net value of the fund

The value of a EFTEN United Property Fund unit as of 30.06.2023 was 10.61 euros (31.12.2022: 10.82 euros). Since the Foundation of the Fund, the net value of the share has increased by 6.1%. The Fund's net value of assets as of 30.06.2023 is 26.364 million euros (31.12.2022: 26.886 million euros).

As of 30.06.2023 the fund has raised a total of 25.466 million euros worth of capital, of which, as of the first half of the year 2023, 6.9 million euros is uninvested. All existing investments are performing well and do not currently appear to require higher capital injections than usual.

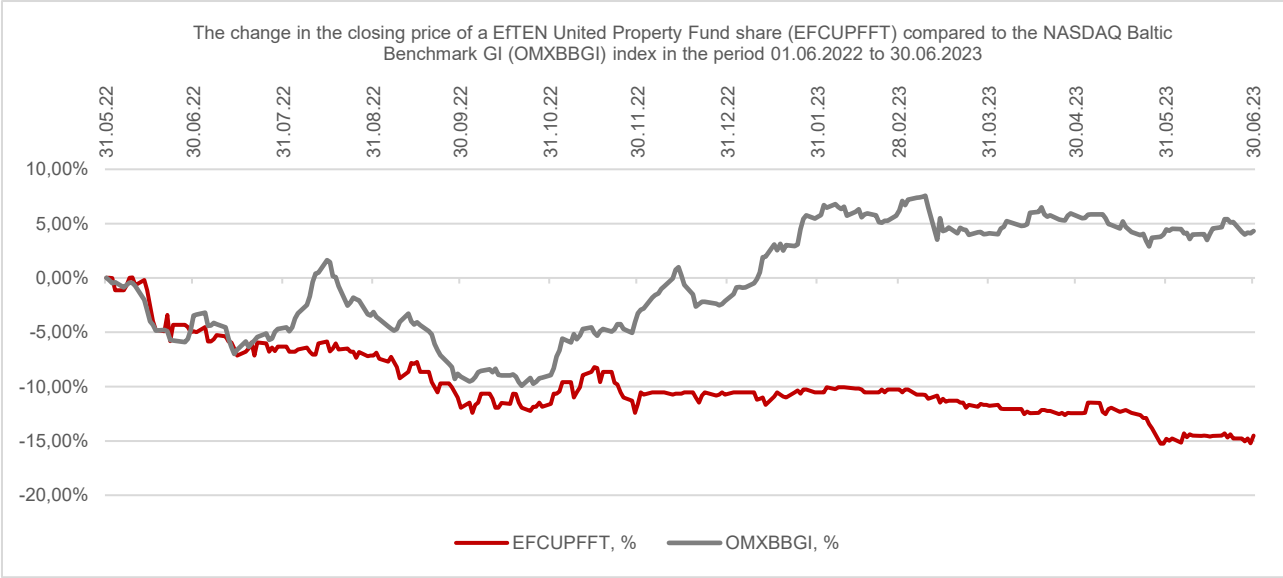


The fund listed its units on the Nasdaq Tallinn stock market on 31.05.2022.

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

Statistics of EFCUPFFT	6 months of 2023	31.05.2022-30.06.2022
Opening price	9.5	10.6
Closing price	9.1	10.1
Unit price, lowest	8.9	9.9
Unit price, highest	9.6	10.8
Traded units, thousands	159	93
Turnover, million euros	1.486	0.969
Market capitalization as of 30.06, million euros	22.603	25.087
P/B (unit closing price / equity per unit)	0.86	0.93

Since the foundation of the Fund, the net value of the unit has decreased by 14.5% and the Baltic market main index Baltic Benchmark GI has increased by 4.3% in the same time period.



Kristjan Tamla
EFTEN Capital AS
CEO

Signatures of the EFTEN United Property Fund's fund manager's management to 2023 II quarter and 6 months report

The management of fund manager EFTEN Capital AS has prepared the report of EFTEN United Property Fund for the II quarter of 2023 and 6 months, covering the period from 01.01.2022 to 30.06.2022, consisting of the Management Report, Financial Statements and the Fund's Investment Report.

Viljar Arakas

Maie Talts

Kristjan Tamla

Member of the Management Board

Member of the Management Board

Member of the Management Board

Tallinn, 02.08.2023

Financial Statements

Statement of the comprehensive income

	Notes	II quarter		6 months	
		2023	2022	2023	2022
<i>€ thousand</i>					
Income					
Interest income	7	135	79	241	140
Dividend income	7	329	212	352	212
Net profit / loss from assets recognised in fair value through profit or loss	4,7	-456	533	-529	628
Investments in subsidiaries		-104	180	-76	159
Underlying funds		-352	353	-453	468
Total income		8	824	64	980
Costs					
Operating expenses					
Management fees	8	-27	-26	-54	-43
Costs of administering the Fund		-18	-58	-81	-66
Other operating expenses		0	-14	0	-25
Total operating expenses		-45	-98	-135	-133
Operating profit		-37	726	-71	847
Profit before taxes		-37	726	-71	847
Profit / loss for the period		-37	726	-71	847
Total profit / loss for the period	6	-37	726	-71	847
Ordinary and diluted earnings / loss per share (EUR)	6	-0.01	0.36	-0.03	0.42

Notes on pages 13-25 are an integral part of these financial statements.

Statement of financial position

	Notes	30.06.2023	31.12.2022
<i>€ thousand</i>			
ASSETS			
Current assets			
Cash and cash equivalents	3	5,068	8,769
Other receivables and accrued income	3	479	385
Total current assets		5,547	9,154
Non-current assets			
Financial assets at fair value through profit or loss	3,7	12,654	12,942
Investments in subsidiaries		1,076	1,152
Underlying funds		11,578	11,790
Loans granted	3,7	6,395	5,376
Non-current receivables	3,7	1,795	0
Total non-current assets		20,844	18,318
TOTAL ASSETS		26,391	27,472
LIABILITIES			
Current liabilities	3	27	586
Total liabilities, excluding net asset value of the fund attributable to shareholders		27	586
NET ASSET VALUE OF THE FUND			
Net asset value of the fund attributable to shareholders	5	26,364	26,886
Total liabilities and net asset value of the fund attributable to shareholders		26,391	27,472

Notes on pages 13-25 are an integral part of these interim financial statements.

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

	Notes	6 months	
		2023	2022
<i>€ thousand</i>			
Net asset value of the fund as at the beginning of the period		26,886	16,379
Subscription of the shares		0	9,864
Profit distributions to shareholders		-452	-212
Total transactions with shareholders	5	-452	9,652
Increase in net asset value attributable to shareholders		-71	847
Total net asset value of the fund attributable to shareholders as at 30.06	5	26,364	26,878
Number of shares outstanding at the end of the reporting period, pcs.		2,483,860	2,483,860
Net asset value per share at the end of the reporting period	5	10.61	10.82

Notes on pages 13-25 are an integral part of these interim financial statements.

Statement of cash flows

(Direct method)

	Notes	II quarter		I half year	
		2023	2022	2023	2022
<i>€ thousand</i>					
Cash flows from operating activities					
Acquisition of subsidiaries		0	0	0	-723
Sale of associates		0	921	0	921
Acquisition of shares in real estate funds	4	-240	-3,288	-240	-3,288
Loans given	8	0	0	-1,019	-2,876
Dividends received		352	212	352	212
Interests received		121	0	143	0
Operating expenses paid		-19	-77	-107	-112
Total cash flows from operating activities		214	-2,232	-871	-5,866
Cash flows from investing activities					
Acquisition of other financial investments	3	0	0	-1,795	0
Total cash flows from investing activities		0	0	-1,795	0
Cash flows from financing activities					
Proceeds from subscription of shares	5	0	8,055	0	13,002
Dividends paid		-452	0	-1,035	0
Total cash flows from financing activities		-452	8,055	-1,035	13,002
Total cash flows		-238	5,823	-3,701	7,136
Cash and cash equivalents at the beginning of the period					
		5,306	4,056	8,769	2,743
Change in cash and cash equivalents		-238	5,823	-3,701	7,136
Cash and cash equivalents at the end of the period	3	5,068	9,879	5,068	9,879

Notes on pages 13-25 are an integral part of these interim financial statements.

Notes to the financial statements

Note 1 General information

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 during its first period of operation from 01.01.2023 to 30.06.2023.

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

These financial statements have been approved by the Management company on 02.08.2023.

Note 2 Summary of significant accounting policies

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 II quarter and the first half 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

The Fund's investment policy

The fund invests its assets to real estate 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 real estate investments.

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 30.06.2023 and 31.12.2022, the Fund has the following financial assets and liabilities:

	Notes	30.06.2023	31.12.2022
<i>€ thousand</i>			
Financial assets –loans and receivables at amortised cost			
Cash and cash equivalents		5,068	8,769
Non-current receivables ¹	7	1,795	0
Loans granted	7	6,395	5,376
Interest claims	7	475	377
Other receivables and accrued income		4	8
Total financial assets - loans and receivables at amortised cost		13,737	14,530
Financial assets at fair value through profit or loss			
Investments in subsidiaries	4	1,076	1,152
Investments in underlying funds	4	11,578	11,790
Total financial assets at fair value through profit or loss	7	12,654	12,942
TOTAL FINANCIAL ASSETS		26,391	27,472
Financial liabilities at amortised cost			
Other current liabilities		27	586
Total financial liabilities at amortised cost		27	586
TOTAL FINANCIAL LIABILITIES		27	586

¹ On 20.02.2023, the fund signed two guarantee contracts in the amount of 1,795 thousand euros with a deadline of 28.05.2025 as a guarantee for the construction of the infrastructure of Uus-Järveküla, which is guaranteed by a fixed-term deposit agreement with an interest rate of 2.5% per year.

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), 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 order to hedge against the risk of rising interest rates, the companies in which the Fund has holdings have used interest rate swap contracts

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 30.06.2023, the 6-month EURIBOR rate is 3.9% (31.12.22: 2.7%) and the 1-month EURIBOR rate is 3.4% (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 Concentration risk

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

3.3 Liquidity risk

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

Investment acquisition and disposal risk

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

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

As at 30.06.2023	Less than 7 days	7 days to 1 month	1-12 months	More than 12 months	Total
<i>€ thousand</i>					
Total assets	5,068	0	11,582	9,741	26,391

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

As at 30.06.2023, the Fund's liabilities totalled 27 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:

	30.06.2023	31.12.2022
<i>€ thousand</i>		
Cash and cash equivalents	5,068	8,769
Non-current receivables (Note 7)	1,795	0
Loans given (Note 7)	6,395	5,376
Other receivables	479	385
Total maximum credit risk	13,737	14,530

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 30.06.2023, two guarantee agreements set as security 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.

Loans granted as of 30.06.2023 include loans granted to subsidiaries in the total amount of 6,395 thousand euros (31.12.2022: 5,376 thousand euros). The final term of one loan in the amount of 2,876 thousand euros is 28.02.2027 and the loan bears interest at 4% per year. The term of the second loan in the amount of 3,519 thousand euros is 18.08.2025, and until 18.12.2024 this loan bears interest at 8% per year. From 19.12.2024, the loan interest rate is 15% per year.

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

According to the fund's risk management policy, the fund manager monitors credit risk on a daily basis.

3.5 Capital risk

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

The fund invests the proceeds of the issue predominantly in instruments that are not traded on a regular 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 such a case, the proceeds of the issue will be held in deposits with a credit institution, where their long-term return is likely to be lower than if they had been invested in income-producing real estate assets. Therefore, if the Fund is unable to find attractive investment opportunities over a longer period of time after the new units are issued, unitholders may experience a lower return. The likelihood of the risk materialising depends in particular on two factors:

- (i) the size of the subscriptions for units of the Fund during the offering period; and
- (ii) how active the Baltic real estate market is during the offering period. The risk of a slow and/or underperforming investment is higher the more units are subscribed to the Fund and the lower the activity in the Baltic real estate market.

The capital of the Fund consists of the net asset value of its assets, i.e. the money raised from the issue of units and the income of the Fund. The Fund's capital changes periodically as new units are issued. In its first year of operation EFTEN United Property Fund issued 2,483,860 units with a total cost 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 units to trading on Nasdaq Tallinn on 31.05.2022 and all the shares are publicly tradable.

3.6 Risk related to military activities

In February 2022, Russia started a war in Ukraine. In this regard, most countries imposed extensive sanctions, which have a significant negative impact on the Russian economy. As far as the fund manager is aware, there are no tenants mainly related to business activities in Russia or Ukraine on the rental premises of the real estate objects 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 states (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

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 except EFTEN Real Estate Fund AS is listed on the stock exchange on 30.06.2023 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..

EFTEN Kinnisvarafond AS merged with EFTEN Real Estate Fund AS. The merger took effect on 28.02.2023. Since EFTEN Real Estate Fund AS is listed on the stock exchange, the share value of an investment fund traded on the regulated market is its closing price on the balance sheet date.

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	Balance of subsidiary as of 30.06.2023	Adjustment to fair value	Fair value as of 30.06.2023	Balance of subsidiary as of 31.12.2022	Adjustment to fair value	Fair value as of 31.12.2022
<i>€ thousand</i>						
Cash and cash equivalents	279	0	279	120	0	120
Inventory	11,708	-1,506	10,202	5,247	603	5,850
Other current assets	453	0	453	33	0	33
Total current assets	12,440	-1,506	10,934	5,400	603	6,003
Long-term financial investments	0	0	0	3	0	3
Total non-current assets	0	0	0	3	0	3
TOTAL ASSETS	12,440	-1,506	10,934	5,403	603	6,006
Short-term borrowings	12	0	12	12	0	12
Other current liabilities	3,838	0	3,838	2,110	0	2,110
Total current liabilities	3,850	0	3,850	2,122	0	2,122
Long-term borrowings	8,451	0	8,451	3,208	0	3,208
Other long-term debts	501	0	501	346	0	346
Total long-term liabilities	8,952	0	8,952	3,554	0	3,554
TOTAL LIABILITIES	12,802	0	12,802	5,676	0	5,676
NET ASSETS	-362	-1,506	-1,868	-273	603	330

	30.06.2023	Adjustment to fair value	Fair value as of 30.06.2023	31.12.2022	Adjustment to fair value	Fair value as of 31.12.2022
Revenue	9	0	9	0	0	0
Profit / loss	-88	-1 506	-1 594	-199	603	404

	30.06.2023	31.12.2022
<i>€ thousand</i>		
The Fund's share in Uus-Järveküla OÜ	80%	80%
Acquisition cost of the Fund's investment	2	2
Fair value of the Fund's investment	0	263
Profit- / loss on change in fair value in period	-263	-365

Investment property of the underlying funds and subsidiaries belonging to EFTEN United Property Fund are evaluated in all Baltic countries by the independent appraiser Colliers International Advisors OÜ. As of 30.06.2023, the following assumptions have been used in the assessment of the fair value of investment properties belonging to charitable trusts:

Underlying fund or subsidiary	The Fund's share in the underlying fund or subsidiary	Fair value of the underlying fund or subsidiary in the Fund's balance sheet	Consolidated annual rental income	Discount rate	Exit yield
<i>€ thousand</i>					
EFTEN Real Estate Fund 5 trust fund	36.47%	5,153	1,799	9.0%	6.0%
EFTEN Real Estate Fund AS	2.02%	4,364	30,556	8.2%-11.0%	6.0%-8.5%
EFTEN Kinnisvarafond II AS	0.71%	1,030	19,885	8.5%-9.8%	6.7%-7.8%
EFTEN Residential Fund trust fund	3.58%	1,031	1,360	7.0%-8.6%	5.0%-6.0%
Subsidiary EFTEN M7 UAB	100.00%	1,076	477	9.4%	7.8%
Total		12,654	54,077		

Assumptions as at 31.12.2022:

Underlying fund or subsidiary	The Fund's share in the underlying fund or subsidiary	Fair value of the underlying fund or subsidiary in the Fund's balance sheet	Annual rental income	Discount rate	Exit yield
<i>€ thousand</i>					
EFTEN Real Estate Fund 5 trust fund	36.47%	5,196	1,708	8.4%	6.0%
EFTEN Kinnisvarafond AS	3.81%	4,766	16,241	7.8%-11.0%	6%-8%
EFTEN Kinnisvarafond II AS	0.71%	1,034	19,360	8.3%-9.45%	6.5%-7.75%
EFTEN Residential Fund trust fund	0.71%	794	1,166	6.7%-8.8%	5.0%-6.0%
Subsidiary EFTEN M7 UAB	100.00%	889	466	8.8%	7.8%
Total		12,679	38,941		

The table below shows the impact of the discount rate used in the estimates, the exit productivity and the change in sales revenue on the value of the underlying funds in the Fund's balance sheet.

As at 30.06.2023:

Fair value sensitivity analysis of investment properties	The fair value in the Fund's balance sheet	Effect of change in the discount rate		Effect of change in exit yield		Effect of change in sales revenue	
Underlying fund or subsidiary		+0.5 pp	-0.5pp	+0.5 pp	-0.5pp	+10%	-10%
EFTEN Real Estate Fund 5 trust fund	5,153	-204	208	-587	689	1,018	-1,021
EFTEN Real Estate Fund AS ¹	4,364	-145	147	-319	364	805	-806
EFTEN Kinnisvarafond II AS	1,030	-36	37	-86	99	210	-210
EFTEN Residential Fund trust fund	1,031	-19	20	-61	74	101	-101
Subsidiary EFTEN M7 UAB	1,076	-120	120	-260	290	670	-680
Total	12,654	-404	412	-1,054	1,226	2,133	-2,137

As at 31.12.2022:

Fair value sensitivity analysis of underlying funds and subsidiary real estate investments	Fair value in the Fund's balance sheet	Effect of change in the discount rate		Effect of change in exit yield		Effect of change in sales revenue	
Underlying fund or subsidiary		+0.5 pp	-0.5pp	+0.5 pp	-0.5pp	+10%	-10%
EFTEN Real Estate Fund 5 trust fund	5,196	-208	215	-598	711	1,047	-1,047
EFTEN Kinnisvarafond AS	4,766	-147	150	-334	382	829	-830
EFTEN Kinnisvarafond II AS	1,034	-37	38	-91	105	214	-215
EFTEN Residential Fund trust fund	794	-16	16	-52	63	85	-86
Subsidiary EFTEN M7 UAB	889	-120	120	-250	280	660	-660
Total	12,679	-407	419	-1,074	1,261	2,175	-2,177

From the change in the fair value of subsidiaries and underlying funds, the Fund suffered a total loss of 529 thousand euros in the first half of 2023 (first half of 2022: profit of 628 thousand euros)

Name	Acquisition cost 30.06.2023	Fair value 30.06.2023	Gain on change in fair value 6 months 2023	Acquisition cost 30.06.2023	Fair value 30.06.2023	Gain on change in fair value 2022
<i>€ thousand</i>						
Subsidiaries						
Uus-Järveküla OÜ	2	0	-263	2	507	-121
EFTEN M7 UAB	723	1,076	187	723	1,003	280
Total subsidiaries	725	1,076	-76	725	1,510	159
Underlying funds						
EFTEN Real Estate Fund AS	4,497	4,364	-402	3,500	3,524	10
EFTEN Kinnisvarafond II AS	963	1,030	-5	963	1,027	24
EFTEN Real Estate Fund 5 trust fund	4,158	5,153	-43	4,741	5,190	426
EFTEN Residential Fund trust fund	967	1,031	-3	361	391	8
Total underlying funds	10,585	11,578	-453	9,565	10,132	468
Total securities	11,310	12,654	-529	10,290	11,642	628

Additional information on investments is provided in Note 3.

In June 2023, EFTEN United Property Fund increased its investment worth 240 thousand euros in the trust fund EFTEN Residential Fund in connection with the development projects of rental houses in Riga and Vilnius.

During the reporting period, the Fund has not sold or pledged its securities investments.

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 of 30.06.2023, the fund owns one asset that belongs to the Level 1 group (participation in the listed company EFTEN Real Estate Fund). As of 31.12.2022, the fund did not own any assets at fair value that would belong to the Level 1 group when determining the value. All other investments of the Fund in subsidiaries and underlying funds are recorded at fair value and belong to the Level 3 group according to the valuation method.

Note 5 Net asset value of the fund

The fund's units are freely tradable on the Nasdaq Tallinn stock exchange from 31.05.2022. As of 30.06.2023, EFTEN United Property Fund has issued a total of 2,483,860 units with a total cost of 25,466 thousand euros (31.12.2022: the same). Due to the fund's relatively large proportion of uninvested capital and the listing of units on the Nasdaq Tallinn Stock Market, EFTEN United Property Fund does not plan to issue new units in the near future.

Since founding 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
Total		2,483,860		25,466

In the first half of 2023, the Fund received a total of 352 thousand euros from dividend income and a total of 143 thousand euros from interest. 452 thousand euros of the received income were paid out to the Fund's investors in June 2023.

The net value of the fund unit as of 30.06.2023 was 10.61 euros (as of 31.12.2022: 10.82 euros). The net asset value of the fund was 26,364 thousand euros as of 30.05.2023 (as of 31.12.2022: 26,887 thousand euros).

Note 6 Profit per share

	II quarter		6 months	
	2023	2022	2023	2022
Growth in net asset value attributable to shareholders, € thousand	-37	726	-71	847
Weighted average number of shares during the period, pcs.	2,483,860	2,040,900	2,483,860	2,001,410
Earnings per share, EUR	-0.01	0.36	-0.03	0.42

Note 7 Segment reporting

SEGMENT'S RESULTS

6 months 2023	Commercial property	Residential property	Real estate development	Unallocated	Total
<i>€ thousands</i>					
Net gain/loss on assets at fair value through profit or loss	-264	-2	-263	0	-529
Dividend income	341	11	0	0	352
Interest income	58	0	140	43	241
Total income	135	9	-123	43	64
Growth in net asset value attributable to shareholders	135	9	-123	-92	-71

SEGMENT'S ASSETS

As at 30.06.2023	Commercial property	Residential property	Property development	Total
<i>€ thousand</i>				
Financial assets at fair value (note 3)	11,623	1,031	0	12,654
Loans given (note 3)	2,876	0	3,519	6,395
Interest receivables (note 3)	58	0	417	475
Long-term receivables (note 3)	0	0	1,795	1,795
Total investments	14,557	1,031	5,731	21,319
Net debt (cash minus total liabilities)				5,041
Other current assets				4
Net asset value				26,364

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

During the reporting periods, the business segments did not transact with each other. The main income of the fund was obtained in the first half of 2023 from dividends and interest received from subsidiaries and underlying funds.

Note 8 Related party transactions

EFTEN United Property Fund counts as related parties:

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

During the reporting period, the fund purchased management services from EFTEN Capital AS in the amount of 54 thousand euros (2022 6 months: 43 thousand euros). The fund did not buy from other related parties or sell other goods or services to related parties during the reporting period.

During the reporting period, the fund granted loans to subsidiaries totaling 6,395 thousand euros (31.12.2022: 5,376 thousand euros) and received interest income from the loans in the amount of 183 thousand euros in 6 months (2022 6 months: 140 thousand euros). The base currency of the loan is the euro.

As of 30.06.2023, the fund's management and the companies controlled by the fund's management owned 39,789 EFTEN United Property Fund units (31.12.2022: the same). The management of the fund includes the board members of the management company EFTEN Capital AS, the head of retail business and the head of investments.

EFTEN United Property Fund does not pay any fees to the management of the fund. The management receives fees from the fund management company EFTEN Capital AS.

Fund's investment report as at 30.06.2023

Subsidiaries

As at 30.06.2023

Name	Location	Participation in investment	Acquisition cost	Fair value	Share of the net value of the fund
<i>€ thousand</i>					
Subsidiaries					
Uus-Järveküla OÜ	Tallinn	80.0%	2	0	0.0%
EFTEN M7 UAB	Vilnius	100.0%	723	1,076	4.1%
Total subsidiaries			725	1,076	4.1%

As at 31.12.2022

Name	Location	Participation in investment	Acquisition cost	Fair value	Share of the net value of the fund
<i>€ thousand</i>					
Subsidiaries					
Uus-Järveküla OÜ	Tallinn	80.0%	2	263	1.0%
EFTEN M7 UAB	Vilnius	100.0%	723	889	3.3%
Total subsidiaries			725	1,152	4.3%

Funds

As at 30.06.2023

Name	Type	Country of origin	Fund management company	Share in the fund 30.06.2023	Acquisition cost	Average share acquisition cost	Total market value	Market value per share	Share in the Fund's net asset value
<i>€ thousand</i>									
Underlying funds									
EFTEN Real Estate Fund 5 trust fund	Trust fund	Estonia	EFTEN Capital AS	36.47%	4,158	4,159	5,153	5,153	19.5%
EFTEN Real Estate Fund AS ¹	Equity fund	Estonia	EFTEN Capital AS	2.02%	4,497	0.0206	4,364	0.0199	16.6%
EFTEN Kinnisvarafond II AS	Equity fund	Estonia	EFTEN Capital AS	0.71%	963	0.0148	1,030	0.0158	3.9%
EFTEN Residential Fund trust fund	Trust fund	Estonia	EFTEN Capital AS	3.58%	967	966	1,031	1,031	3.9%
Total underlying funds					10,585		11,578		43.9%
Total securities					11,310		12,654		48.0%

¹ EFTEN Kinnisvarafond AS merged with EFTEN Real Estate Fund AS. The merger took effect on 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 net asset value
<i>€ thousand</i>									
Underlying funds									
EFTEN Real Estate Fund 5 trust fund	Trust fund	Estonia	EFTEN Capital AS	36.47%	4,158	4,158	5,196	5,196	19.3%
EFTEN Real Estate Fund AS ¹	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 trust fund	Trust fund	Estonia	EFTEN Capital AS	3.14%	727	727	794	794	3.0%
Total underlying funds					10,345		11,790		43.9%
Total securities					11,070		12,942		48.1%

All funds whose shares and participation EFTEN United Property Fund owns disclose their net worth on a monthly basis.

Loans granted**As at 30.06.2023**

Borrower	Borrower's country of origin	Deadline	Interest rate	Contractual loan amount	Loan balance 30.06.2023	Share in the Fund's assets' market value
<i>€ thousand</i>						
EFTEN M7 UAB	Lithuania	28.02.2027	4%	2,876	2,876	10.9%
Uus-Järveküla OÜ	Estonia	18.08.2025	8% until 18.12.2024 15% from 19.12.2024	3,519	3,519	13.3%
Total loans granted				6,395	6,395	24.3%

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%
Total loans granted				5,376	5,376	20.0%

Other assets**As at 30.06.2023**

Name	Market value	Share of the net value of the fund
<i>€ thousand</i>		
Interest receivable	475	1.8%
Other short-term receivables	4	0.0%
Total other assets	479	1.8%

As at 31.12.2022

Name	Market value	Share of the net value of the fund
<i>€ thousand</i>		
Interest receivable	377	1.4%
Other short-term receivables	8	0.0%
Total other assets	385	1.4%

Deposits**As at 30.06.2023**

Credit institution	Type	Country of origin	Rating of the Credit institution and name of the rating agency	Maturity date	Interest rate	Amount	Share in the Fund's net asset value
<i>€ thousand</i>							
Swedbank Estonia	On demand deposit	Estonia	Moody's Aa3	On demand	-	5,068	19.2%
Swedbank Estonia	Term deposit	Estonia	Moody's Aa3	28.05.2025	2.5%	1,795	6.8%
Total deposits						6,863	26.0%
TOTAL ASSETS						26,391	100.10%

As at 31.12.2022

Credit institution	Type	Country of origin	Rating of the Credit institution and name of the rating agency	Maturity date	Interest rate	Amount	Share in the Fund's net asset value
<i>€ thousand</i>							
Swedbank Estonia	On demand deposit	Estonia	Moody's Aa3	On demand	-	8,769	32.6%
TOTAL ASSETS						27,472	102.18%

As at 30.06.2023

Fund liabilities	-27	-0.10%
NET ASSET VALUE OF THE FUND	26,364	100.00%

As at 31.12.2022

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