



EfTEN Real Estate Fund III

EfTEN Real Estate Fund III AS

Commercial register number: 12864036

Consolidated Interim Report for the First quarter 2018

(unaudited)

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MANAGEMENT REPORT

Comment of the Chairman of the Board

The most important events in the 1st quarter of 2018 were the rental income increase from the extension of the DSV logistics center in Riga in March 2018, and the full start of operations of the grocery store 'Selver' after launching on December 14th, 2018. The development project will be considered complete in May of this year when the construction of additional parking spaces next to the "Circle K" fuel station will be finished. In the ordinary course of business, the first quarter met the expectations of management. In addition, vacancies were filled at the Olonu office premises in Vilnius. Both of the Fund's Lithuanian office buildings are 100% let at the end of the quarter.

The Fund's dividend policy determines a dividend payment of 80% from the Fund's annual cash flow. During the first quarter of 2018, the potential (net)dividend payout amounted to 625 thousand euros, which is 19 euros per share. The dividend payout from the 2018 profit will proceed after the general shareholders' meeting of spring 2019.

Financial overview

The consolidated sales revenue of EFTEN Real Estate Fund III AS for 1st quarter 2018 was EUR 2.000 million, which increased by 13% in a year. The Group's EBITDA totaled EUR 1.582 million (1st quarter 2017: EUR 1.409 million). The Group's net profit for the same period amounted to EUR 1.251 million, increasing by 14% compared to 1st quarter 2017.

The consolidated gross profit margin in 2018 was 98% (1st quarter 2017: the same). Therefore, expenses directly related to management of properties (incl. land tax, insurance, maintenance and improvement costs) accounted for only 2% of the revenue. The Group's expenses related to properties, marketing costs, general expenses, other income and expenses accounted for 21% of the revenue in 1st quarter 2018. The respective indicator was 20% in 1st quarter 2017.

	1st quarter	
	2018	2017
<i>EUR million</i>		
Rental revenue, other fees from investment properties	2.000	1.764
Expenses related to investment properties, incl. marketing costs	-0.151	-0.133
Interest expense and interest income	-0.207	-0.121
Net rental revenue less finance costs	1.642	1.510
Management fees	-0.148	-0.124
Other revenue and expenses	-0.114	-0.090
Profit before change in the value of investment property, change in the success fee liability, fair value change of interest rate swap and income tax expense	1.380	1.296

As at 31.03.2018, the Group's total assets were in the amount of EUR 97.548 million (31.12.2017: 97.291 million), including fair value of investment property, which accounted for EUR 89.789 million (31.12.2017: 88.390 million) of the total assets.

	31.03.2018	31.12.2017
<i>EUR million</i>		
Investment property	89.751	88.390
Other non-current assets	0.038	0.090
Current assets, excluding cash	0.496	0.678
Net asset value (NAV)	47.636	46.385
Net asset value (NAV) per share (in euros)	14.78	14.39

The net asset value of the share increased by 2.7% in 1st quarter 2018. The weighted average interest rate of Group's loan agreements (incl. interest rate swap agreements) was 1.73% as at the end of 1st quarter (31.12.2017: same) and LTV (Loan to Value) was 51% (31.12.2017: 52%).

The dividend policy of EFTEN Real Estate Fund III AS provides that the Group will pay out 80% of the free cash flow to shareholders as (gross) dividends in each accounting year. In 2017, EFTEN Real Estate Fund III AS paid the shareholders (net) dividends in the amount of 1.5 million euros (63 cents per share). After the balance sheet date, on April 2018, the Fund's general meeting decided to distribute (net)dividends from year 2017 profit 2.2 million euros (68 cents per share), which represents 6.1% of the share capital paid in by the end of 2017.

For 3 months	2018	2017
ROE. % (net profit of the period / average equity of the period) x 100	2.7	3.7
ROA. % (net profit of the period / average assets of the period) x 100	1.3	1.4
ROIC. % (net profit of the period / average invested capital of the period) x 100 ¹	3.5	4.4
DSCR (EBITDA/(interest expenses + scheduled loan payments))	2.2	2.2

¹ The average invested capital of the period is the paid-in share capital of EFTEN Real Estate Fund III AS's equity, and the share premium. The indicator does not show the actual investment of the funds raised as equity.

Real Estate Portfolio

The Group invests in commercial real estate with a strong and long-term tenant base. At the end of 1st quarter 2018, the Group had 8 (31.12.2017: same) commercial investment properties with a fair value as at the balance sheet date of EUR 89.751 million (31.12.2017: 88.4 million) and acquisition cost of EUR 83.016 million (31.12.2017: 81.7 million). The real estate portfolio of the Group is divided into following sectors:

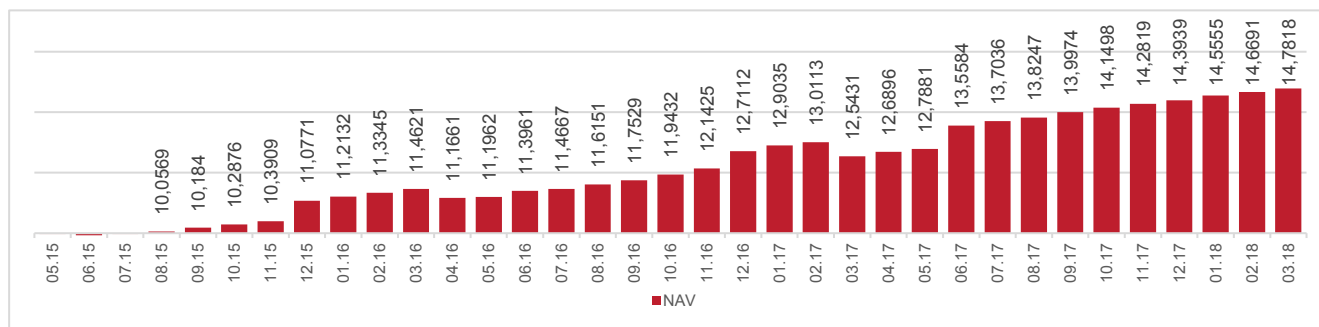
Investment property, as at 31.03.2018	Group's ownership	Fair value of investment property	Net leasable area	Rental revenue per annum (EUR thousands)	Occupancy, %	Average length of rental agreements	Number of tenants
DSV Tallinn	100	13 070	16 014	1 014	100	8.3	1
DSV Riga	100	8 214	5 398	695	100	8.3	1
DSV Vilnius	100	8 600	11 687	681	100	8.3	1
Total logistics	100	29 884	33 099	2 390	100	8.3	3
Saules Miestas shopping centre	100	30 990	19 881	2 884	98	3.5	117
Hortes gardening centre	100	3 210	3 470	255	100	14.2	1
Selver grocery store	100	6 585	3 063	496	100	9.5	9
Total retail	100	40 785	26 414	3 636	99	5.9	127
Ulonu office building	100	9 272	5 174	706	100	1.4	16
L3 office building	100	9 810	6 151	752	100	1.8	36
Total office	100	19 082	11 325	1 458	100	1.6	52

Contractual revenue generated by 15 customers accounts for 59.5% of the consolidated rental revenue.

Client	% of the consolidated revenue
DSV Transport AS	13.6%
DSV Transport SIA	9.6%
DSV Transport UAB	9.4%
UAB "RIMI Lietuva"	6.5%
Selver AS	4.2%
Hortes AS	3.4%
Valstybinė kainų ir energetikos kontrolės komisija	3.5%
Soundest UAB	1.2%
Koncernas SBA UAB	1.2%
Eurovaistine. UAB	1.1%
Bonum Publicum UAB	1.1%
Drogas, UAB	1.1%
New Yorker Lietuva, UAB	1.1%
Topo grupė, UAB	1.0%
Others	40.5%

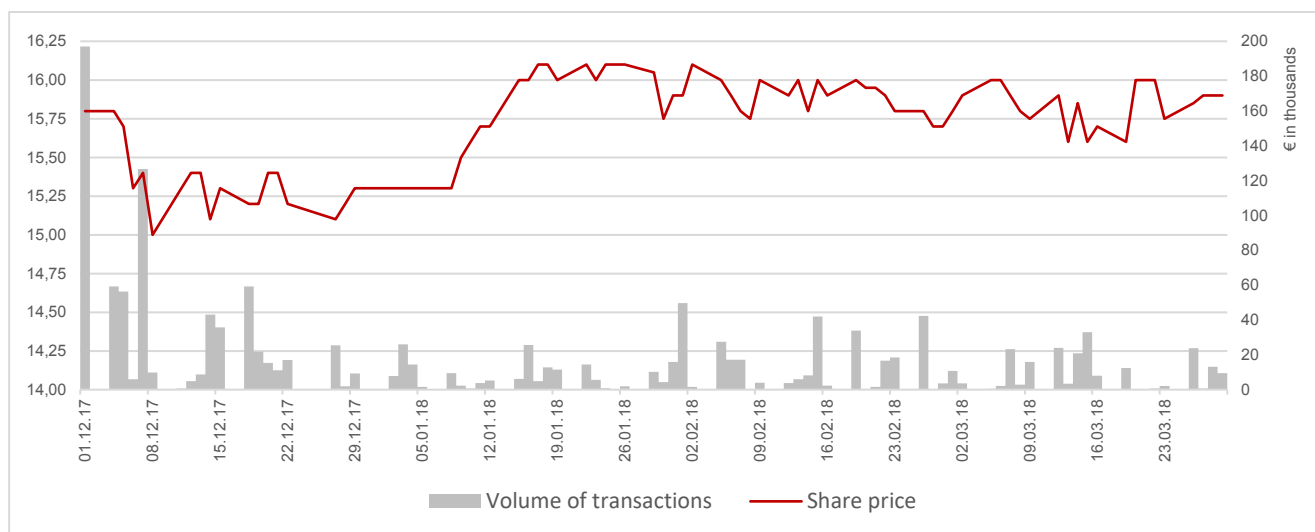
Information on shares

As at 31.03.2018, payments made to the share capital of EFTEN Real Estate Fund III AS total EUR 35.883 million (31.12.2017: same) and the number of shares as at 31.03.2018 was 3.222.535 (31.12.2017: same). EFTEN Real Estate Fund III AS listed its shares on NASDAQ Tallinn Stock Exchange in November 2017.



As at 31.03.2018 EFTEN Real Estate Fund III AS had two shareholders with ownership interest in excess of 10% – Altius Energia OÜ, with an ownership interest of 14.1% and Järve Kaubanduskeskus OÜ, with an ownership interest of 10.2% of the company’s shares.

The dynamics of EFTEN Real Estate Fund III AS stock price and trading volume on NASDAQ TALLINN stock exchange



CONDENSED INTERIM REPORT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	1st quarter	
		2018	2017
<i>EUR thousand</i>			
Revenue	3.4	2,000	1,764
Cost of services sold	5	-49	-36
Gross profit		1,951	1,728
Marketing costs	6	-102	-97
General and administrative expenses	7	-262	-217
Other income and -expenses		0	3
Operating profit	3	1,587	1,417
Interest income		1	0
Finance costs	8	-208	-121
Profit before income tax		1,380	1,296
Income tax expense	9	-129	-196
Total comprehensive income for the financial year		1,251	1,101
Earnings per share	10		
- basic		0.39	0.46
- diluted		0.39	0.46

The notes on page 9-16 are an integral part of the financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31.03.2018	31.12.2017
<i>EUR thousand</i>			
ASSETS			
Cash and cash equivalents		7,263	8,133
Receivables and accrued income	11	407	641
Prepaid expenses		89	37
Total current assets		7,759	8,811
Long-term receivables		0	49
Investment property	3.12	89,751	88,390
Property, plant and equipment		34	37
Intangible assets		4	4
Total non-current assets		89,789	88,480
TOTAL ASSETS		97,548	97,291
LIABILITIES AND EQUITY			
Borrowings	13	2,120	2,109
Derivative instruments		69	58
Payables and prepayments	14	932	1,848
Total current liabilities		3,121	4,015
Borrowings	13	43,349	43,667
Other long-term liabilities	14	481	360
Deferred income tax liability	9	2,961	2,864
Total non-current liabilities		46,791	46,891
Total liabilities		49,912	50,906
Share capital	15	32,225	32,225
Share premium		3,658	3,658
Statutory reserve capital		293	293
Retained earnings		11,460	10,209
Total equity		47,636	46,385
TOTAL LIABILITIES AND EQUITY		97,548	97,291

The notes on page 9-16 are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	1st quarter	
		2018	2017
<i>EUR thousand</i>			
Net profit		1,251	1,101
<i>Adjustments:</i>			
Finance income		0	-62
Finance costs	8	208	182
Depreciation, amortization and impairment	7	5	6
Income tax expense	9	129	196
Total adjustments with non-cash changes		342	322
Cash flow from operations before changes in working capital		1,593	1,423
Change in receivables and payables related to operating activities		-19	-2
Net cash generated from operating activities		1,574	1,421
Purchase of investment property	12	-1,849	-4
Acquisition of subsidiaries	14	-90	0
Net cash generated from investing activities		-1,939	-4
Loans received	13	220	0
Scheduled loan repayments	13	-533	-466
Interest paid		-192	-178
Dividends paid		0	-1,503
Net cash generated from financing activities		-505	-2,147
NET CASH FLOW		-870	-730
Cash and cash equivalents at the beginning of period		8,133	3,192
Change in cash and cash equivalents		-870	-730
Cash and cash equivalents at the end of period		7,263	2,462

The notes on page 9-16 are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Statutory reserve capital	Retained earnings	Total
<i>EUR thousand</i>					
Balance as at 31.12.2016	23,853	1,038	75	5,355	30,320
Dividends paid	0	0	0	-1,503	-1,503
Transfers to statutory reserve capital	0	0	218	-218	0
Total transactions with owners	0	0	218	-1,721	-1,503
Net profit for the period	0	0	0	1,101	1,101
Total comprehensive income	0	0	0	1,101	1,101
Balance as at 31.03.2017	23,853	1,038	293	4,735	29,919
Balance as at 31.12.2017	32,225	3,658	293	10,209	46,385
Net profit for the financial year	0	0	0	1,251	1,251
Total comprehensive income	0	0	0	1,251	1,251
Balance as at 31.03.2018	32,225	3,658	293	11,460	47,636

For additional information on share capital, please see Note 15.

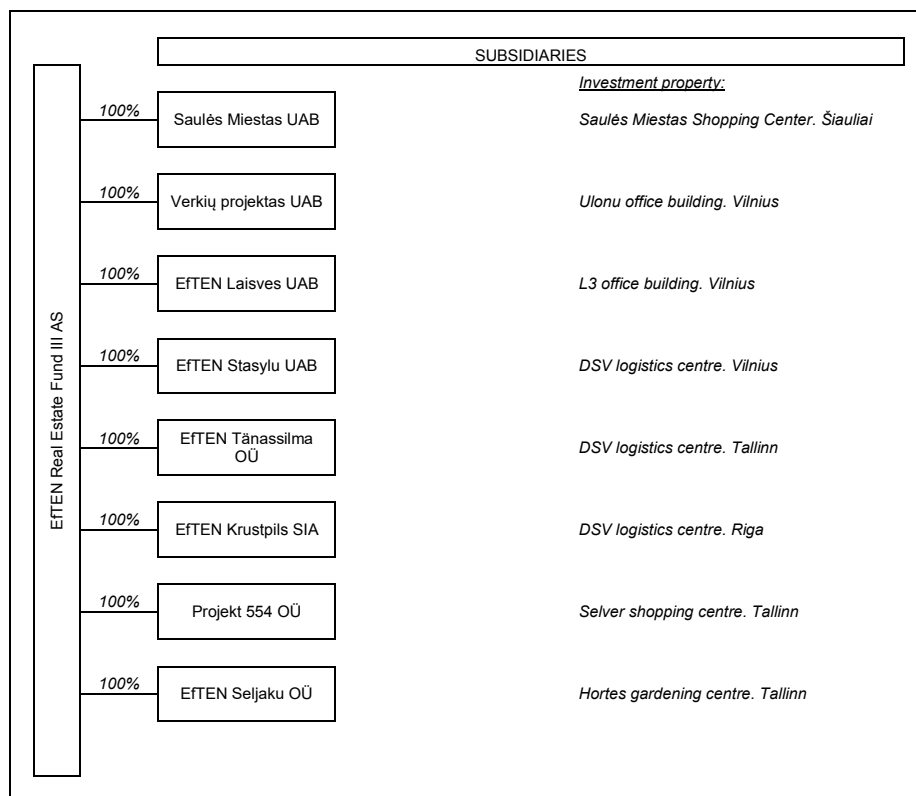
The notes on page 9-16 are an integral part of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

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

The structure of EFTEN Real Estate Fund III AS as at 31.03.2018 is as follows:



2 Statement of compliance and basis for preparation

The consolidated financial statements of EFTEN Real Estate Fund III AS and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Current consolidated interim financial statements are prepared in accordance with the International Accounting Standard IAS 34: Interim Financial Reporting. The interim financial statements have been prepared using the same accounting policies as in the financial statements for the year ended 31.12.2017. The interim financial statements should be read in conjunction with the latest disclosed financial statements of the Group for 2016, which is prepared in accordance with International Financial Reporting Standards (IFRS). According to the Management Board's estimate, EFTEN Real Estate Fund III AS financial statements for the first quarter of the year 2018 present a true and fair view of the results of the Group's operations in accordance with the continuity principle. Current interim financial statements have not been audited or otherwise checked by the auditors and contain only Group's consolidated reports. The reporting currency is the euro. The consolidated interim financial statements are prepared in thousands of euros and all figures are rounded to the nearest thousand, if not indicated otherwise.

3 Segment reporting

SEGMENT RESULTS

	Office		Logistics		Retail		Non-allocated		Total	
	1st quarter		1st quarter		1st quarter		1st quarter		1st quarter	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<i>EUR thousand</i>										
Revenue (Note 4), incl.	371	371	548	516	1,081	877	0	0	2,000	1,764
Estonia	0	0	248	244	183	0	0	0	431	244
Latvia	0	0	128	104	0	0	0	0	128	104
Lithuania	371	371	172	168	898	877	0	0	1,441	1,416
Operating income, incl.	345	360	548	516	956	760	0	0	1,849	1,636
Estonia	0	0	248	244	179	0	0	0	427	244
Latvia	0	0	128	104	0	0	0	0	128	104
Lithuania	345	360	172	168	777	760	0	0	1,294	1,288
Operating profit, incl.	308	329	489	465	815	637	-25	-15	1,587	1,416
Estonia	0	0	224	221	152	0	-25	-15	351	206
Latvia	0	0	111	92	0	0	0	0	111	92
Lithuania	308	329	154	152	663	637	0	0	1,125	1,118
EBITDA, incl.	307	328	489	465	811	631	-25	-15	1,582	1,409
Estonia	0	0	224	221	152	0	-25	-15	351	206
Latvia	0	0	111	92	0	0	0	0	111	92
Lithuania	307	328	154	152	659	631	0	0	1,120	1,111
Operating profit									1,587	1,416
Net financial expense									-207	-119
Profit before income tax expense									1,380	1,297
Income tax expense (Note 9)									-129	-196
NET PROFIT FOR THE FINANCIAL PERIOD									1,251	1,101

SEGMENT ASSETS

	Office		Logistics		Retail		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
<i>EUR thousand</i>								
As of 31th of March								
Investment property (Note 12)								
Estonia	0	0	13,070	12,670	9,795	0	22,865	12,670
Latvia	0	0	8,214	5,049	0	0	8,214	5,049
Lithuania	19,082	18,062	8,600	8,420	30,990	29,353	58,672	55,835
Total investment property	19,082	18,062	29,884	26,139	40,785	29,353	89,751	73,554
Other non-current assets							38	42
Net debt							-42,649	-44,030
Other short-term assets							496	354
NET ASSETS							47,636	29,920

4 Revenue

Areas of activity	1st quarter	
	2018	2017
<i>EUR thousand</i>		
Rental income from office premises	357	361
Rental income from retail premises	912	705
Rental income from warehousing and logistics premises	546	516
Other sales revenue	186	182
Total revenue by areas of activity (Note 3)	2,000	1,764

Revenue by geographical area	1st quarter	
	2018	2017
<i>EUR thousand</i>		
Estonia	431	244
Latvia	128	104
Lithuania	1,441	1,416
Total revenue by geographical area	2,000	1,764

5 The cost of services sold

Cost of services sold	1st quarter	
	2018	2017
<i>EUR thousand</i>		
Repair and maintenance of rental premises	-8	-2
Property insurance	-4	-4
Land tax and real-estate tax	-31	-30
Wages and salaries. incl. taxes	0	0
Other sales costs	-6	0
Total cost of service sold	-49	-36

6 Marketing costs

Marketing costs	1st quarter	
	2018	2017
<i>EUR thousand</i>		
Commission expenses on rental premises	-5	-1
Advertising, promotional events ¹	-97	-96
Total marketing costs	-102	-97

¹The expenses of advertising and promotional events include mainly marketing events of shopping centers, which are mainly covered by tenant marketing fees.

7 General and administrative expenses

General and administrative expenses	1st quarter	
	2018	2017
<i>EUR thousand</i>		
Management services (Note 16)	-148	-124
Office expenses	-7	-11
Wages and salaries. incl. taxes	-44	-46
Consulting expenses	-24	-14
Depository's charges	-21	-6
Other general and administrative expenses	-5	-9
Depreciation	-13	-7
Total general and administrative expenses	-262	-217

8 Finance costs

	1st quarter	
Finance costs	2018	2017
<i>EUR thousand</i>		
Interest expenses from loans	-197	-183
Change in fair value of interest swaps	-11	62
Total finance costs	-208	-121

9 Income tax

	1st quarter	
	2018	2017
<i>EUR thousand</i>		
Income tax from dividends	0	-33
Deferred income tax in Latvian and Lithuanian subsidiaries	-129	-163
Total income tax expense	-129	-196

As at 31.03.2018, the Group has a deferred tax liability in connection with the use of tax amortization in Lithuania and Latvia in the amount of EUR 2.960 thousand (31.12.2017: EUR 2.864 thousand). Deferred tax expense payment / netting obligation arises after the expiration of the tax depreciation period.

10 Earnings per share

	1st quarter	
Earnings per share	2018	2017
Net profit of the period, <i>EUR thousands</i>	1,251	1,101
Dividend per share, euros ¹	0.00	0.63
Weighted average number of shares over the period, pcs	3,222,535	2,385,263
Earnings per share, euros	0.39	0.46

¹The General Meeting of EFTEN Real Estate Fund III AS decided after the balance sheet date, on April 2018, to distribute dividends 68 cents per share.

11 Receivables and accrued income

Short-term receivables and accrued income

	31.03.2018	31.12.2017
<i>EUR thousand</i>		
Receivables from customers	347	480
Prepaid taxes and receivables for reclaimed value-added tax	38	65
Other accrued income	22	96
Total accrued income	60	161
Total receivables	407	641

12 Investment property

As at 31.03.2018, the Group has made investments in the following investment properties:

Name	Location	Net leasable area (m2)	Year of construction	Date of acquisition	Acquisition cost	Market value at 31.03.2018	Share of market value of the fund's assets
<i>EUR thousand</i>		19,881	2007	08.2015	28,043	30,990	32%
Saules Miestas shopping centre	Saules Miestas, Lithuania	11,687	2005	06.2016	8,470	8,600	9%
DSV logistics centre	Vilnius, Lithuania	16,014	2003	07.2016	12,227	13,070	13%
DSV logistics centre	Tallinn, Estonia	5,398	2000	07.2016	8,167	8,214	8%
DSV logistics centre	Riga, Latvia	6,150	2004	10.2016	8,706	9,810	10%
L3 office building	Vilnius, Lithuania	5,174	2012	12.2015	8,072	9,272	10%
Ulonu office building	Vilnius, Lithuania	3,470	2006	05.2017	3,108	3,210	3%
Hortes gardening centre	Tallinn, Estonia	3,063	2017	05.2017	6,223	6,585	7%
Total		70,837			83,016	89,751	92%

For more information on investment properties, please see Note 3 "Segment reporting".

In the 1st quarter of 2018 and 2017, the following changes have occurred in the Group's investment properties:

	Completed investment property	Total investment property
Balance as at 31.12.2016	73,539	73,539
Acquisitions	15	15
Balance as at 31.03.2017	73,554	73,554
Balance as at 31.12.2017	88,390	88,390
Acquisitions	1,361	1,361
Balance as at 31.03.2018	89,751	89,751

The income statement and the balance sheet of the Group include, among other items, the following income and expenses and balances related to investment property:

As at 31 March or the period	2018	2017
Rental income earned on investment property (Note 4)	1,814	1,582
Expenses directly attributable to management of investment property (Note 5)	-49	-36
Amounts owed from the acquisition of investment property (Note 14)	463	1,000
Prepayments for investment property	0	49
Carrying amount of investment property pledged as collateral to borrowings	89,751	73,554

All investment properties of EFTEN Real Estate Fund III AS generating rental income are pledged as collateral to long-term bank loans (Note 13).

13 Borrowings

As at 31.03.2018, the Group has the following borrowings:

Lender	Country of lender	Loan amount as per agreement	Loan balance as at 31.03.2018	Contract term	Interest rate as at 31.03.2018	Loan collateral	Value of collateral	Loan balance's share of the fund's net asset value
Swedbank	Lithuania	16,500	14,836	14.08.20	1.70%	Mortgage – Saules Miestas shopping centre	30,990	31.1%
SEB	Lithuania	5,500	5,076	29.06.21	1.55%	Mortgage – DSV building in Vilnius	8,600	10.7%
SEB	Latvia	3,323	3,085	29.06.21	1.55%	Mortgage - DSV building in Riga	8,214	6.5%
SEB	Estonia	7,950	7,376	29.06.21	1.55%	Mortgage - DSV building in Estonia	13,070	15.5%
SEB	Lithuania	5,620	5,256	30.09.21	1.90%	Mortgage-L3 office building in Vilnius	9,810	11.0%
SEB	Lithuania	5,200	4,670	21.12.20	1.75%	Mortgage - Ulonu Office building in Vilnius	9,272	9.8%
SEB	Estonia	1,860	1,798	05.07.22	1.82%	Mortgage - Hortes gardening store	3,210	3.8%
Swedbank	Estonia	3,700	3,437	26.06.22	1.40%	Mortgage – Selver grocery store	6,585	7.2%
Total		49,653	45,534				89,751	95.6%

As at 31.12.2017, the Group had the following borrowings:

Lender	Country of lender	Loan amount as per agreement	Loan balance as at 31.12.2017	Contract term	Interest rate as at 31.12.2017	Loan collateral	Value of collateral	Loan balance's share of the fund's net asset value
Swedbank	Lithuania	16,500	15,006	14.08.20	1.70%	Mortgage – Saules Miestas shopping centre	30,990	32.4%
SEB	Lithuania	5,500	5,137	29.06.21	1.55%	Mortgage – DSV building in Vilnius	8,600	11.1%
SEB	Latvia	3,323	3,121	29.06.21	1.55%	Mortgage - DSV building in Riga	6,980	6.7%
SEB	Estonia	7,950	7,463	29.06.21	1.55%	Mortgage - DSV building in Estonia	13,070	16.1%
SEB	Lithuania	5,620	5,316	30.09.21	1.90%	Mortgage-L3 office building in Vilnius	9,760	11.5%
SEB	Lithuania	5,200	4,730	21.12.20	1.75%	Mortgage - Ulonu Office building in Vilnius	9,200	10.2%
SEB	Estonia	1,860	1,821	05.07.22	1.82%	Mortgage - Hortes gardening store	3,210	3.9%
Swedbank	Estonia	3,700	3,251	26.06.22	1.40%	Mortgage – Selver grocery store	6,580	7.0%
Total		49,653	45,845				88,390	98.8%

Short-term borrowings	31.03.2018	31.12.2017
<i>EUR thousand</i>		
Repayments of long-term bank loans in the next period	2,147	2,129
Discounted contract fees on bank loans	-27	-20
Total short-term borrowings	2,120	2,109

Long-term borrowings	31.03.2018	31.12.2017
<i>EUR thousand</i>		
Total long-term borrowings	45,469	45,776
incl. current portion of borrowings	2,120	2,109
incl. non-current portion of borrowings, incl	43,349	43,667
<i>Bank loans</i>	43,387	43,716
<i>Discounted contract fees on bank loans</i>	-38	-49

Bank loans are divided as follows according to repayment date:

	31.03.2018	31.12.2017
<i>EUR thousand</i>		
Less than 1 year	2,147	2,129
2-5 years	43,387	43,716

Cash flows of borrowings	1st quarter 2018	2017
<i>EUR thousand</i>		
Balance at the beginning of period	45,776	42,667
Bank loans received	220	0
Annuity payments on bank loans	-533	-466
Change of discounted contract fees	6	4
Balance at the end of period	45,469	42,205

14 Payables and prepayments

Short-term payables and prepayments

	31.03.2018	31.12.2017
<i>EUR thousand</i>		
Trade payables from fixed asset transactions	0	503
Other trade payables	177	205
Total trade payables	177	708
Payables from securities transactions ¹	10	100
Payables from fixed asset transactions	487	497
Total other payables	497	597
Value added tax	127	206
Corporate income tax	9	43
Social tax	5	8
Land tax and real-estate tax	16	50
Total tax liabilities	157	307
Payables to employees	34	25
Interest liabilities	4	4
Tenant security deposits	21	138
Other accrued liabilities	21	20
Total accrued expenses	80	187
Prepayments received from buyers	20	24
Other deferred income	1	25
Total prepayments	21	49
Total payables and prepayments	932	1,848

¹ Payables from securities transactions as at 31.03.2018 and 31.12.2017 include unpaid part from EFTEN Laagri OÜ shares (the owner company of Selver grocery store. Laagri). During the 1st quarter 2018, 90 thousand euros have been paid from this liability.

Long-term payables

	31.03.2018	31.12.2017
<i>EUR thousand</i>		
Tenants security deposits	481	360
Total other long-term payables	481	360

15 Share capital

As at 31.03.2018 the registered share capital of EFTEN Real Estate Fund III AS was EUR 32.225 thousand (31.12.2017: the same). As at 31.03.2018, the share capital consisted of 3.222.535 shares (31.12.2017: the same) with a nominal value of EUR 10 (31.12.2017: same). Without amending the articles of association, the company may increase its share capital to EUR 39.440 thousand.

16 ***Related party transactions***

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

- persons who own more than 10% of the share capital of EFTEN Real Estate Fund III AS;
- management board members and companies owned by the management board members of EFTEN Real Estate Fund III AS;
- supervisory board members and companies owned by the supervisory board members of EFTEN Real Estate Fund III AS;
- employees and companies owned by the employees of EFTEN Real Estate Fund III AS;
- EFTEN Capital AS (fund management company).

The Group purchased management services from EFTEN Capital AS in 1st quarter 2018 in the amount of EUR 148 thousand (2017 1st quarter: EUR 124 thousand) (see Note 7).

EFTEN Real Estate Fund III AS did not purchase from other related parties or sell to other related parties any other goods or services in 1st quarter 2018 or 2017.

In 1st quarter 2018 and 2017, the Group had nine employees who were remunerated in the amount of EUR 44 thousand (2017: EUR 44 thousand), including taxes. In 1st quarter 2018 and 2017, no compensations were calculated or paid to the management and supervisory board members of the Group. Members of the Group's management board are employed by EFTEN Capital AS, the company providing asset management services to the Group, and expenses related to management board members' activities are included in management services.

Signatures of the members of the Management Board to the consolidated interim report for the 1st quarter 2018

We hereby confirm the correctness of data presented in the consolidated interim report for the 1st quarter 2018 of EFTEN Real Estate Fund III AS.

/digitally signed/

Viljar Arakas

Management Board Member

/digitally signed/

Tõnu Uustalu

Management Board Member