EfTEN Real Estate Fund III AS (EFT1T ET)

Company Update

14th April 2021

Corporate Sponsored Research

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EfTEN: Company Update

Investment Summary

EfTEN Real Estate Fund III (hereinafter referred to as the' Fund' or 'EfTEN) is a regulated, evergreen, closed-end fund for real estate. It was registered in Estonia on 5th June 2015, and, together with the management company, EfTEN Capital AS, is supervised by the Estonian Financial Supervisory Authority. The Fund has been listed on the Nasdaq Baltic Main List since 1st December 2017, following an initial public offering (IPO). Prior to the IPO, the management held three closed rounds of capital raisings, increasing the Fund's share capital to over EUR 32m.

The Fund invests directly in commercial real estate in the Baltic states, primarily targeting properties that are already cash-generating. EfTEN targets properties that are strategically located in the retail, office, and logistics segments, with reliable tenants and predominantly long-term leases. EfTEN's goal is to achieve a long-term dividend payout ratio of 80% of free cash flow (EBITDA minus interest payments, minus loan principal payments, minus income tax expenses from profit). The Fund is managed by EfTEN Capital AS, the largest commercial real estate fund manager in the Baltic states. As of 2020, total assets managed by EfTEN Capital AS reached EUR 800m. EfTEN Capital AS employs over 50 people with offices in all three Baltic countries, currently operating four real-estate funds, smaller real estate portfolios and private mandates.

Despite the economic setback caused by the COVID-19 pandemic, the Fund made four new investments during 2020. As at the end of 2020, the Fund had 15 (2019: 11) commercial real estate investments with a fair value of EUR 144.2m (2019: EUR 113.0m) and an acquisition cost of EUR 136.3m (2019: EUR 101.7m). The portfolio is relatively evenly split between the retail, logistics, and office sectors. The Fund has retained a steadily high average level of occupancy, with the total portfolio vacancy rate sitting at only c.a. 1%.

In order to assess the value of the Fund, we used six metrics, including 1) P/E, 2) P/Book, 3) EV/EBIT, 4) Cash Distribution Yield, 5) P/EPRA NRV & Net Initial Yield correlation, and 6) Cash Distribution Discount Model. We decided to prefer the correlation implied P/EPRA NAV and CDDM as more prominent valuation metrics for the Fund, compared to other peer valuation metrics. Thus, we have given P/EPRA NAV a 30% and the CDDM a 20% weight in the total value, leaving the total contribution of other metrics at 50%. Overall, based on our current projections for EfTEN and other assumptions, we decided to upgrade our FVR from the previous EUR 17.50-18.40 to EUR 19.30-20.30 per share. Major risk factors to our valuation are related to the COVID-19 pandemic, which may cause a slower than predicted recovery of the economic environment in the Baltics, pressuring occupancy and rental rates.

Key Numbers (EURm)	2018	2019	2020	2021E*	2022E*	2023E*
Sales (EURm)	8.7	9.5	10.7	12.5	12.9	13.0
Sales growth (%)	18.8	9.7	12.8	16.1	3.2	1.3
Net profit (EURm)	6.3	7.7	3.3	8.3	9.3	9.4
EPS (EUR)	1.95	2.05	0.79	1.89	2.12	2.13
P/E (x)	8.3	8.7	24.2	10.7	9.5	9.5
Payout per share (EUR#	0.68	0.95	0.65	0.66	0.84	1.10
Payout yield (%)	4.2	5.3	3.4	3.3	4.2	5.5
P/B (x)	1.0	1.1	1.1	1.1	1.0	1.0
EV/Sales (x)	11.6	12.4	13.7	11.6	11.2	11.1
EV/EBITDA (x)	14.9	15.8	17.2	14.7	14.2	14.0
EV/EBIT (x)	12.1	11.7	28.8	13.8	12.7	12.5
ROE (%)	13.0	12.7	4.7	11.0	11.2	10.6

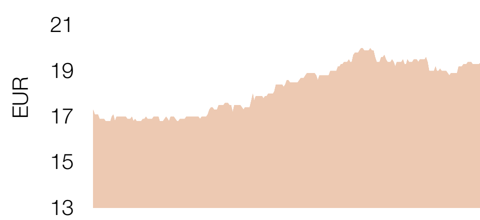
Source: EFT1T, LHV *2021E-2023E multiples are based on the share price 12th April 2021) of EUR 19.35 per share # Payout per share include dividends and share capital reduction.

Company Profile	
Listing Market:	Baltic Main List
Bloomberg Ticker:	EFT1T ET
ISIN:	EE3100127242
Industry:	Financials
Sector:	Financial Services
No. of Employees:	12
Website:	www.eref.ee

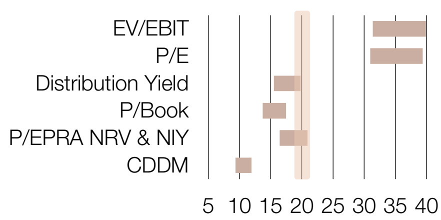
Share Data, as of 12th April 2021	
Current Share Price (EUR):	20.20
Fair Value Range (FVR), EUR:	19.90-20.30
Downside, % (to mid-point of FVR):	0.50
52-week High/Low (EUR):	20.00/14.60
3m Avg. Daily Volume (th):	1.39
Market Cap (EURm):	85.30
Ordinary Shares (m):	4.22

Key Shareholders, as of 12th April 2021	
Altius Capital OÜ	14.26%
Järve Kaubanduskeskus Osaühing	10.23%
OÜ Hoiukonto	10.19%

12-Month Price Performance



LHV Fair Value Range: EUR 19.30-20.30*



* As of 14th April 2021

Macro Environment

Similar to most of the world, the COVID-19 pandemic impacted the Baltic states' economies quite significantly and led to the contraction of GDP numbers throughout the region. However, the negative impact remained softer compared to Western Europe and the Eurozone averages. In 2020, on average, the GDP in the Eurozone contracted by 6.8%, while the GDP in Estonia decreased by 2.9%, in Latvia by 3.5%, and in Lithuania by just 0.9%. The contraction was mostly caused by a decline in leisure, transport, hospitality, and catering services. On the positive side, following a sharp contraction registered in Q2 2020, all three economies started to recover in Q3 2020, with further improvements witnessed towards the end of last year. In 2021, positive trends are expected to continue, which should bring the economies back to the pre-pandemic levels in all three Baltic countries. Nevertheless, we should note that the second wave of the pandemic has turned out more serious than initially predicted, and we are not out of the woods yet. Partial or full closure of many business sectors during the second wave, especially concerning transport and retail trade, has led to an increasing number of layoffs and higher unemployment levels. The unemployment rate in Estonia grew from 4.4% to 6.8% during 2020, in Latvia from 6.3% to 8.3%, and in Lithuania from 6.3% to 8.9%. An increase in the unemployment rates was partially held back by governmental subsidies for companies in return for commitments not to lay off employees. The inflation levels in the Baltics have experienced a moderate pandemic impact, being more influenced by lower fuel prices rather than any substantial shifts in terms of consumer demand. The CPI change stood in the range from -0.6% in Estonia to 1.1% in Lithuania, compared with the Eurozone average of 0.3%.

Real Estate Investment Market

According to the Colliers International's (hereinafter referred to as 'Colliers') latest quarterly property market snapshot, the total volume of the Baltic real estate investment market amounted to nearly EUR 1.1bn in 2020, remaining broadly steady in comparison to the respective 2020 activity. In Estonia, despite a temporary stagnation in the middle of the year, the total investment volume reached c.a. EUR 325m, up around 75% y-o-y, while the volume amounted to EUR 74m in Q4 2020, mostly driven by the office segment. Activity in the Latvian investment market picked up in the second half of 2020, which led to total annual volume surpassing the 2019 result by c.a. 10% and exceeded EUR 320m. The year-end 2020 saw several large transactions in the office segment. In Lithuania, Q4 2020 turned out to be the most active period of the year in the investment market, with total investment volume reaching close to EUR 160m, bringing the total for 2020 to EUR 420m, though the latter figure still presents nearly a 30% decline compared to the record-high level in 2019.

The main action took place in the office and industrial segments, both accounting for nearly 40% of the total volume in Q4 2020. In general, the share of Baltic-originated capital, as a percentage of the total investment market, increased last year, which was partly related to the fact that international investors were not able to easily travel and view local properties. In terms of prime property yields in 2020, the Baltic market generally saw yields moving upwards in the retail segment, at the same time slightly declining in the office and industrial segments, compared to 2019. Based on the Colliers' report, the recent developments in the market segments in which EfTEN operates can be summarised as follows:

Office Segment

The Baltic office market exhibited strong confidence and resilience despite the COVID-19 pandemic. The Tallinn office market remains active with a total area of c.a. 100,000 sqm (12 projects) under construction in December 2020. Q4 2020 saw the start of construction works on six new projects with a total GLA of over 46,000 sqm in Tallinn. Swedbank announced the signing of a pre-lease agreement for relocating its headquarters and all other Tallinn units to the Hipodroomi Quarter, where its new building should be completed by 2024. Average vacancy remains broadly steady at around 9%, though hidden vacancy continues to grow as more companies are seeking to decrease or sublease their space. In Riga, the pandemic is having a negative impact on increasing hidden vacancy, which is estimated currently at c.a. 10,000 sqm, covered by lease agreements but still available for lease. In addition, there is a strong tenant market, which requires higher flexibility and also some other relaxed conditions, while landlords are increasingly accepting those requirements. In Vilnius, the office market ended the year in an active manner, with two new business centres completed (Nova and Zalgirio 94), jointly adding GLA of 29,900 sqm. At the end of the year, the development activity remained high with 14 new office projects under construction (GLA of 224,600 sqm), while the three largest properties form around half of the pipeline.

Retail Segment

There is a downward trend in the Baltic retail real estate market, especially in the consumer discretionary market. Retail continues to adjust to the new reality caused by the pandemic and related business restrictions. Interestingly, demand continues to be driven by catering providers. In Tallinn, October saw the opening of the first DEPO store (24,400 sqm). The Riga retail market struggles with the second state of emergency declared in Latvia, while lockdown measures have become even tougher and hurting turnover and footfall figures in all types of retail concepts. Shopping centres' vacancy levels continue to rise as it is difficult to attract new tenants during lockdowns. On the other hand, Lidl and Maxima grocery chains are actively buying new land plots in Riga. Due to the rising number of new COVID-19 cases, all non-essential stores had to be closed again in Vilnius in mid-December 2020. Although vacancy in prime shopping centres slightly increased towards the year-end, it remained relatively low at c.a. 2%, compared to over 4% in Tallinn and over 7% in Riga.

Industrial Segment

The logistics and industrial segment has remained quite resilient. Generally, due to the growth in e-commerce, supporting consumer spending and manufacturing output, there has been an improvement in investor confidence in the sector. In Tallinn, the total area of new developments under construction amounted to 89,100 sqm (12 projects) at the end of 2020, mostly including stock-offices and mini-warehouses. In Q4 2020, a total of seven projects were completed, with a total GLA of 21,500 sqm. In Riga, following the completion of the Lidl Logistics Centre in Q3 2020, Rimi Logistics Centre was completed in Q4 2020. The growth in vacancy levels is expected in 2021, as nearly 110,000 sqm of new logistics space remain under conduction and will enter the market soon. In Vilnius, the development pipeline in the segment remains active, as three new warehouse properties are under construction, together amounting to a GBA of 41,000 sqm. On the other hand, demand

Prime Yields by segment in Q4 2020	Estonia	Latvia	Lithuania
Office	6.1%	6.0%	5.5%
Retail	6.5%	7.0%	7.0%
Industrial	7.3%	7.5%	7.5%

Source: Colliers

also remains quite active from distribution, logistics, and production companies, reflected in low vacancy rates in Vilnius at 1.8%, compared to 4.1-4.4% in Tallinn and Riga.

COVID-19 Implications for EfTEN

In its recent quarterly reports, EfTEN indicated that, in 2020, the negative impact of the COVID-19 pandemic was not as severe as it had initially expected. This was in spite of the fact that the Fund was put under pressure to provide temporary discount relief to its tenants due to the stress caused by the pandemic and related lockdowns during the first wave in H1 2020. EfTEN saw its rental rates return to a normalised level towards the end of the third quarter of last year. Generally, the Fund attributed this ultimate resilience to several factors, including:

- Portfolio diversification (both geographic and sectoral diversification)
- Strong tenant base
- Good capitalisation
- Conservative financing strategy

Although the second wave of the pandemic that started in autumn turned out to be much more serious in medical terms compared to the outbreak in spring, the Fund claims that the companies have had a much calmer attitude towards the new wave. However, the management admits that the pandemic will definitely have a negative impact on the Fund's cash flows in Q1 2021, but it hopes the ongoing vaccination process should mean a gradual return to the ordinary rhythm of life starting from Q2 this year. In our view, the vaccination process in the Baltics has been slower than initially anticipated, meaning that it may take longer than expected to full recovery in terms of economic sentiment and consumer confidence, but a return to more or less normal market conditions is increasingly likely from the second half of 2021. Nevertheless, the pandemic situation remains a key risk factor for the Fund in the near to medium term, potentially forcing it again to provide temporary discount relief to its tenants, especially in case stricter lockdown measures are imposed in the Baltics in order to curb the spread of the virus.

Portfolio Update – Entering the New Market Segment

Despite the economic setback caused by the COVID-19 pandemic, the Fund made four new investments during 2020. In February 2020, two transactions were completed in Latvia by purchasing Piepilsetas logistics and production centre in Kekava near Riga and AirBaltic's headquarters in the territory of Riga airport. The transactions were finalised by the end of February 2020, and the financials of the two new subsidiaries have been consolidated line by line in the Fund's financial statements since 1st March 2020. A total of EUR 8.9m was paid for the subsidiaries, including EUR 3.8m in loan receivables from former owners. In August 2020, the Fund invested in the Rutkausko office building in Vilnius, where the Lithuanian subsidiary of IT-group ATEA is a long-term anchor-tenant. The acquisition cost of the property was EUR 11.8m, and it was financed with 39% of the equity, as a result of which the entire balance left from the Fund's 2019 rights issue of EUR 16m has been invested.

In November 2020, EfTEN announced that its newly established SPV, EfTEN Pirita OÜ, signed a contract under the law of obliga-

Investment Properties as of 31st Dec 2020	Fair Value, EURm	NLA, sqm	Estimated Annual Rental Revenue, EURm	Occupancy, %	Average Length of Rental Agreements	Number of Tenants
DSV Tallinn	13.08	16,014	1.03	100	6.1	1
DSV Riga	8.69	12,149	0.73	100	6.1	1
DSV Vilnius	8.86	11,687	0.71	100	6.1	1
Piepilsetas logistics center, Kekava	8.42	13,327	0.69	99	3.5	4
Total Logistics	**39.05**	**53,177**	**3.16**	**100**	**5.5**	**7**
Saules Miestas shopping centre	32.39	19,881	3.17	98	3.9	123
Hortes gardening centre, Laagri	3.51	3,470	0.27	100	11.7	1
Selver in Laagri	6.48	3,063	0.50	100	7.2	10
Hortes gardening centre, Tallinn	6.02	5,300	0.51	100	14.0	1
ABC Motors Autokeskus, Tallinn	3.12	2,149	0.26	100	8.4	1
Total Retail	**51.52**	**33,863**	**4.71**	**99**	**5.9**	**136**
Ulonu office building, Vilnius	8.83	5,174	0.74	86	3.3	12
Evolution office building, Vilnius	10.61	6,172	0.81	100	4.0	45
L3 office building, Vilnius	9.72	6,151	0.79	100	2.5	33
airBaltic office building, Riga	6.80	6,217	0.50	100	5.4	1
Atea office building, Vilnius	11.79	6,811	0.85	100	3.9	3
Total Office	**47.75**	**30,525**	**3.69**	**97**	**3.7**	**94**
Pirita care home	5.92	6,045	0.44	100	10.0	1
Total care homes	**5.92**	**6,045**	**0.44**	**100**	**10.0**	**1**
Total Portfolio	**144.24**	**1,23,610**	**11.99**	**99**	**5.0**	**238**

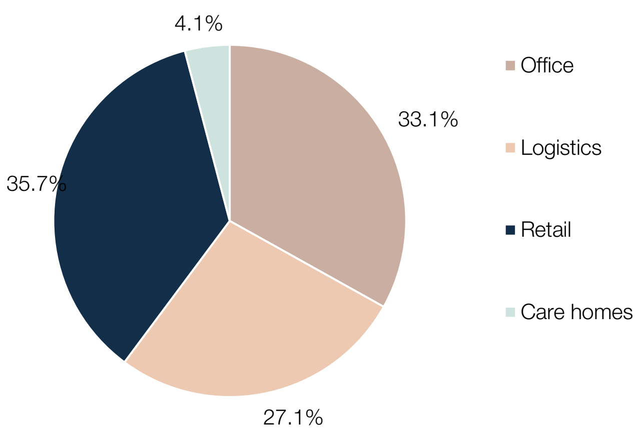
Source: EfTEN

tions to acquire a property located at Hunditubaka tee 12 / Karukella tee 5 in Tallinn from OÜ Arca Varahaldus. This transaction was finalised in December last year. By the end of 2020, the construction of an aged care home was completed on this property, and it is rented to Pirita Kodu OÜ under a long-term agreement. EfTEN entered a new market segment with this transaction, as this property is the first aged care home in its portfolio. Considering the underlying trends in Estonia's demographic situation and continuous demand for care services, we believe this segment has a solid outlook. The size of the property is 13,270 sqm, while the total area of the building is c.a. 6,000 sqm. The care home, which is called the Pirita Pansionaat, will have beds for 250 clients. Pirita Kodu OÜ will operate the Pirita Pansionaat based on a 10-year rental agreement, with an option to extend it for another ten years.

The acquisition price of the property is c.a. EUR 6.2m, half of which is financed with equity capital of the Fund and remaining with a loan taken by the respective SPV from Swedbank. As the Fund has fully invested the previously raised equity capital, the equity part is currently injected by the Fund, using the bridge financing facility of EUR 3.1m, arranged by Swedbank. This loan will be refinanced with the proceeds from the share issue to be organised in the spring of 2021. The exact terms of the share issue will be decided on the AGM scheduled for 15th April 2021. EfTEN claims that the yield on non-leveraged rental income for the first full year of operations is about 7% a year. It should be noted that the tenant would start making the rental payments only from 1st April 2021, and the rental fee will gradually increase during the launch period, reaching the full amount only at the beginning of January 2022.

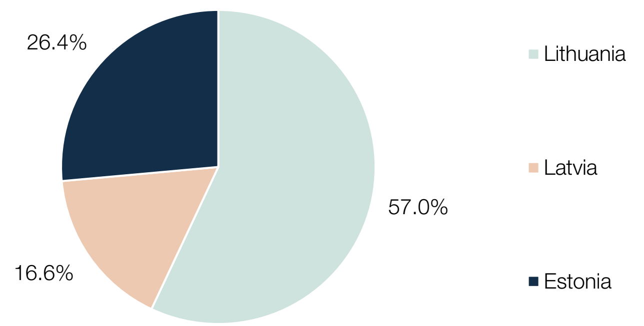
In 2020, total investments in new commercial buildings amounted to EUR 33.5m. The increase in rental income from newly acquired investment properties was the main driver behind the growing total revenues in 2020. As at the end of 2020, the Fund had 15 (2019: 11) commercial real estate investments with a fair value of EUR 144.2m (2019: EUR 113.0m) and an acquisition cost of EUR 136.3m (2019: EUR 101.7m). The portfolio is relatively evenly split between the retail, logistics, and office sectors. The Fund also has strong tenants, with several properties being occupied by only one tenant (five out of the 15 properties have ten or more tenants). Therefore, the Fund has retained a steadily high average level of occupancy, with the total portfolio vacancy rate sitting at only c.a. 1%. At the end of 2020, the breakdown of the portfolio by market segments looks as follows: retail - 36%, office - 33%, logistics and manufacturing - 27%, and aged care homes - 4%. The geographical distribution of the Fund is dominated by Lithuania with 57%, followed by Estonia with 26%, and Latvia with 17% of the total.

Real estate portfolio value by sector, 31st Dec 2020



Source: EfTEN

Real estate portfolio value by country, 31st Dec 2020



Source: EfTEN

Q4 2020 Financial Performance Recap

EfTEN announced its Q4 2020 results on 16th February. The reported figures do not differ significantly from the preliminary numbers indicated in their monthly performance, and NAV announcements published earlier. Despite the deteriorating COVID-19 crisis towards the year-end, the Fund reported Q4 2020 total revenues at EUR 3.0m, up 20.7% y-o-y, resulting in full-year 2020 revenues of EUR 10.7m, rising 12.8% compared to 2019. The operating profit for the latest quarter stood at EUR 3.0m, which is 2.8% less than recorded in Q4 2019, though the decline mostly relates to lower property revaluation gains in Q4 2020 in comparison to Q4 2019. Due to the property write-downs booked in June 2020, the full-year 2020 operating profit dropped 48.9% y-o-y to EUR 5.1m. In connection with the decision of the IFRS Interpretations Committee in June 2020, concerning deferred income tax liabilities arising from IAS 12, EfTEN adjusted the recognised tax liability in its Q4 2019 results, reducing the respective quarterly net profit by nearly EUR 0.3m. In Q4 2020, the Fund earned a net profit of EUR 2.6m, up 9.8% compared to the adjusted Q4 2019 figure.

The Fund's independent real estate appraiser, Colliers International, slightly upgraded the total value of investment properties during its regular semi-annual valuation process in December 2020, partially reversing the substantial downward revaluation recorded in June 2020 and improving the net profit figures for the latest quarter. As a result of the latest valuation by Colliers, the Fund's portfolio increased by 0.4% or EUR 0.6m, lifting the net profit for the last quarter to nearly EUR 2.6m, up 9.8% y-o-y. As a reminder, the portfolio was written down by EUR 4m in June 2020 due to the pandemic related negative implications on the rental yields and occupancy levels. According to the management of the Fund, the latest small reversal of the write-downs mostly reflects Colliers' opinion that the performance of the logistics sector has remained stronger than anticipated across the Baltics. The increase in rental income from recently acquired investment properties was the main driver behind the growing total revenues in 2020. The Fund's net rental income amounted to EUR 10.1m in 2020, rising 15.4% y-o-y. During 2020, the Fund generated a free cash flow of EUR 3.7m compared to EUR 3.4m a year earlier. The management board of EfTEN proposed to the AGM, scheduled for 15th April, to pay shareholders a net dividend of EUR 2.8m (EUR 0.663 per share) from last year's profit in accordance with the established dividend policy.

The Fund already published its preliminary financial indicators and NAV numbers for Q1 2021, ahead of releasing its full quarterly report scheduled for 29th April. The numbers indicate a decent growth in revenues and profits from its rental activities y-o-y, driven mostly by the property acquisitions during 2020. In Q1 2021, the Fund generated total revenues of EUR 2.9m, up c.a. 17% y-o-y, with EBITDA rising about 29% y-o-y to EUR 2.4m and net profits even 31% y-o-y to EUR 1.8m. As at the end of Q1 2021, the NAV and EPRA NAV of the Fund stood at EUR 17.35 and EUR 18.48 per share, respectively, both rising 2.5% q-o-q.

Financial Outlook

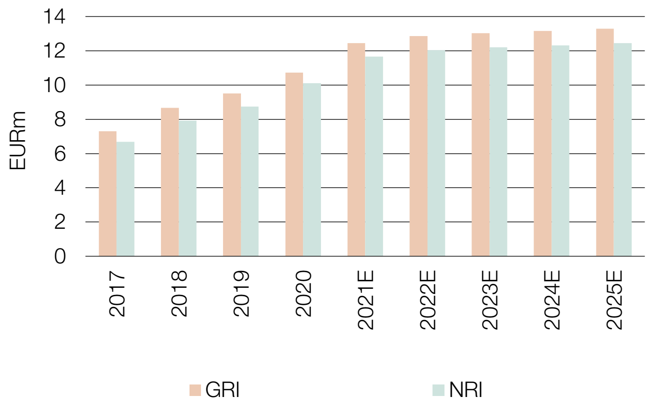
In this section of the report, we are discussing the Fund's financial drivers in a greater detail, providing an overview of the key elements in its revenues and expenses dynamics, as well as those affecting the Fund's asset volumes, efficiency ratios, and dividends. In order to assess EfTEN's financial performance, we have prepared projections for the Fund's balance sheet, income statement, and cash flows for the 2021-2025 period, based on our assumptions for the key operational and financial indicators. Regarding the expected additional share issue, according to the proposal to the AGM, the Fund plans to convene a rights issue in the second half of May this year, offering 850,000 new shares at a minimum price of EUR 17.5 per share, bringing the offer size to at least EUR 14.9m. The final offer price would be determined before the start of the subscription period. The planned offer size is substantially larger than required for the financing of the equity portion of the recently acquired property. Accordingly, the Fund would use the rest of the proceeds from the issue for further property acquisitions in the coming quarters. Our current financial projections include only the expected portion of the rights issue that is needed for the financing of the latest property acquired (i.e. replacing the current bridge financing facility). Our projections are based on the existing portfolio of 15 properties and do not count for any potential new acquisitions at this stage, which we consider as a conservative assumption. We will adjust our projections after the rights issue is completed and more details become available regarding the potential new investments.

Net Rental Income

EfTEN generates revenues by leasing properties in its real estate portfolio. The revenue forecasts are determined by multiplying the NLA of each property by the estimated occupancy rate and rental price. It has been assumed that the NLA and occupancy rate would remain broadly stable, with an overall average occupancy rate of 99% (with the lowest being Ulonu office building at 86%). Further, we estimate that, for 2021, the rental rates could remain at the Q4 2020 average level and slowly begin to rise again by 1% per year from 2022. The historical annual growth in gross rental income ('GRI') is correlated with the expanding property portfolio. In addition to regular rental income, the Fund collects additional revenues from retail premises, including certain bonuses linked to the financial performance of retail tenants as well as marketing fees covering general promotional events and other marketing activities of the Fund's shopping centres. We are projecting such additional revenues as a percentage of rental income from retail premises, and they are included in the GRI. In 2020, additional revenues formed approximately 17% of the rental income from retail premises, while we projected such revenues to account for c.a. 15% of the portfolio's rental revenues from the retail segment during our forecast period. Net rental income ('NRI') of the Fund is determined by deducting direct operating expenses related to the investment properties, i.e. cost of services sold and marketing costs linked to the properties, from GRI.

In 2020, the aggregated GRI was EUR 10.7m, and with the full-year consolidation of the recently acquired properties, such as the airBaltic office building, the Piepilsetas logistics centre, and the Atea

Gross and Net Rental Income



Source: EfTEN for historicals, LHV for estimates

EfTEN: Results Review, EURm	Q4/20A	Q4/19A	% y-o-y	Q4/19E	Dev, abs	Dev, %	FY/20A	FY/19A	% y-o-y
Net sales	3.03	2.51	20.7	2.95	0.1	2.9	10.73	9.51	12.8
Gross profit	2.93	2.41	21.5				10.41	9.18	13.3
EBITDA	2.41	1.97	22.0	2.40	0.0	0.3	8.55	7.01	22.0
Operating profit	3.01	3.10	(2.8)				5.13	10.05	(48.9)
Net profit	2.57	2.34	9.8	2.55	0.0	0.7	3.32	7.62	(56.5)
Gross margin, %	96.6	96.0		-			97.0	96.5	
EBITDA margin, %	79.4	78.6		81.4			79.7	73.7	
Operating margin, %	99.1	123.2					47.8	105.6	
Net margin, %	84.7	93.2		86.6			30.9	80.1	

Source: EfTEN, LHV

UAB office building, it is estimated to reach EUR 12.5m in 2021. The full utilisation of the rental capacity of the recently acquired Pirita care home property from 2022 further improves GRI. Assuming no further developments or acquisitions (a very conservative outlook), the current portfolio is forecast to generate a GRI of c.a. EUR 12.9-13.0m p.a. in 2022 and 2023. This should translate into a NRI of c.a. EUR 11.7m for 2021, rising to EUR 12.2m by 2023.

Operating Expenses and Other Income

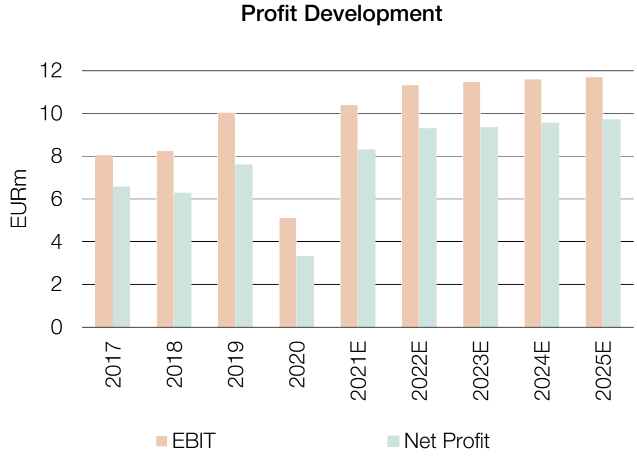
EfTEN's main expenses are general and administrative expenses. It has been assumed that the total annual general and administrative expenses will stabilise, as a percentage of GRI, at the level of 14.8-15.0%, while marketing costs, as a percentage of GRI, could stabilise at slightly above 3%. A majority of the general and administrative expenses are comprised by management fees paid to the Fund's management company, EfTEN Capital AS, amounting to EUR 0.9m in 2020, up 28% y-o-y, driven mostly by the growth of the total assets of the property portfolio. Other substantial elements of the general and administrative expenses are consulting expenses related to the acquisitions and wages of the Fund's staff, mostly including managers of the individual properties. As of 2020, the Fund had a total of 12 employees, who were paid a total of EUR 0.26m last year, including related taxes, down from EUR 0.28m a year earlier. No salaries are paid to the members of the Fund's management board or supervisory board, as they work for EfTEN Capital AS, a company providing management services to EfTEN, and the respective expenses are included in the management fees.

Another key item for EfTEN is gains or losses from the revaluation of investment properties. This has generally been a strong contributor to the Fund's profitability, with gains being recorded continuously during the period of five years until 2019. In 2019, the revaluation gain was c.a. EUR 3.1m, but due to the COVID-19 pandemic, EfTEN recorded a EUR 4.0m revaluation loss at the end of June 2020. Colliers slightly upgraded the total value of investment properties by EUR 0.6m during its latest valuation process in December 2020, partially reversing the substantial downward revaluation recorded in June 2020, mostly reflecting their opinion that the logistics sector has remained stronger than anticipated across the Baltics. Looking ahead, depending on the stabilisation of the pandemic, we assumed that EfTEN would book a modest gain in December 2021 and will continue to record positive revaluation gains in the coming years, though at a significantly lower level compared to the period of 2015-2019, reaching EUR up to 1.3m a year.

Profitability

With gradually increasing levels of GRI and assumed continued gains from the revaluation of investment properties, EfTEN's operating profit is projected to improve from EUR 10.0m in 2019 to EUR 10.4m and EUR 11.3m in 2021 and 2022, respectively. In 2020, though, the operating profit dropped to only EUR 5.1m on account of the large H1 2020 revaluation loss on the value of the property-portfolio. Assuming stable financial expenses, this would imply that, following a dip to just EUR 3.3m in 2020, the net profit could grow from EUR 7.6m in 2019 to EUR 8.3m in 2021 and EUR 9.3m in 2022.

However, with all of the assumptions, it needs to be reminded that EfTEN is currently operating in an uncertain environment due to the COVID-19 pandemic. While we do not perceive EfTEN as being a high-risk investment during the current health crisis, the underlying risk cannot be overlooked. Therefore, this financial outlook assumes a sooner rather than later stabilisation of the pandemic and swift recovery of economic activities in the Baltics.



Source: EfTEN for historicals, LHV for estimates

Financial Debt

With the assumption that EfTEN will not be increasing its portfolio in the short- to medium-term, it is assumed that the financial expenses should remain relatively stable around the current levels. At the end of 2020, the Fund had borrowings of c.a. EUR 72.4m, implying a debt-to-equity (D/E) ratio of 1.0x. Assuming the improvement in the Fund's profitability and gradual repayment of debt, it is estimated that the D/E ratio could decline to c.a. 0.7x by the end of 2023.

For future portfolio development, it is important that EfTEN maintains strong relationships with the financial institutions and continues to have access to debt facilities. The strength of the relationship with the banks was reinforced during the COVID-19 crisis when EfTEN managed to successfully negotiate with the banks to receive grace periods on the principal repayments to match the relief offered by the Fund to its tenants on their rental payments.

Valuation Considerations

In valuing the Fund, LHV has maintained its conservative expectations in terms of the property portfolio, namely that the current portfolio and occupancy levels would remain unchanged, and the rental rates would be kept unchanged in 2021 before gradually rising at 1.0% p.a. from 2022. It is also assumed that, from 2022, the Fund will benefit from modest gains from revaluation of its property portfolio, conservatively estimated up to EUR 1.3m a year, driven mostly by rising rental rates and potentially lower property yields.

The Fund's valuation is based on six metrics, including:

- P/E
- P/Book
- EV/EBIT
- Cash Distribution Yield
- P/EPRA NRV & Net Initial Yield correlation
- Cash Distribution Discount Model

Relative Valuation

In terms of compiling a peer group for the relative valuation, there is only one listed peer in the region similar to EfTEN, i.e., Baltic

Horizon Fund (NHCBHFFT). Also, there are a limited number of real estate funds with reliable data available from Central and Eastern Europe. As such, Nordic real estate entities have been included, thereby increasing the peer group to 15 companies that are mostly engaged in managing the office and retail properties. However, please note that all selected peers are larger than EfTEN.

In calculating a peer-implied fair value range, we considered the peers' P/E, P/Book, and EV/EBIT multiples as well as Dividend Yield expectations for 2021, 2022, and 2023. These multiples were applied to our forecasts for net profit, equity, EBIT, net debt, and an annual cash distribution of EfTEN for the respective years. In order to calculate the fair value range, we then applied different weights to the implied values for each year. Although we might see continued volatility in the peer companies' financials in 2021 due to various discounts in rental rates and potential revaluations of properties related to the ongoing COVID-19 pandemic, we decided to give a 40% weight to 2021 indicative values, leaving 30% each to 2022 and 2023. Considering the fact that most of the peers are substantially larger than EfTEN, with more diversified portfolios and better stock liquidity, while the share prices of the peer companies have experienced great volatility recently, we decided to apply a conservative 20% discount relative to the peer-implied range. As most of the peer companies trade at significantly higher earnings multiples in comparison to EfTEN, the peer comparison resulted in a relatively wide range of implied values per share, especially when comparing P/E and EV/EBIT ratios to P/B and Distribution Yield levels:

- P/Book – EUR 15.4-15.9
- Distribution Yield – EUR 16.1-19.9
- P/E – EUR 28.7-38.7
- EV/EBIT – EUR 33.6-37.6

P/EPRA NRV

P/EPRA NRV is one of the standard valuation metrics used by real estate funds and property developers, as defined by the European Public Real Estate Association ('EPRA') according to their latest Best Practice Recommendations ('BPR') for financial disclosures by listed real estate companies, published in October 2019. The BPR introduced three new measures of net asset value ('NAV'): Net Reinstatement Value ('NRV'), Net Tangible Assets ('NTA'), and Net Disposal Value ('NDV'). EPRA NRV basically assumes that real estate entities never sell assets and aims to represent the value required to rebuild the entity. EPRA NTA assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax, while EPRA NDV represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments, and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax. We decided to use EPRA NRV as a basis for our peer group net asset ratio comparisons, as EPRA NRV calculation principles look the closest to the calculation of the former classic EPRA NAV. In some cases, if the formal EPRA NRV was not available, we used the published EPRA NAV value for those peers. Based on the FY2020 EPRA NRV (EPRA NAV if formal EPRA NRV not available) levels and current market prices for fifteen peers, the peer P/EPRA NRV range varies widely from 0.63x to 1.78x, with a median value of 0.91x.

The level of P/EPRA NRV ratios wary a lot for different companies, depending on several aspects, including the country risks, market segment risks, the level of portfolio diversification, market yield requirements, the portion of properties under development, financing leverage etc. Therefore, we decided to pay attention to a correlation between P/EPRA NRV and Net Initial Yield ('NIY') values for the selected peers. Essentially, NIY is calculated as the annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property. The peer group's portfolio NIY values (or the respective similar investment yield available) vary from 3.7% to 7.8%, with EfTEN presenting NIY at the highest end of the peer group range at 7.8% as of the year-end 2020. The data for our peer group indicates a modest positive correlation between

	Currency	Share Price (1st Apr 2021)	EPRA NRV (31st Dec 2020)	P/EPRA NRV (x)	Net Initial Yield (%)
Baltic Horizon Fund	EUR	1.16	1.2	0.95	5.7
Castellum	SEK	195.30	214.0	0.91	4.9
Fabege	SEK	122.55	155.0	0.79	6.6
Hufvudstaden	SEK	129.70	184.0	0.70	3.7
Entra	NOK	189.90	186.0	1.02	4.4
Atrium Ljungberg	SEK	161.60	218.0	0.74	4.4
Wihlborgs Fastigheter	SEK	171.20	152.4	1.12	4.6
Citycon	SEK	7.30	11.5	0.63	5.4
Kungsleden	SEK	93.20	99.5	0.94	4.4
Globe Trade Centre	PLN	6.89	10.4	0.66	7.8
Klovern	SEK	15.50	19.9	0.78	5.3
Dios Fastigheter	SEK	74.00	79.7	0.93	5.7
Platzer Fastigheter	SEK	104.40	96.4	1.08	4.0
Norwegian Property	NOK	14.25	20.0	0.71	3.9
NP3 Fastigheter	SEK	143.60	80.5	1.78	6.9
Median				**0.91**	**4.9**
EfTEN	**EUR**		**18.03**		**7.8**
P/EPRA NRV and NIY correlation implied P/NAV for EfTEN				1.04	
Implied value per share				**18.66**	

Source: Company Reports, Bloomberg

Company	Market Cap, EURm	EV/EBIT (x)			P/E (x)			P/B (x)			Dividend Yield (%)		
		2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
EfTEN Real Estate Fund III	**85**	**13.8**	**12.3**	**11.8**	**10.2**	**9.1**	**9.0**	**1.1**	**1.0**	**0.9**	**3.4**	**4.4**	**5.7**
Baltic Horizon Fund	140	15.7	15.5	15.4	n.a.	10.3	10.2	1.0	1.0	0.9	4.6	5.0	5.1
Castellum	5,279	24.6	23.4	22.8	17.9	17.3	16.6	1.1	1.1	1.0	3.6	3.8	3.9
Fabege	3,952	32.2	30.5	29.5	27.4	24.8	24.1	0.9	0.9	0.9	3.0	3.2	3.3
Entra	3,450	27.1	25.0	23.1	26.9	24.7	23.5	1.2	1.2	1.2	2.6	2.8	2.9
Hufvudstaden	2,671	27.4	26.7	24.1	26.9	25.7	24.8	0.9	0.9	0.9	2.5	2.6	2.8
Wihlborgs Fastigheter	2,565	22.3	21.4	20.4	15.9	14.9	14.5	1.3	1.2	1.1	3.2	3.4	3.6
Atrium Ljungberg	2,099	28.4	27.0	25.5	20.6	19.6	18.9	0.9	0.9	0.8	3.2	3.3	3.4
Kungsleden	1,984	23.2	21.8	21.3	17.0	15.5	15.4	1.0	1.0	0.9	3.2	3.3	3.5
Olav Thon Eiendoms-selskap	1,690	15.1	14.9	14.7	n.a.	11.8	11.6	0.6	0.6	0.5	3.3	4.1	4.1
Citycon	1,298	19.3	18.9	20.1	12.1	11.9	12.4	0.7	0.7	0.8	6.5	6.3	5.7
Platzer Fastigheter	1,221	27.2	24.1	23.0	20.0	17.7	18.7	1.1	1.0	1.0	2.2	2.4	2.6
Dios Fastigheter	970	19.5	18.3	16.9	11.4	10.8	10.5	1.0	0.9	0.9	4.6	4.8	5.0
Norwegian Property	924	26.1	25.5	24.6	25.3	22.0	21.0	0.8	0.8	0.7	2.5	2.4	3.2
Globe Trade Centre	727	27.2	29.4	13.0	99.8	74.9	10.0	0.7	0.7	0.7	1.5	10.0	16.7
NP3 Fastigheter	761	19.2	18.0	17.4	12.4	12.1	10.2	1.8	1.6	1.7	2.7	2.9	3.2
Median		24.6	23.4	21.3	20.0	17.3	15.4	1.0	0.9	0.9	3.2	3.3	3.5
Average		23.6	22.7	20.8	25.7	20.9	16.2	1.0	1.0	0.9	3.3	4.0	4.6
	Net Debt	**EBIT**			**Net Profit**			**Book Value**			**Cash Contribution**		
Respective denominator for EfTEN Real Estate Fund III , EURm	(67.2)	10.4	11.3	11.5	8.3	9.3	9.4	80.1	85.7	90.3	2.8	3.7	4.8
Size and liquidity discount	20%												
Indicative value per share		35.7	37.6	33.6	38.7	36.9	28.7	15.4	15.6	15.9	16.1	17.4	19.9
Weight		40%	30%	30%	40%	30%	30%	40%	30%	30%	40%	30%	30%
Implied weighted value per price		35.6			35.1			15.6			17.6		

Source: Bloomberg, LHV

P/EPRA NRV and NIY values, although the R^2 correlation coefficient is relatively low at only c.a. 0.1. We calculated the respective correlation implied P/EPRA NRV ratio for the Fund, indicating that EfTEN deserves to trade at a slight premium to its EPRA NRV level, implying the fair value of EUR 18.7 per share.

Cash Distribution Discount Model

For the Cash Distribution Discount Model ('CDDM'), we have used the estimated financials for the Fund and expected cash distributions from 2021 to 2025. The forecasts do not include new acquisitions, development of existing properties, loans and capital raisings, and reflects the view on EfTEN's capacity to distribute cash based on its current property portfolio. Additionally, there is a risk premium that we assigned to EfTEN to reflect what we perceive to be a COVID-19 risk exposure. On our scale of 1-5, we have given EfTEN a risk score of 3.0.

Based on these assumptions, the calculated CDDM-based value for EfTEN is just EUR 45m or EUR 10.56 per share. It should be noted that this method is susceptible to changes in primary assumptions. Additionally, this assumes a very conservative rental growth rate and assumption of no new additions to the property portfolio.

CDDM Assumptions:	
Risk free rate	2.5%
Market risk premium	5.1%
Country risk premium	1.2%
Levered Beta	0.66
Adjusted company risk premium	5.0%
Terminal growth rate	2.5%
Cost of equity	**12.1%**

Source: LHV

Terminal growth rate	Cost of Equity 9.1%	10.1%	11.1%	12.1%	13.1%	14.1%	15.1%
2.2%	14.78	12.96	11.55	10.43	9.50	8.74	8.09
2.3%	14.95	13.09	11.65	10.50	9.57	8.79	8.13
2.4%	15.13	13.22	11.75	10.58	9.63	8.84	8.17
2.5%	15.31	13.35	11.85	10.66	9.69	8.89	8.22
2.6%	15.50	13.49	11.95	10.74	9.75	8.94	8.26
2.7%	15.69	13.63	12.06	10.82	9.82	8.99	8.30
2.8%	15.89	13.77	12.17	10.90	9.89	9.05	8.35

Source: LHV

CDDM Valuation, EURm	2021E	2022E	2023E	2024E	2025E	Terminal
Cash distributions	2.8	3.7	4.8	4.4	4.5	48.0
PV of FCFF	2.7	3.2	3.7	3.0	2.8	29.6
Equity Value						45.0
Shares outstanding						4.22
Value per share						**10.66**

Source: LHV

Valuation Summary

EfTEN's fair value range ('FVR') has then been established according to the six metrics (peer multiples and dividend discount model) based on the weights tabulated below. As the peer group companies are much larger than EfTEN and their share prices and financials have witnessed some elevated volatility recently, we decided to prefer the correlation implied P/EPRA NRV and CDDM as more prominent valuation metrics for the Fund, compared to other peer valuation metrics. Thus, we have given P/EPRA NRV a 30% and the CDDM a 20% weight in the total value, leaving the total contribution of other metrics at 50%, including a 15% weight each for P/BV and Dividend Yield multiples, and 10% each for P/E and EV/EBIT. Overall, based on our current projections for EfTEN and other assumptions, we decided to upgrade our FVR from the previous EUR 17.50-18.40 to EUR 19.30-20.30 per share. Under current market conditions, we should exercise caution when considering prevailing fair value ranges, as there is a high level of volatility in the market that has a significant impact on the outcome. While the FVR reflects a medium-term outlook, it is also based on the prevailing market conditions, which, in high volatility periods, may change over a short period. Major risk factors to our valuation are related to the COVID-19 pandemic, which may cause a slower than predicted recovery of the economic environment in the Baltics, pressurising occupancy and rental rates

Weighted Value Per Share, EUR	Average value by methods	Weights	Contribution to value
Method			
CDDM	10.66	20.0%	2.13
P/EPRA NRV & NIY	18.66	30.0%	5.60
P/Book	15.61	15.0%	2.34
Div Yield	17.64	15.0%	2.65
P/E	35.15	10.0%	3.51
EV/EBIT	35.62	10.0%	3.56
Total weighted value per share			**19.80**

Source: LHV

Financial Tables

Income Statement, EURm	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	7.3	8.7	9.5	10.7	12.5	12.9	13.0
Cost of services sold	(0.2)	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)	(0.4)
Gross Profit	**7.1**	**8.4**	**9.2**	**10.4**	**12.1**	**12.5**	**12.6**
Marketing costs	(0.4)	(0.4)	(0.4)	(0.3)	(0.4)	(0.4)	(0.4)
General and administrative expenses	(1.6)	(1.2)	(1.8)	(1.6)	(1.8)	(1.9)	(1.9)
Gain/loss from revaluation of investment properties	2.9	1.6	3.1	(3.4)	0.6	1.2	1.2
Other operating income and expenses	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)
EBIT	**8.0**	**8.3**	**10.0**	**5.1**	**10.4**	**11.3**	**11.5**
Interest income	-	-	0.0	-	-	-	-
Finance expenses	(0.7)	(1.1)	(1.2)	(1.3)	(1.5)	(1.3)	(1.3)
Pre-tax profit	**7.3**	**7.2**	**8.9**	**3.8**	**8.9**	**10.0**	**10.2**
Income tax	(0.8)	(0.9)	(1.2)	(0.5)	(0.6)	(0.7)	(0.8)
Net profit/(loss)	**6.6**	**6.3**	**7.6**	**3.3**	**8.3**	**9.3**	**9.4**
Minority Interest	-	-	-	-	-	-	-
Net profit/(loss) attributable to shareholders	**6.6**	**6.3**	**7.6**	**3.3**	**8.3**	**9.3**	**9.4**

Source: EfTEN for historicals, LHV for estimates

Balance Sheet, EURm	2017	2018	2019	2020	2021E	2022E	2023E
Assets							
Cash and Equivalents	8.1	4.9	13.0	5.1	10.5	13.0	13.6
Short-term deposits	-	-	6.0	-	-	-	-
Accounts receivable	0.6	0.7	0.7	2.0	1.0	1.1	1.1
Prepaid expenses	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Total Current Assets	**8.8**	**5.6**	**19.7**	**7.3**	**11.6**	**14.1**	**14.7**
Long-term receivables	0.0	0.0	-	0.0	0.0	0.0	0.0
Investment property	88.4	102.8	113.0	144.2	144.8	146.0	147.3
Fixed assets	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Intangible assets	0.0	-	-	0.0	0.0	0.0	0.0
Total Non-Current Assets	**88.5**	**102.9**	**113.1**	**144.4**	**145.0**	**146.2**	**147.4**
Total Assets	**97.3**	**108.5**	**132.8**	**151.6**	**156.6**	**160.3**	**162.2**
Liabilities							
Borrowings - ST portion	2.1	8.1	21.1	28.8	25.7	23.7	23.7
Derivative instruments	0.1	0.2	0.3	0.2	0.3	0.3	0.3
Payables and prepayments	1.8	1.0	1.1	2.0	1.3	1.3	1.3
Total Current Liabilities	**4.0**	**9.3**	**22.6**	**31.0**	**27.3**	**25.3**	**25.3**
Borrowings	43.7	44.7	34.2	43.6	43.6	43.6	40.8
Other LT liabilities	0.4	0.5	0.6	1.0	0.9	1.0	1.0
Deferred income tax liabilities	2.9	3.5	4.3	4.6	4.7	4.8	4.8
Total Non-Current Liabilities	**46.9**	**48.7**	**39.1**	**49.1**	**49.2**	**49.3**	**46.6**
Total Liabilities	**50.9**	**58.0**	**61.7**	**80.1**	**76.5**	**74.6**	**71.9**
Equity							
Share capital	32.2	32.2	42.2	42.2	43.9	43.9	43.9
Share premium	3.7	3.7	9.7	9.7	11.1	11.1	11.1
Statutory reserve capital	0.3	0.6	0.9	1.3	1.5	1.9	2.4

Balance Sheet, EURm...continued	2017	2018	2019	2020	2021E	2022E	2023E
Retained earnings	10.2	14.0	18.4	18.3	23.6	28.8	32.9
Total Equity	**46.4**	**50.5**	**71.2**	**71.5**	**80.1**	**85.7**	**90.3**
Total Equity and Liabilities	**97.3**	**108.5**	**132.8**	**151.6**	**156.6**	**160.3**	**162.2**

Source: EfTEN for historicals, LHV for estimates

Cashflow Statement, EURm	2017	2018	2019	2020	2021E	2022E	2023E
Operating cash flow							
Net Profit	6.6	6.3	7.7	3.3	8.3	9.3	9.4
Financial income	-	-	(0.0)	-	-	-	-
Interest paid	0.8	1.1	1.2	1.3	1.5	1.3	1.3
Other financial costs	(0.1)	-	-	-	-	-	-
Gain/loss from revaluation of investment property	(2.9)	(1.6)	(3.1)	3.4	(0.6)	(1.2)	(1.2)
Gain from selling investment properties	(0.0)	(0.0)	(0.0)	0.0	-	-	-
Change in the success fee liability	0.5	-	-	-	-	-	-
Depreciation and amortisation	0.0	0.0	0.1	0.1	0.0	0.0	0.0
Income tax expense	0.8	0.9	1.1	0.5	0.6	0.7	0.8
Cash flow from operations before changes in working capital	**5.6**	**6.7**	**7.0**	**8.6**	**9.8**	**10.1**	**10.3**
Change in working capital	(1.5)	(0.1)	0.3	(0.5)	0.3	0.0	0.0
Cash Flow from Operating Activities	**4.1**	**6.6**	**7.3**	**8.0**	**10.1**	**10.1**	**10.3**
Investing cash flow							
Purchase of property, plant and equipment	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Sale/(Purchase) of investment property	(9.8)	(13.5)	(7.3)	(18.8)	(0.0)	0.0	(0.0)
Acquisition of subsidiaries	(1.1)	(0.1)	-	(8.6)	-	-	-
Short-term deposits	-	-	(6.0)	6.0	-	-	-
Interest received	-	-	-	0.0	-	-	-
Cash Flow from Investing Activities	**(11.0)**	**(13.7)**	**(13.4)**	**(21.4)**	**(0.0)**	**(0.0)**	**(0.0)**
Financing cash flow							
Loans received/repaid, net	3.1	7.1	2.5	9.9	(3.1)	(2.0)	(2.8)
Interest paid	(0.8)	(1.0)	(1.1)	(1.4)	(1.5)	(1.3)	(1.3)
Proceeds from issuance of shares	11.0	-	16.0	-	3.1	-	-
Income tax paid on dividends	(0.0)	(0.1)	(0.1)	(0.3)	(0.6)	(0.7)	(0.8)
Dividends paid	(1.5)	(2.2)	(3.1)	(2.7)	(2.8)	(3.7)	(4.8)
Change in other LT liabilities	-	-	-	-	0.1	0.1	0.1
Cash Flow from Financing Activities	**11.8**	**3.8**	**14.2**	**5.6**	**(4.7)**	**(7.6)**	**(9.7)**
Cash and equivalents at beginning of the period	**3.2**	**8.1**	**4.9**	**13.0**	**5.1**	**10.5**	**13.0**
Total periods cash flow	4.9	(3.3)	8.1	(7.9)	5.4	2.5	0.6
Cash and cash equivalents at end of the period	**8.1**	**4.9**	**13.0**	**5.1**	**10.5**	**13.0**	**13.6**

Source: EfTEN for historicals, LHV for estimates

Key Ratios	2017	2018	2019	2020	2021E	2022E	2023E
Key Financial Data (EURm)							
Revenue	7.3	8.7	9.5	10.7	12.5	12.9	13.0
Gross Profit	7.1	8.4	9.2	10.4	12.1	12.5	12.6
EBIT	8.0	8.3	10.0	5.1	10.4	11.3	11.5
Net Profit to company s/h	6.6	6.3	7.6	3.3	8.3	9.3	9.4

Key Ratios...continued	2017	2018	2019	2020	2021E	2022E	2023E
Growth							
Revenue (%)	36.9	18.8	9.7	12.8	16.1	3.2	1.3
Gross Profit (%)	38.4	17.1	9.9	13.3	16.1	3.2	1.3
EBITDA (%)	43.2	19.4	11.2	14.6	14.9	3.2	1.3
EBIT (%)	38.8	2.8	21.6	(48.9)	102.8	9.0	1.3
Pre-tax Profit (%)	43.2	(2.5)	23.7	(57.0)	132.9	12.7	2.0
Net Profit (%)	51.2	(4.2)	20.9	(56.5)	150.5	11.9	0.7
EPS (%)	14.4	(18.2)	3.0	(61.0)	141.1	11.9	0.7
Profitability							
Gross margin (%)	97.7	96.3	96.5	97.0	97.0	97.0	97.0
EBITDA margin (%)	77.0	77.4	78.5	79.7	78.9	78.9	78.9
EBIT margin (%)	110.0	95.2	105.6	47.8	83.5	88.1	88.1
PBT margin (%)	100.6	82.6	93.2	35.5	71.2	77.7	78.2
Net Profit margin (%)	90.1	72.6	80.1	30.9	66.7	72.3	71.9
Return							
ROCE (%)	9.7	8.4	8.7	3.8	7.1	7.5	7.5
ROE (%)	17.1	13.0	12.5	4.7	11.0	11.2	10.6
ROA (%)	7.5	6.1	6.3	2.3	5.4	5.9	5.8
Liquidity							
Current ratio (x)	2.2	0.6	0.9	0.2	0.4	0.6	0.6
Quick ratio (x)	2.2	0.6	0.6	0.2	0.4	0.6	0.6
Leverage							
Net Debt	37.6	48.0	42.4	67.2	58.8	54.3	50.9
Net gearing (x)	0.8	1.0	0.6	0.9	0.7	0.6	0.6
Debt/Equity ratio (x)	1.0	1.0	0.8	1.0	0.9	0.8	0.7

Source: EfTEN for historicals, LHV for estimates

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