



REMUNERATION STATEMENT

This report provides an overview of the principles of remuneration and remuneration of the managers of EFTEN Real Estate Fund III AS and the remuneration paid to the managers in the financial year 2021. Pursuant to the Securities Market Act, the members of the management board of a share issuer are treated as managers in this remuneration report.

The basic remuneration principles of EFTEN Real Estate Fund III AS were defined upon the establishment of the fund in 2015, according to which the remuneration paid to the members of the fund's management bodies, including members of the management board, is 0 euros. As well, the members of the fund's management bodies are not eligible for any severance nor pension payments by the fund. This is due to the difference that EFTEN Real Estate Fund III AS is not merely a share issuer but an investment fund established as a public limited company, the members of the management board of which are members of the management board of the management company managing the fund. The Fund pays a management fee to the Management Company in accordance with the principles published in the Fund's Articles of Association and the management agreement (Note 18). Viljar Arakas, Member of the Management Board of EFTEN Real Estate Fund III AS, is a member of the Management Board of EFTEN Capital AS and Tõnu Uustalu, Member of the Management Board of EFTEN Real Estate Fund III AS, is the Head of the Investments Department of EFTEN Capital AS.

In the financial year 2021, the fund did not pay a basic salary or performance fee to Tõnu Uustalu nor Viljar Arakas, i.e. the basic salary and performance fee was 0 euros. Regarding the compliance of the sum, the fund manager (EFTEN Capital AS) has established the principles of remuneration for management and employees as a part of its Code of Conduct, which originate of the general principle to ensure the motivation of the management and employees, but not to contribute to taking risks that are not in line with the risk profile and Articles of Association of the funds managed by fund manager, including EFTEN Real Estate Fund III AS. The fund manager pays monthly fixed remuneration to the members of the management board and employees of the fund manager. In order to avoid conflicts of interest, a member of the management board or an employee of the management company shall not be paid a performance fee upon making investments in the funds managed by the fund manager. This also ensures that the principles of remuneration are clear and transparent, based on the long-term objectives of the funds managed and that the legitimate interests of investors and creditors are taken into account. Compliance with the management company's remuneration policy is checked annually by the internal auditor and the remuneration policy is reviewed by the management company's supervisory board at least once a year.

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

Viljar Arakas and Tõnu Uustalu do not have a variable remuneration as managers of EFTEN Real Estate Fund III AS and therefore it is not applicable to provide an overview of the possibility to reclaim variable remuneration. In 2021, there are no exceptions to the principles of remuneration of management.

As of 31 December 2021, Viljar Arakas, a member of the Management Board, owns a total of 17,440 shares or 0.34% of the share capital of the fund and 27.41% of the share capital of the management company through his holding company and as a private individual. Tõnu Uustalu, a member of the Management Board, owns 14,753 shares or 0.29% of the share capital of the fund and 20.56% of the share capital of the management company. The fund manager owns 87,272 shares or 1.72% of the fund's share capital. Tõnu Uustalu and Viljar Arakas do not have any stock options.

The shareholders of the Fund, including Tõnu Uustalu and Viljar Arakas, have the pre-emptive right to subscribe for new shares in proportion to their existing holdings in the Fund in accordance with the Articles of Association, unless the pre-emptive right to subscribe for existing shareholders is excluded.

The remuneration principles of the fund managers are also published in the fund's prospectus, which is available on the website of EFTEN Real Estate Fund III AS www.eref.ee. In addition, the fees paid to the managers of the subsidiaries of EFTEN Real Estate Fund III AS are published in the prospectus. Neither Viljar Arakas nor Tõnu Uustalu have been paid any fees, indemnities or benefits from any company that belongs to the same group as EFTEN Real Estate Fund AS.

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

	2021	2020	2019	2018	2017
<i>€ thousands</i>					
Total remuneration calculated for the Group's employees	245	260	278	229	236
Number of employees	11	12	12	12	9
Sales revenue	12,921	10,731	9,512	8,672	7,300
Net profit	13,099	3,317	7,737	6,299	6,574