

Key Information Document

PURPOSE

This document provides you with key information about the EFTEN Real Estate Fund III AS (hereinafter the Fund). It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product								
EFTEN Real Estate Fund III AS share (ISIN: EE3100127242) Manufacturer/Management Company: EFTEN Capital AS; registry code 11505542 Contact: www.eften.ee ; phone +372 655 9515; e-mail: info@efTEN.ee Regulator: Estonian Financial Supervisory Authority; www.fi.ee Date: 03.01.2023								
You are about to purchase a product that is not simple and may be difficult to understand.								
What is this product?								
Type:	The Fund is a public closed-end investment fund founded in the Republic of Estonia as a public limited company (alternative investment fund). The Fund's shares are listed on the main list of the Nasdaq Tallinn stock exchange and are freely transferable. The Fund is not a guaranteed fund. The Fund has one type of shares with a nominal value of 10 euros per share. The Fund does not redeem shares upon the request of shareholders. The Fund is managed by EFTEN Capital AS, established in Estonia with an alternative fund management license issued by the Financial Supervisory Authority. The fund has a depository (AS Swedbank).							
Objectives:	The Fund is a real estate fund which offers shareholders the opportunity to participate in an actively managed commercial real estate portfolio. The Fund invests in cash flow generating commercial real estate objects (retail, office, logistics, hotels, elderly care homes), including development projects. The Fund can invest 80% directly in real estate or acquire shares in legal entities that own real estate. The remaining 20% can only be invested in deposits or derivative instruments of credit institutions of the European Economic Area. The geographical target markets of the Fund are Estonia, Latvia and Lithuania. When making real estate investments, the Fund uses financial leverage up to 65% of the acquisition cost of the respective object at the time of making the investment. The Fund focuses on opportunistic and value-added investment strategy. Sustainability related disclosure can be found at: https://efTEN.ee/en/about-efTEN/sustainability/							
Intended retail investor:	The fund is suitable for both professional and non-professional investors who want to make long-term, medium-risk passive investments in real estate. An investor with no prior experience investing in shares and/or closed-end alternative investment funds, should consult a professional investment advisor.							
Term:	The Fund has no maturity date. Liquidation of the Fund is decided by the decision of the general meeting of the Fund, taking into account the requirements stipulated in the legislation. In order to liquidate the Fund, a liquidation permit from the Financial Supervision Authority is required.							
What are the risks and what could I get in return?								
Risk indicator								
<table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 12.5%;">1</td> <td style="width: 12.5%;">2</td> <td style="width: 12.5%; background-color: black; color: white;">3</td> <td style="width: 12.5%;">4</td> <td style="width: 12.5%;">5</td> <td style="width: 12.5%;">6</td> <td style="width: 12.5%;">7</td> </tr> </table> <p style="text-align: center;">←Low risk Higher risk→</p>		1	2	3	4	5	6	7
1	2	3	4	5	6	7		

The risk indicator assumes you keep the shares for 5 years. The actual risk can vary significantly and you may get back less. You may not be able to sell your shares easily or you may have to sell at a price that significantly impacts on how much you get back.

The risk indicator shows the relationship between risk and possible return when investing in the Fund. It provides an indication on the level of risk of this product compared to other products. We have classified the product as 3 out of 7, i.e. a medium or slightly below medium risk class. This means that Fund shares have a medium risk of ups and downs in the value but are not risk free. Even the lowest summary risk indicator does not correspond to completely risk-free investment. The Fund invests in the real estate market of the Baltic States. As a result, the Management Company estimates the risks related to fluctuations in real estate prices and the risks related to the liquidity of investments as well as the tenant behaviour in the region higher than usual. The product does not contain any protection against future market results. Therefore, you may lose all or part of your investment. Past performance might not be a reliable indicator of the future risk and rate of return profile of the Fund. The risk class of the Fund may change in time.

Performance Scenarios

Investment EUR 10 000		Investment realisation		
		1 year	3 years	5 years
Stress scenario	What you might get back after costs	101	162	167
	Average return each year	-99,0%	-74,7%	-55,9%
Unfavourable scenario	What you might get back after costs	9 953	9 771	9 523
	Average return each year	-0,5%	-0,8%	-1,0%
Moderate scenario	What you might get back after costs	11 082	13 568	16 612
	Average return each year	10,8%	10,7%	10,7%
Favourable scenario	What you might get back after costs	11 490	14 504	18 131
	Average return each year	14,9%	13,2%	12,6%

The table above shows the money you could get back over the next 5 years, under different scenarios, assuming that you invest 10,000 euros. The presented scenarios illustrate how your investment could perform. The stress scenario shows what you might get back in extreme market circumstances.

The scenarios presented are estimates of future returns based on past evidence of how the value of the investment has varied and are not accurate indicators or promises of actual returns, and future returns may vary widely. The amount you receive will vary depending on market performance and how long you hold the product. The shares are freely tradable, but there is no guarantee that the shares will be actively traded on the Nasdaq Tallinn stock exchange or traded at a price close to the net value of the shares. The price of Fund shares may fluctuate more on the regulated market than could be expected based only on the aggregate risk indicator. The figures shown include all costs of the product itself but may not include all costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation or the tax regulation of the country of origin, which may also affect how much you get back.

What happens if Management Company is unable to pay out?

The Management Company manages the assets of the Fund separately from the Management Company's own assets, the assets of other funds as managed by the Fund Management Company as well as other asset portfolios. The assets of the Fund are not part of the Management Company's bankruptcy assets. In case of bankruptcy of the Management Company, the depository takes over the management of the Fund. The Fund's assets are not guaranteed by national or central guarantee schemes.

What are the costs?

Costs over Time	<p>The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs include one-off, ongoing and incidental costs. The amounts shown here are the cumulative costs of the product itself, for three different holding periods. The figures assume you invest 10,000 euros. The figures are estimates and may change in the future. The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs and show you the impact that all costs will have on your investment over time.</p> <table border="1" data-bbox="416 481 1425 645"> <thead> <tr> <th data-bbox="416 481 767 539">Investment EUT 10 000 Scenarios</th> <th data-bbox="767 481 991 539">If you cash in after 1 year</th> <th data-bbox="991 481 1214 539">If you cash in after 3 years</th> <th data-bbox="1214 481 1425 539">If you cash in after 5 years</th> </tr> </thead> <tbody> <tr> <td data-bbox="416 539 767 577">Total costs (EUR)</td> <td data-bbox="767 539 991 577">168</td> <td data-bbox="991 539 1214 577">626</td> <td data-bbox="1214 539 1425 577">1 296</td> </tr> <tr> <td data-bbox="416 577 767 645">Impact in return (RIY) per year</td> <td data-bbox="767 577 991 645">1,49%</td> <td data-bbox="991 577 1214 645">4,41%</td> <td data-bbox="1214 577 1425 645">7,24%</td> </tr> </tbody> </table>	Investment EUT 10 000 Scenarios	If you cash in after 1 year	If you cash in after 3 years	If you cash in after 5 years	Total costs (EUR)	168	626	1 296	Impact in return (RIY) per year	1,49%	4,41%	7,24%									
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Composition of Costs	<p>The Fund is a closed-ended fund that does not redeem the shares upon the request of investors. The table below shows:</p> <ul style="list-style-type: none"> – the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period; – the meaning of the different cost categories. <table border="1" data-bbox="416 808 1425 1547"> <tbody> <tr> <td data-bbox="416 808 608 936" rowspan="2">One-off costs</td> <td data-bbox="608 808 799 875">Entry costs</td> <td data-bbox="799 808 927 875">0,00%</td> <td data-bbox="927 808 1425 875">The impact of the costs you pay when entering your investment.</td> </tr> <tr> <td data-bbox="608 875 799 936">Exit costs</td> <td data-bbox="799 875 927 936">0,00%</td> <td data-bbox="927 875 1425 936">The impact of the costs of exiting your investment when it matures.</td> </tr> <tr> <td data-bbox="416 936 608 1133" rowspan="2">Ongoing costs</td> <td data-bbox="608 936 799 1032">Portfolio transaction costs</td> <td data-bbox="799 936 927 1032">0,05%</td> <td data-bbox="927 936 1425 1032">The impact of the costs of us buying and selling underlying investment for the product.</td> </tr> <tr> <td data-bbox="608 1032 799 1133">Other ongoing costs</td> <td data-bbox="799 1032 927 1133">1,30%</td> <td data-bbox="927 1032 1425 1133">The impact of the costs that we take each year for managing your investments.</td> </tr> <tr> <td data-bbox="416 1133 608 1547" rowspan="2">Incidental costs</td> <td data-bbox="608 1133 799 1480">Performance fees</td> <td data-bbox="799 1133 927 1480">20,00%</td> <td data-bbox="927 1133 1425 1480">The impact of the performance fee. The Fund's performance fee is calculated on the adjusted closing price of the last trading day of the reporting year and the adjusted closing price of the last trading day of the previous reporting year, multiplied by the number of shares at the end of the reporting period. A more comprehensive overview of fees can be found in the Fund's articles of associations at www.eref.ee</td> </tr> <tr> <td data-bbox="608 1480 799 1547">Carried interest</td> <td data-bbox="799 1480 927 1547">0,00%</td> <td data-bbox="927 1480 1425 1547">The impact of the carried interest. The fund does not have a carried interest.</td> </tr> </tbody> </table>	One-off costs	Entry costs	0,00%	The impact of the costs you pay when entering your investment.	Exit costs	0,00%	The impact of the costs of exiting your investment when it matures.	Ongoing costs	Portfolio transaction costs	0,05%	The impact of the costs of us buying and selling underlying investment for the product.	Other ongoing costs	1,30%	The impact of the costs that we take each year for managing your investments.	Incidental costs	Performance fees	20,00%	The impact of the performance fee. The Fund's performance fee is calculated on the adjusted closing price of the last trading day of the reporting year and the adjusted closing price of the last trading day of the previous reporting year, multiplied by the number of shares at the end of the reporting period. A more comprehensive overview of fees can be found in the Fund's articles of associations at www.eref.ee	Carried interest	0,00%	The impact of the carried interest. The fund does not have a carried interest.
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How long should I hold it and can I take money out early?																						
<p>Recommended holding period: The Fund has no minimum holding period, but since the value of real estate investments can fluctuate significantly in the short term, the Fund is suitable for investors with an average or longer than average investment horizon.</p>																						
<p>Disinvestment procedure: The Fund is a closed-ended fund that does not redeem the shares upon the request of investors. The Fund shares are freely transferable. The transfer of shares is an individual decision of each investor, which, depending on the timing, can have a significant impact on the return of a particular investor's investment. The transaction may be accompanied by costs and fees determined by the intermediary of the transaction.</p>																						
How can I complain?																						
<p>You can file a complaint by mail at A. Lauteri tn 5, 10114 Tallinn, Estonia or by e-mail at info@eften.ee</p>																						
Other relevant information																						
<p>The Fund's articles of associations, prospectus, reports and other relevant information can be found free of charge at www.eref.ee</p>																						