

## REMUNERATION REPORT

This report provides an overview of the principles of remuneration of managers of EFTEN Real Estate Fund III AS and the determination of work-related benefits, as well as the fees paid to managers in the 2022 financial year. In this remuneration report, the members of the board of the stock issuer are treated as directors in accordance with the Securities Market Act.

The basic remuneration principles of EFTEN Real Estate Fund III AS were defined when the fund was founded in 2015, according to which no fees are paid to the members of the fund's management bodies, including members of the board. Also, severance and retirement benefits or other benefits are not assigned to the members of the fund's management bodies at the expense of the fund. These principles were not changed during the reporting year. The mentioned basic principles based on the difference, as a result of which EFTEN Real Estate Fund III AS is not just an issuer of shares, but an investment fund established as a joint-stock company, the members of the board of which are members of the executive management of the management company managing the fund. The fund pays a management fee to the fund manager in accordance with the principles published in the fund's articles of association and the management agreement. EFTEN Real Estate Fund III AS board member Viljar Arakas is a management board member and EFTEN Real Estate Fund III AS board member Tõnu Uustalu is the manager of the investment department of the management company.

In the financial year 2022, 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 2022, there are no exceptions to the principles of remuneration of management.

As of 31.12.2022, board member Viljar Arakas owns a total of 17,440 fund shares through his holding company and as a private individual, or 0.34% of the fund's share capital and 27.41% of the fund management company's share capital. Board member Tõnu Uustalu owns 14,753 shares or 0.29% of the fund's share capital and 20.56% of the fund management company's share capital. The fund management company owns 87,272 shares, or 1.72% of the fund's share capital. Tõnu Uustalu and Viljar Arakas do not have stock options. The shareholdings of the board members in the reporting year have not changed compared to the previous financial year.

The shareholders of the fund, including Tõnu Uustalu and Viljar Arakas, in accordance with the articles of association, when increasing the fund's share capital and issuing new shares, have the right to subscribe for new shares, analogously to other shareholders of the fund, in proportion to their existing participation in the fund, except in cases where the right to subscribe for existing shareholders is excluded by the decision of the general meeting of the fund.

The remuneration principles of the fund's managers are also published in the fund's prospectus, which is available on the EFTEN Real Estate Fund III AS website at [www.eref.ee](http://www.eref.ee). In addition, the prospectus also publishes the fees paid to the managers of EFTEN Real Estate Fund III AS's subsidiaries. At the same time, neither Viljar Arakas nor Tõnu Uustalu have been paid any fees, compensations or incentives from any company belonging to the same group as EFTEN Real Estate Fund III AS.

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

	2022	2021	2020	2019	2018
<i>€ thousands</i>					
Total remuneration calculated for the Group's employees	267	245	260	278	229
Number of employees	10	11	12	12	12
Sales revenue	14,299	12,921	10,731	9,512	8,672
Net profit	11,408	13,099	3,317	7,737	6,299