Valuation Update

Real Estate Investing

27 September 2023

EfTEN Real Estate Fund

Company Update

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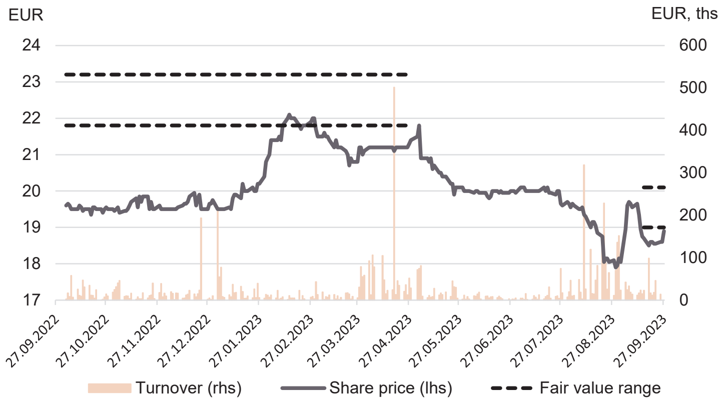
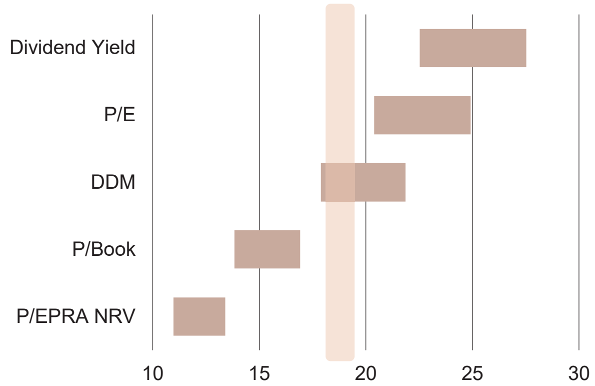
	Neutral
Fair value range (EUR):	**19.0 - 20.1**
Share price (EUR):	**18.90**
Symbol:	**EFT1T**

Historical share price: EFT1T



Fair Value Range: EFT1T



*Sources: Eften Real Estate Fund, Nasdaq Baltic, LHV. *lhs – left hand side, rhs – right hand side, E – Estimate*

EfTEN Real Estate Fund (from now on, 'EfTEN' or the 'Fund') is a regulated, publicly traded, closed-end fund focused on real estate investments. The Fund invests directly in commercial real estate in the Baltic states, primarily targeting ready-built cash-generating properties in the retail, office, and logistics segments, with predominantly long-term leases. On some occasions, the Fund will engage in real estate development. The Fund is evergreen, meaning there is no established lifetime or liquidation period. The Fund operates in Estonia, Latvia and Lithuania and is managed by EfTEN Capital AS, the largest commercial real estate fund manager in the Baltic states. Since 2017, EfTEN has been listed in the Nasdaq Baltic.

As a result of the merger with EfTEN Kinnisvarafond AS, effective from 1 January 2023, the size of EfTEN more than doubled. With the investment property portfolio reaching c.a. EUR 361m as of 30 June 2023, EfTEN is the largest real estate investment fund in the Baltics. Currently, the Fund's portfolio comprises 35 commercial investment properties. EfTEN has a solid track record in dividend payments; according to EfTEN's dividend policy, at least 80% of the annual free cash flow (EBITDA minus loan payments minus interest costs minus income tax on profits) will be allocated to dividends and corresponding income tax payments. The Fund finances new investment property acquisitions only from share emissions; the free cash flow not paid for dividends is mainly used for maintenance works and property developments.

To assess the equity value of the Fund, we used five metrics, including 1) 'P/E', 2) 'P/Book', 3) 'Dividend Yield', 4) 'P/EPRA NRV', and 5) the Dividend Discount Model ('DDM'). We preferred the 'DDM' as a more prominent valuation metric for the Fund than other peer valuation metrics. Thus, we have given DDM a 50% weight in the total value, leaving the contribution of P/E', 'P/Book', and 'Dividend Yield' multiples at 13.3% each, including a 10% weight for 'P/EPRA NRV' metrics. Overall, based on our projections for EfTEN, peer valuations and other assumptions, we decided to establish **EUR 19.0-20.1 per share** as a new Fair Value Range ('FVR'). Please note that our valuation indication of the Fund is largely dependent on changes in primary assumptions of 'DDM', as well as different market multiples, which have recorded notable fluctuations since the start of 2022.

Company Profile	
Listing market	Baltic Main List
Ticker	EFT1T
Sector	Financials
Industry	Real Estate
Website	www.eften.ee

Share data, as of 27 Sep. 2023 (EUR)	
Current Share Price	18.90
Fair Value Range (FVR)	19.0 – 20.1
Total Return on Investment (%)*	9.52
52-week High/Low	22.1 / 17.90
3m Avg. Daily Volume (th)	25.88
Market Cap (EURm)	200.39
Ordinary Shares (m)	10.82

**Including dividends; to mid-point of FVR*

Key Shareholders, as of 27 Sep. 2023	
LHV Pensionifondid	15.26%
REF Aktsiad OÜ	10.64%
Altiuse KVI OÜ	10.10%

Key Numbers	2020	2021	2022	2023E*	2024E*	2025E*	2026E*
Total Revenue (EURm)	10.7	12.9	14.3	31.9	32.8	33.4	33.9
Revenue growth (%)	12.8	20.4	10.7	123.2	2.8	1.9	1.4
Net profit (EURm)	3.3	13.1	11.4	11.2	16.7	18.0	17.8
EPS (EUR)	0.79	2.58	2.25	1.03	1.54	1.66	1.65
P/E (x)	24.2	8.8	8.8	18.0	12.0	11.2	11.2
Payout per share (EUR)	0.65	0.55	0.80	1.15	0.79	0.86	1.73
Payout yield (%)	3.4	2.4	4.1	6.2	4.3	4.6	9.3
P/B (x)	1.12	1.19	0.96	0.88	0.85	0.82	0.82
EV/Sales (x)	13.7	13.4	11.0	10.4	10.0	9.5	9.4
EV/EBITDA (x)	17.2	17.1	13.3	12.5	12.1	11.5	11.4
EV/EBIT (x)	28.8	10.5	10.5	16.4	12.7	12.1	12.0
ROE (%)	4.7	15.6	11.3	6.7	7.2	7.5	7.3

*Sources: Eften for historicals, LHV for estimates. *2023E-2026E multiples are based on the share price of EUR 18.55 per share*

Real estate investment market

In 2023, investment activity in the Baltic region continues to face challenges. In Q1 2023, the total investment volume in Estonia, Latvia and Lithuania amounted to EUR 108m, representing a 66% decline y-o-y. The decline continued in Q2, with the investment volume totalling EUR 200m, a 37% decrease y-o-y.

In Q2 2023, Lithuania gathered the lion's share of investment volume by country, accounting for 60% or EUR 120m of the region's total investments. Following Lithuania, Latvia represents 22% (EUR 45m), while Estonia accounts for 18% (EUR 36m) of the total investments in the Baltics. In Q2 2023, Lithuania was the only country in the region where the investment volumes remained the same q-o-q. For all Baltic countries, the market uncertainties persist, and a conservative outlook on investment volumes is anticipated for the second half of 2023.

During Q2 2023, the office sector dominated, capturing the most outstanding share of investment activity, accounting for EUR 87m or 44% of all asset classes. Deal volume in Lithuania was primarily influenced by significant transactions in the Lithuanian market, particularly the sale of several prominent business centres, including Duetto I & II. In Q2 2023, hotel and industrial sectors ranked second and third in active transactions.

Like the rest of Europe, the yields in the Baltic countries continue to experience upward pressure. In Q2, prime yields in the Baltic states continued to grow in almost all asset segments q-o-q. From the lower number of concluded transactions and decreased deal volumes, it is evident that the expectations of buyers and sellers are not reaching a consensus. According to market observers, sellers continue to hold their target price higher than what investors are willing to pay in the new high-interest-rate environment. The widespread uncertainty in capital markets and the ongoing geopolitical situation in Ukraine do not favour the decision to enter the Baltic region for potential foreign investors.

Increased interest rates have triggered a widespread repricing of commercial properties. Although the long-term rates may have peaked, further asset pricing may occur as property yields adjust to the changes that have already happened. In Baltic states, the main asset class investors target is offices, although, after the pandemic recovery, the hotel sector has also become increasingly active.

Prime Yields by segment	Estonia		Latvia		Lithuania	
	Q2/23	Q1/23	Q2/23	Q1/23	Q2/23	Q1/23
Office	6.2%	5.8%	6.5%	5.8%	6.0-6.25%	5.5%
Retail	7.25%	7.0%	7.75%	7.3%	7.0-7.25%	7.25%
Retail (grocery-led)	6.75%	6.1%	7.0%	6.5%	6.5-6.75%	6.25%
Industrial	7.0%	6.75%	7.0%	65.0%	7.0%	6.75%

Source: Colliers

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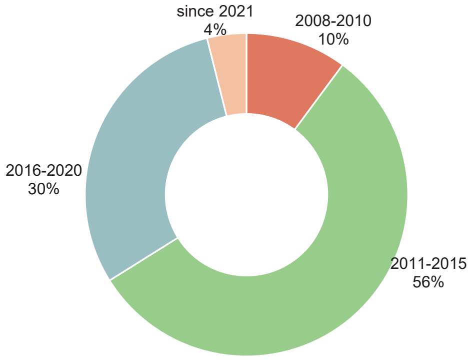
Property Portfolio

As of 30 June 2023, the Fund's portfolio comprises 35 commercial investment properties with a fair value of EUR 361.5m. Two of these properties, a retail property in Jelgava and a care home in Tartu, are currently under development. In addition, the Fund owns 50% of a joint venture, operating Hotel Palace in Tallinn. In the Fund's financial reports, the profits and losses from the mentioned joint venture are reported separately; therefore, the Hotel Palace is not treated as an investment property in our valuation update.

EfTEN was established in 2008, at the final stage of the 2007-2008 financial crises. Most of the Fund's investment properties, 56% (by the fair value as of 30 June 2023), were acquired between 2011-2015, while 30% of the portfolio was added in 2015-2020. Since 2021, a little under 4% was added to the portfolio. It is worth mentioning that from the end of 2020, EfTEN's main investment focus has been in Estonia'n care home property segment - except for the purchase of Ramygalos logistics centre (Latvia) in June 2021, all other Fund's acquisitions belong to this new segment (Pirita Pansionaat in December 2020, followed with Valkla Südamekodu and Tartu Südamekodu, both in April 2022). Considering the underlying trends in Estonia's demographic situation and continuous demand for care services, we believe this segment has a solid outlook.

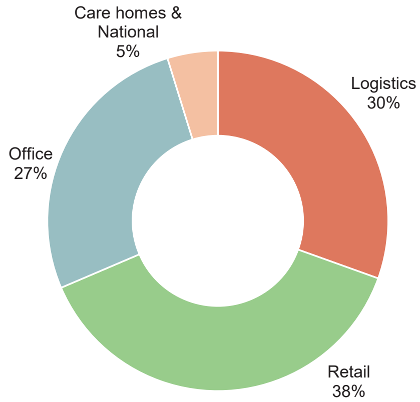
Investment properties by acquisition period (% of the portfolio's fair value)



Source: Eften

As of 30 June 2023, EfTEN's investment property portfolio is relatively evenly split between the retail, logistics, and office segments (38.1%, 30.5% and 26.7% by the fair value, respectively). Care homes & national segment constitute 4,8% of the portfolio (the Fund's only investment property in the national real estate is the Police and Rescue common building in Rakvere, Estonia). In line with the Fund's ongoing development projects, the care home segment is expected to expand during the coming periods. In July, the Fund announced the beginning of the construction of Tartu Südamekodu, the 120-bed elderly care home. The total value of the construction contract for the project's first phase is EUR 5.3m, with completion in July 2024.

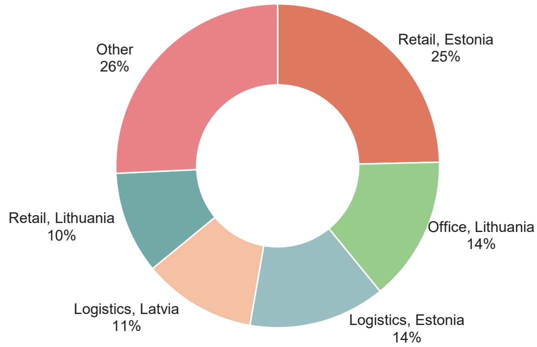
Investment properties by segments, 30 June 2023



Source: Eften

Estonia currently dominates the geographical distribution of the Fund with 50.9%, followed by Lithuania with 30.2%, and Latvia with 18.9% of the total. Combining the segments and countries, 24.6% of the Fund's investments are in Estonian retail real estate, followed by Lithuanian office premises with 14.5%, Estonian logistics premises with 13.6%, Latvian logistics premises with 11.3%, Lithuanian retail real estate with 10.2%, and all other properties with 25.7%.

Investment properties by segments and countries, 30 June 2023



Source: Eften, LHV's calculations

Compared to the peer group, EfTEN has retained a remarkably high average occupancy level – the total portfolio EPRA vacancy rate stood at 1.9% in Q2 2023, the highest level since the end of 2019. From Q1 2021 to Q1 2023, the Funds EPRA vacancy rate was below 1%. The low vacancy level indicates the quality of the Fund's tenant composition. Of 35 premises in the portfolio, 18 properties have less than ten tenants, while 16 are operated by only one tenant. Most of the Fund's 18 largest tenants as of 30 June 2023 are stable, well-known companies in the Baltics with established market shares and business models. Compared to the 1st half-year of 2022, the Fund's rental income, calculated on a comparable basis (like-for-like), increased by 6%, indicating the Fund's ability to adjust rents in an inflationary environment.

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During its regular semi-annual valuation process in June, Colliers International, the Fund's independent real estate appraiser, downgraded the total value of investment properties by EUR 6.2m (1.7% of the portfolio's value). The decrease in portfolio value was primarily attributed to the rise in the weighted average cost of capital used to discount cash flows, resulting from the increase in Euribor over the past six months. As a reminder, in June 2022, Colliers upgraded the Fund's portfolio by EUR 3.7m, following a slight downgrade of EUR 0.6m in December 2022. After the recent downgrade, considering acquisition costs and dates, on average, the Fund's investment properties have increased in value by 1.4% in a year.

Segment	Fair Value (EURm)	Acquisition cost (EURm)	Avg holding time (years)	CAGR, %
Logistics	110.2	104.2	8.0	0.7
Retail	137.7	117.8	9.1	1.7
Office	96.4	86.4	8.0	1.4
Care Homes	9.8	9.8	1.9	(0.1)
National	7.5	5.1	12.8	3.0
Total investment properties	**361.5**	**323.4**	**7.9**	**1.4**

Investment properties appreciation by compound annual growth rate (CAGR), 30 June 2023. Sources: Eften, LHV's calculations.

EfTEN's Property Portfolio as of June 30, 2023

	Property Portfolio	Country	NLA (sqm)	Fair Value (EUR th)	Avg length of rental agreements	Number of tenants
1	Premia Külmhoone, Tallinn	Estonia	7 258	6 680	4.0	1
2	Kuuli 10, Tallinn	Estonia	15 197	11 340	6.9	1
3	Betooni 1a, Tallinn	Estonia	10 678	9 130	3.8	1
4	Betooni 6, Tallinn	Estonia	16 482	8 800	2.4	21
5	Jurkalne Technology Park, Riga	Latvia	44 088	23 850	4.7	59
6	DSV logistics centre, Vilnius	Lithuania	11 751	9 350	3.3	1
7	DSV logistics centre, Tallinn	Estonia	16 014	13 380	3.4	1
8	DSV logistics centre, Riga	Latvia	12 149	8 550	3.4	1
9	Piepilsetas logistics centre, Kekava	Latvia	13 380	8 490	1.7	7
10	Ramygalos logistics centre, Panevežys	Lithuania	20 126	10 650	13.8	1
	Total Logistics		**167 123**	**110 220**	**4.8**	**94**
11	Võru Rautakesko	Estonia	3 120	2 760	4.8	1
12	Uku centre, Viljandi	Estonia	8 940	13 990	5.9	44
13	Mustika centre, Tallinn	Estonia	27 560	36 350	3.6	66
14	RAF Centrs, Jelgava	Latvia	6 225	9 360	1.7	34
15	Tammsaare tee Rautakesko, Tallinn	Estonia	9 120	15 660	8.7	1
16	Saules Miestas Shopping centre, Šiauliai	Lithuania	20 294	36 870	4.7	125
17	Laagri Selver, Tallinn	Estonia	3 059	7 770	5.2	11
18	Hortes gardeding centre, Laagri	Estonia	3 470	3 750	8.9	1
19	Hortes gardeding centre, Tallinn	Estonia	5 300	5 600	14.4	1
20	ABC Motors Autokeskus, Tallinn	Estonia	2 149	3 210	5.6	1
21	Jelgava development project, Jelgava	Latvia	Under Const.	2 342	-	-
	Total Retail		**89 237**	**137 662**	**5.3**	**285**
22	Lauteri 5, Tallinn	Estonia	3 822	5 760	1.8	21
23	Pärnu mnt 105, Tallinn	Estonia	4 779	7 690	1.8	30
24	Pärnu mnt 102, Tallinn	Estonia	9 440	14 990	1.3	16
25	Terbata office builing, Riga	Latvia	6 057	8 790	2.4	14
26	Menulio 11, Vilnius	Lithuania	5 617	7 960	1.6	15
27	Ulonu office builing, Vilnius	Lithuania	5 290	9 130	2.4	12
28	L3 office builing, Vilnius	Lithuania	6 150	10 551	2.5	35
29	Evolution office builing, Vilnius	Lithuania	6 614	11 640	2.6	26
30	airBaltic office builing, Riga	Latvia	6 217	6 850	2.7	1
31	Rutkausko office builing, Vilnius	Lithuania	6 812	12 990	7.2	3
	Total Office		**60 798**	**96 351**	**2.8**	**173**
32	Pirita Pansionaat, Tallinn	Estonia	5 983	6 200	7.4	1
33	Valkla Südamekodu, Valkla	Estonia	4 423	3 110	8.8	1
34	Tartu Südamekodu, Tartu	Estonia	Under Const.	465	-	-
	Total Care Homes		**10 406**	**9 775**	**7.8**	**2**
35	Rakvere Police and rescue common building	Estonia	5 775	7 490	2.3	1
	INVESTMENT PROPERTIES		**333 339**	**361 498**	**4.4**	**555**
	Hotel Palace, Tallinn*	Estonia	4 874	9 800	7.2	1
	TOTAL PORTFOLIO		**338 213**	**371 298**	**4.5**	**556**

** Hotel Palace belongs to a joint venture with a 50% share of the Fund, not consolidated in the financial statements.*
Source: Eften

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Financial Outlook

In this section, we are discussing the Fund's financial drivers in greater detail, providing an overview of the key elements in its revenues and expenses dynamics and those affecting the Fund's asset volumes, efficiency ratios, and dividends. To assess EfTEN's financial performance, we have prepared projections for the Fund's balance sheet, income statement, and cash flows for 2023-2028 based on our assumptions for the critical operational and financial indicators.

As a reminder, in May 2021, EfTEN raised EUR 15.1m capital by a successful rights issue. Although in the annual general meeting of shareholders held in April 2023, the Fund's management has indicated that the new share offering could be possible, having in mind the current uncertainty in the Baltic real estate investment market, we are not incorporating any equity-raising activities or commercial property acquisitions for the forecast period.

Rental Income
EfTEN generates revenues by leasing properties in its real estate portfolio. The revenue forecast is determined by multiplying each property's net leasable area ('NLA') by the estimated occupancy rate and rental price. According to the Fund, the increase of the vacancy rate to 1.9% in Q2 2023 was caused by three properties in the office segment – Lauteri 5 in Tallinn; Pärnu mnt 102 in Tallinn; and Terbata office building in Riga (with occupancy of 91%, 79% and 89%, respectively). According to EfTEN's Q2 report, the occupancy of all other investment properties stood at least at 95% level, while 20 properties were fully occupied as of 30 June 2023.

At first, we are making several assumptions regarding the Fund portfolio's average vacancy rate. As in the logistics sector, most of the Fund's properties are occupied by one tenant; we forecast a continuance near to full long-term occupancy in this segment. As there are several multi-tenant properties in retail, we are predicting a slightly below 2% vacancy rate for this segment. Most of the Fund's properties in the office segment have over 12 tenants. Historically, the vacancy rates in the Fund's office segment have been higher than in retail and logistics. Considering this, we assume a 5% long-term vacancy for the multi-tenant properties in the office segment. Forecasting a full occupancy for the care homes and national properties, we predict an average 1.6% long-term vacancy rate for the Fund's portfolio – a higher level compared to 2021-2022 but still considerably lower than most peer group companies.

Second, we assume a moderate increase in rents for 2023-2028. As mentioned earlier, compared to the 1st half-year of 2022, the Fund's like-for-like rental income increased by 6%. Although EfTEN's like-for-like rental income growth in 2023 H1 was above expectations, and Baltic countries are currently witnessing the fastest inflation level in this century, there are certain limits to adjusting rental rates with inflation. Considering that rising utility expenses already pressure all tenants, we believe that, in the long term, EfTEN's ability to continue the rise of rental rates is limited. Therefore, taking a conservative approach, we assume a 2% rental rate growth for 2023-2024, a 1.5% growth for 2025-2026, and 1% growth for the rest of the forecast period.

Third, we project an additional rental revenue after the Fund completes the planned development in the care home segment. For Tartu Care Home, we assume the phase one and two developments to be completed in Q2 2024 and Q2 2025, respectively. For Valkla Care Home, we presume the expansion to be completed by the end of 2024. We assume total investments of EUR 8.0 m for two care homes in 2023-2025. Currently, one more property is under development in the Fund's portfolio – the retail development project in Jelgava. As the information released by EfTEN regarding this development project has been limited up to date, taking a conservative approach, we do not project further development and rental income from this property during the forecast period.

In addition to regular rental income, the Fund collects additional revenues from retail premises, including specific bonuses linked to the financial performance of retail tenants and 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, which are included in the gross rental income ('GRI'). In 1H 2023, additional revenues formed approximately 9% of the rental income from retail premises, and we assume the same proportion for the 2023-2028 forecast period. The Fund's net rental income ('NRI') 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 the first half of 2023, following the merger with EfTEN Kinnisvarafond AS, the Funds 'GRI' amounted to EUR 15.2m. Considering the described core predictions and assuming there will be no unforeseeable complications for the Fund's properties, the Fund's portfolio is forecast to generate a 'GRI' of at least EUR 30.8m in 2023. In line with the moderate rent appreciation, we predict the gradual increase of 'GRI', amounting to EUR 33.3m in 2028. Such developments should translate into a 'NRI' of EUR 30.4m for 2023, rising to EUR 32.9m by 2028.

Operating and Financial Expenses
EfTEN's primary costs are general and administrative expenses. We projected that the total annual general and administrative expenses would stabilize, as a percentage of GRI, at 11.5%, while marketing costs, as a percentage of GRI, could stabilize at 2%. Much of the general and administrative expenses comprise management fees paid to the Fund's management company, EfTEN Capital AS, amounting to EUR 1.1m in H1 2023. As the management fees are calculated based on the total assets of the Fund's portfolio, in H1 2023, after the merger with EfTEN Kinnisvarafond AS, management fees increased 84% y-o-y. Other substantial elements of the general and administrative expenses are consulting expenses related to the acquisitions and wages of the Fund's staff, mainly including managers of the individual properties. As of Q2 2023, the Fund had 19 employees (12 in Q2 2022), who were paid a total of EUR 218 th in 1H 2023 (EUR 129 th in 1H 2022), including related taxes. 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 essential item for EfTEN is gains or losses from the revaluation of investment properties. Revaluation gains have generally contributed strongly to the Fund's profitability, with increases recorded continuously from five years until 2019. In 2019, the revaluation gain was EUR 3.1m, but due to the COVID-19 pandemic, EfTEN recorded a EUR 3.4m revaluation loss for 2020.

However, following the pandemic, the Fund recorded healthy revaluation gains in 2021 and 2022 (EUR 6.4m and EUR 3.1m, respectively). As mentioned earlier, in June 2023, EfTEN reported revaluation losses of EUR 6.2m. The portfolio's fair value depreciation resulted from the increase in Euribor, leading to a rise in the weighted average cost of capital used to discount cash flows. In our forecast, we assume the 6M-Euribor will stay at its current level (slightly below 4%) in 2023, gradually declining to 2.8% by Q2 2026. For EfTEN, the decline in Euribor should mean potential revaluation gains during the forecast period; however, taking a cautious approach, we foresee modest revaluation losses for 2024-2028. In our forecast, estimated revaluation losses (ca EUR 1.3m annually) are equal to predicted property maintenance investments, keeping the fair value of the property portfolio intact for 2024-2028.

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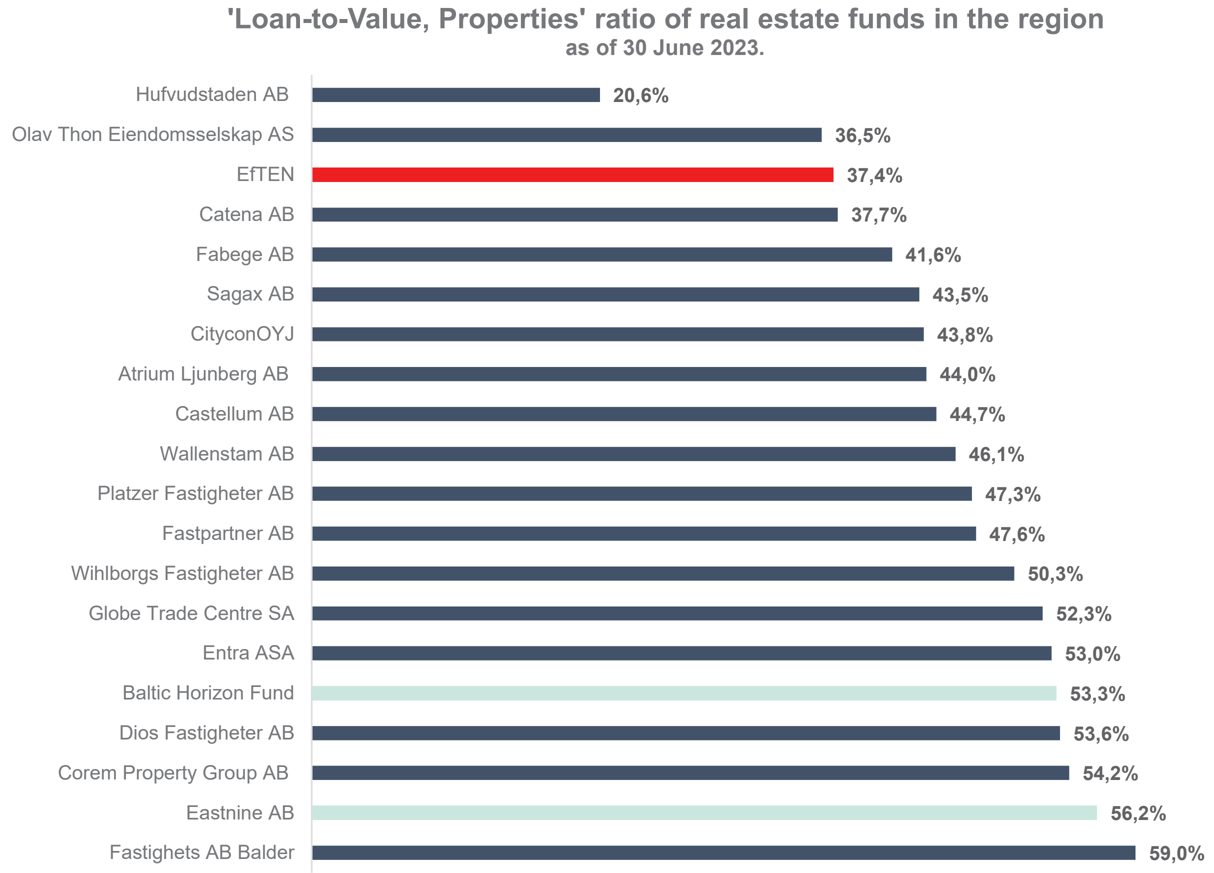
Besides revaluation losses reported in 2023, another main implication of raising Euribor for EfTEN was the growing financial expenses in 1H 2023. In Q2 2023, the Fund's financial expenses amounted to nearly EUR 2.0m in Q2, an increase of EUR 0.4m (28,2%) compared to Q1. The weighted average interest rate for the Fund's loan agreements reached 5.68% by the end of August (compared to 3.7% and 2.3% at the end of 2022 and 2021, respectively). As all loan agreements for EfTEN's subsidiaries are tied to floating interest rates, the continued appreciation of Euribor directly impacts EfTEN's net profit.

Financial Debt and Leverage

Financial leverage is crucial in estimating EfTEN's performance for the forecast period. Compared to the peer group companies, as of Q2 2023, EfTEN's 'LTV, Properties' ratio (interest-bearing liabilities minus cash and liquid assets, or net debt, divided by the fair value of the company's property portfolio) stands at an outstanding level of 37.4% (peer's group median amounts to 46.7%). Unfortunately, most peer group companies do not reveal their 'Net Debt / rolling twelve months EBITDA' ratio, the second most important leverage indicator. However, based on the attainable information regarding the 'Net Debt/ EBITDA', EfTEN might compare even better to its peers. Based on this, EfTEN's leverage position is very reasonable.



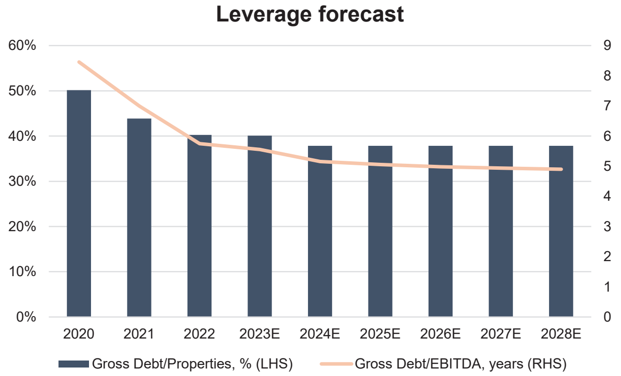
Sources: Companies financials, LHV's calculations

According to the management, considering the Fund's loan balance as of 30 June 2023 (EUR 150.2m), Euribor's rise to 5% would mean ca EUR 1.2m increase in interest expenses. Although we do not expect the rise of Euribor for the forecast period, it is evident that the Fund will face significantly higher financial costs than pre-2023 years.

After the merger with EfTEN Kinnisvarafond AS, EfTEN owns 50% of a joint venture, operating Hotel Palace in Tallinn. During the first half of 2023, this joint venture has generated EUR 109 th net loss for the Fund. The hotel industry is highly seasonal, and in the long run, the Hotel Palace could fully generate profits for the Fund. However, taking a conservative approach, we assume zero profitability from this joint venture for 2023-2028.

As mentioned, EfTEN finances new investment property acquisitions only from share emissions; the free cash flow not paid for dividends is mainly used for maintenance works and property developments. Currently, the number of Fund's properties needing development is minimal, and our forecasted maintenance works amount to only ca EUR 1.3m annually, meaning a considerable free cash flow surplus for the forecast period. Despite the high level of financial expenses caused by the appreciation of Euribor, we believe that EfTEN would like to hold its financial leverage at the current level, rather than significantly reduce the amount of interest-bearing liabilities. Considering EfTEN's current leverage, we believe that the Fund can easily refinance its bank loans in the medium term.

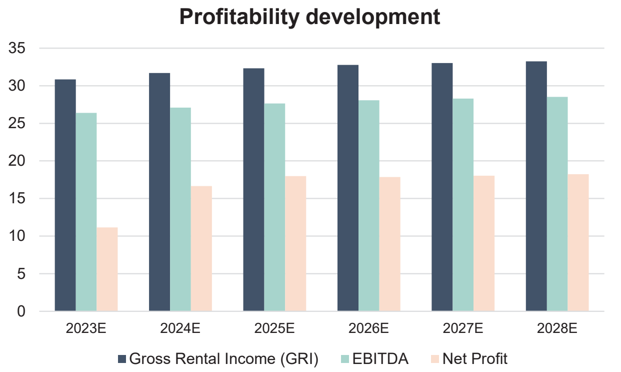
Therefore, we assume that EfTEN will keep the current level of bank loan repayments for 2023-2024 while, starting from 2025, constantly refinancing its loan obligations, maintaining the ca 38% of 'Gross Debt/Properties' ratio for the rest of the forecast period. This development means stabilizing the Fund's 'Gross Debt/EBITDA' ratio approximately at 5.0 level in 2025-2028, which can be considered excellent compared to EfTEN's peer group companies.



Sources: Eften for historicals, LHV for estimates

Profitability
As a result of the merger with EfTEN Kinnisvarafond AS, the Fund should slightly increase its profitability regarding general & administrative and marketing expenses since the proportion of these costs to total revenues diminishes. However, for the medium term, this effect is offset by the significantly higher financial costs caused by the high level of interest rates.

Considering all described assumptions, for 2023, we expect the EBITDA to amount to EUR 26.4m, steadily rising to EUR 28.5m in 2028. Due to the revaluation losses, we expect net profit to reach only EUR 11.2m in 2023. Following this, according to our forecast, the Fund's net profit is expected to amount to EUR 16.7m in 2024, reaching EUR 18.2m in 2028.

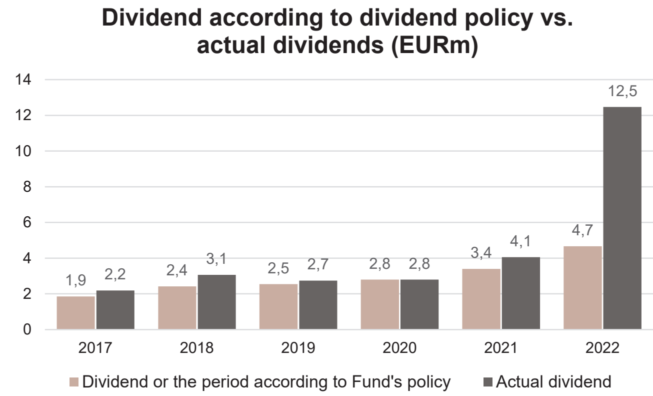


Sources: Eften for historicals, LHV for estimates

Nonetheless, with all the assumptions, it also needs to be reminded that EfTEN is operating in an uncertain economic environment in the near to medium term, primarily due to the potential recession and uncertainty regarding the interest rates. While we do not perceive EfTEN as a high-risk investment during the possible economic recession, the underlying risk cannot be overlooked. Therefore, our financial outlook assumes a sooner rather than later stabilization of the inflationary pressures and a swift recovery of economic activities in the Baltics.

Dividend forecast
As mentioned earlier, at least 80% of EfTEN's annual free cash flow (EBITDA minus loan payments minus interest costs minus income tax on profits) will be allocated to dividends and corresponding income tax payments. According to the Fund's policy, the dividends for the financial year will be paid out in Q2 next year after the annual general meeting of shareholders.

Looking at EfTEN's track record starting from 2017 - except for 2020, actual dividends paid out to shareholders have exceeded the amounts calculated by the Fund's dividend policy. In the annual general meeting of shareholders held in April 2023, for the 2022 financial year, the Fund decided to pay out a dividend significantly exceeding the established dividends policy (EUR 12.5m compared to EUR 4.7m). The extraordinary dividend payment incorporated the free cash flows acquired from the merger with EfTEN Kinnisvarafond AS at the beginning of 2023.



**Dividends were paid out in Q2 next year.*
Source: Eften

Based on the Fund's dividend policy, we forecast a dividend per share of EUR 0.79 and 0.86 for 2024 and 2025, respectively. Based on a share price of 18.55, this equals an estimated dividend yield of 4.3% in 2024 and 4.6% in 2025. The forecasted median dividend yields of the EfTEN peer group for 2024 and 2025 are 3.2% and 3.5%, respectively.

However, starting from 2026, we forecast additional dividend payments to shareholders in addition to the 'usual' dividends. As mentioned earlier, according to our forecast, EfTEN faces a cash-flow surplus for the forecast period. As EfTEN's policy is to finance property acquisitions only from new share emissions, we expect the Fund's cash flow surplus to be paid out as dividends. We want to emphasize that – given the circumstances – in our opinion, the additional dividend payments are highly likely during the forecast period; the amounts and timing of extra dividends are mainly subject to EfTEN's management decisions regarding possible market developments, which do not apply to exact forecasts.

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DIVIDEND FORECAST, EURm	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E
Operating profit	**16.5**	**14.9**	**20.1**	**25.8**	**26.3**	**26.7**	**26.9**	**27.1**
Valuation gains on investment properties	(6.4)	(3.1)	6.2	1.3	1.3	1.3	1.3	1.3
Deprecaiation of fixed assets	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Profit on sale of investment property	0.0	-	-	-	-	-	-	-
Non-monetary change in success fee	-	-	-	-	-	-	-	-
EBITDA	**10.2**	**11.8**	**26.4**	**27.1**	**27.7**	**28.1**	**28.3**	**28.5**
Interest expense	(1.8)	(1.9)	(6.9)	(7.4)	(6.5)	(6.3	(6.3)	(6.3)
Bank loan repayments	(3.6)	(3.5)	(7.0)	(6.8)	-	-	-	-
Income tax expense on profit (Latvia, Lithuania)	(0.2)	(0.3)	(0.9)	(0.4)	(0.4)	(0.4)	(0.5)	(0.5)
Free Cash Flow (FCF)	**4.6**	**6.2**	**11.6**	**12.5**	**20.7**	**21.3**	**21.5**	**21.8**
Dividend payout ratio (as a % of FCF)	80	80	80	80	80	80	80	80
Gross dividend	3.6	4.9	9.2	10.0	16.6	17.1	17.2	17.4
Dividend income tax expense	(0.2)	(0.3)	(0.6)	(0.7)	(1.2)	(1.2)	(1.2)	(1.2)
Net Dividend according to Funds policy*	**3.4**	**4.7**	**8.6**	**9.3**	**15.4**	**15.9**	**16.0**	**16.2**
Additional Free Cash Flow					3.5	3.5	3.5	3.5
Additional dividend income tax expense					(0.2)	(0.2)	(0.2)	(0.2)
Actual Dividend for the period*	**4.1**	**12.5**	**8.6**	**9.3**	**18.7**	**19.1**	**19.3**	**19.5**
Dividend payment	**2.8**	**4.1**	**12.5**	**8.6**	**9.3**	**18.7**	**19.1**	**19.3**
Shares outstanding, end of the period (millions)	5.1	5.1	10.8	10.8	10.8	10.8	10.8	10.8
Dividend per share (EUR)	0.55	0.80	1.15	0.79	0.86	1.73	1.77	1.78
Dividend yield (%)**	2.4	4.1	6.2	4.3	4.6	9.3	9.5	9.6

** Dividends for financial year are paid out in next year's second quarter after the general shareholders' meeting*
*** 2023E-2028E dividend yields are based on a share price of EUR 18.55. Sources: Eften for historicals, LHV for estimates*

Investment case

EfTEN follows the typical REIT (real estate investment trust) business model, leasing acquired properties to tenants and generating steady cash flow from its real estate portfolio. Operating in Estonia, Latvia and Lithuania, EfTEN is the largest real-estate Fund in the Baltic states. Building up the diversified portfolio in logistics, retail and office, from the end of 2022, the Fund also entered into the elderly care homes segment. Mainly, EfTEN acquires ready-built, cash-generating properties; however, on some occasions, the Fund is also involved in real estate development. EfTEN's dividend policy states that at least 80% of the annual free cash flow will be allocated to dividends and corresponding income tax payments. The Fund's managing founders, Viljar Arakas and Tõnu Uustalu, have over twenty years of experience in Baltic market real estate transactions.

Key Value Drivers and Catalysts

- Largest real-estate Fund in the Baltic states, offering a good balance between main sectors (logistics, retail, office).
- Property portfolio with a solid tenant mix and low vacancy rate. Most of the Fund's largest tenants are stable, well-known companies in the Baltics with established market shares and business models. Significant fluctuations in rental revenues are unlikely during the coming periods.
- The Fund's net investment yield (NIY) is notably higher than most public real estate funds in the Baltic and Nordic regions.
- Track record in dividend payments since listing in 2017, solid dividend yield estimations for the forecast period.
- Compared to its peers, the Fund has excellent 'LTV Properties' and 'Net Debt/EBITDA' ratios, indicating rational risk management.

Key Risks and Negatives

- Recent Euribor's appreciation has significantly increased the interest expenses, decreasing EfTEN's profitability. Besides higher financial costs, continuing Euribor rise could potentially mean additional revaluation losses for EfTEN.
- Deal volumes in the Baltic real estate investment market considerably declined in 2023, and the market situation is uncertain. In the near to medium term, for EfTEN, expanding the real estate portfolio may take a lot of work.
- Macroeconomic conditions in the Baltic states are deteriorating, adding to uncertainty in the real estate sector. Coupled with continuing real estate crises in Sweden, the region's real estate funds' share prices may face challenges in the near to medium term.

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Valuation

In valuing EfTEN, we have maintained its relatively conservative expectations regarding the property portfolio and revenue forecast. We expect the portfolio's long-term vacancy rate of 1.6% with moderate rent growth for the forecast period. We have incorporated into our financial projections the development of two elderly care home properties in 2023-2025. We project minimal revaluation losses equal to predicted property maintenance investments, keeping the fair value of the property portfolio intact for 2024-2028. Regarding the leverage, we expect the Fund to maintain 38% of the 'Gross Debt/Properties' ratio for 2025-2028, which can be considered excellent compared to EfTEN's peer group companies. In our estimates, Euribor will remain at elevated levels in the medium term, keeping the Fund's expenses high.

The Fund’s valuation is based on five metrics, including:

- P/EPRA NRV
- P/Book
- P/E
- Dividend yield
- Dividend Discount Model

Relative Valuation
In terms of compiling a peer group for the relative valuation, there are only two listed peers in the region similar to EfTEN - Baltic Horizon Fund (traded at Nasdaq Tallinn and Nasdaq Stockholm) and Eastnine AB (traded at Nasdaq Stockholm). While Baltic Horizon Fund is active only in the Baltics, Eastnine AB operates also in Poland.

Also, there are minimal real estate funds with reliable data from Central and Eastern Europe. As such, Nordic real estate entities have been included, thereby increasing the current peer group to 20 companies that mostly manage office, retail or logistics properties. However, please note that most selected peers are considerably larger than EfTEN.

In calculating a peer-implied fair value range, we considered the peers’ ‘P/E’ and ‘P/Book’ multiples as well as ‘Dividend Yield’ expectations for 2024 and 2025 (due to the EfTEN’s extraordinary dividend payment, as well as significant revaluation losses, we excluded the 2023 multiples). These multiples were applied to our forecasts for net profit, equity, and annual dividend distribution of EfTEN for the respective years. To calculate the fair value range (‘FVR’), we then applied equal weights to the implied values for each year.

Our peer group contains several real estate funds operating in Sweden, where the rising interest rates and high leverage in the market have caused a fall in real estate prices, resulting in significant volatility in companies’ financials and share prices. The peer companies’ financials are also influenced by the deteriorating economic conditions across Europe and continuously high inflation levels. Due to this, the peer analysis resulted in a relatively wide range of implied values per share. On the one hand, in applying the ’P/Book ratio’, the peers' median value for this multiplier (excluding outliers) was only 0.7 for both 2024 and 2025, resulting in **EUR 14.6-16.1 per share** for EfTEN. On the other hand, both ’P/E’ (**EUR 21.5-23.8 per share**) and ’Dividend Yield’ (**EUR 23.8-26.3 per share**) multipliers implied significantly higher share price levels for the Fund.

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Relative Valuation

Company	Country	Market Cap (EURm)	P/Book (x)				P/E (x)				Div Yield (%)			
			2022	2023E	2024E	2025E	2022	2023E	2024E	2025E	2022	2023E	2024E	2025E
Sagax AB	SWE	6 701	3.1	2.3	2.8	1.9	9.9	22.3	19.7	17.6	1.2	1.3	1.4	1.5
Castellum AB	SWE	4 857	1.0	0.7	0.7	0.7	5.8	19.2	14.2	13.5	2.7	1.5	3.8	4.1
Fastighets AB Balder (B-shares)	SWE	5 144	1.6	0.7	0.7	0.6	6.6	11.7	10.9	10.1	n/a	n/a	n/a	n/a
Fabege AB	SWE	2 608	1.1	0.7	0.7	0.7	9.1	22.7	23.4	21.0	3.4	2.6	2.6	2.7
Hufvudstaden AB (A-shares)	SWE	2 251	0.9	0.9	0.9	0.9	9.3	25.1	24.5	24.1	2.1	2.2	2.3	2.4
Atrium Ljunberg AB (B-shares)	SWE	2 237	1.0	0.9	0.9	0.9	6.7	21.3	20.8	21.5	1.3	2.7	2.7	2.8
Wallenstam AB	SWE	2 187	1.8	0.9	0.9	0.8	11.7	28.8	27.3	24.1	1.5	1.5	1.7	1.8
Wihlborgs Fastigheter AB	SWE	2 191	1.4	1.1	1.1	1.0	9.4	15.7	15.6	14.7	3.7	3.7	3.8	3.9
Catena AB	SWE	1 671	2.1	1.2	1.2	1.1	8.5	19.5	19.7	17.5	2.0	2.1	2.2	2.4
Olav Thon Eiendomsselskap AS	NOR	1 513	0.7	0.5	0.5	0.5	5.4	9.1	9.4	8.9	3.8	4.1	4.3	4.5
Entra ASA	NOR	1 574	1.2	0.7	0.7	0.7	7.1	15.4	14.5	13.4	5.1	3.0	3.2	4.5
CityconOYJ	FIN	957	0.5	0.5	0.7	0.5	12.7	11.5	11.2	11.6	8.8	8.8	8.8	8.8
Globe Trade Centre SA	PLN	821	0.7	0.6	0.6	0.6	16.9	19.1	9.2	8.8	4.2	6.8	6.9	6.5
NP3 Fastigheter AB	SWE	819	3.6	1.4	2.0	1.2	10.1	15.8	14.2	13.1	3.0	3.1	3.4	3.8
Platzer Fastigheter AB (B-shares)	SWE	740	1.5	0.7	0.7	0.6	9.5	67.7	12.3	13.9	3.1	3.2	3.3	3.4
Dios Fastigheter AB	SWE	816	1.4	0.8	0.7	0.7	7.0	20.0	13.2	12.3	4.0	3.1	3.2	3.5
Fastpartner AB	SWE	748	1.4	0.6	0.5	0.5	6.6	n/a	9.4	9.0	3.6	2.3	2.7	3.8
Corem Property Group AB	SWE	858	1.3	0.4	0.3	0.3	5.8	n/a	22.9	21.4	5.0	5.0	5.0	5.6
EastNine AB	SWE	290	0.9	0.7	0.7	0.7	4.7	13.6	15.5	15.4	2.1	2.5	2.7	2.9
Baltic Horizon Fund	EST	50	0.5	n/a	n/a	n/a	17.4	n/a	n/a	n/a	3.4	n/a	n/a	n/a
Median (excluding outliers)			**1.1**	**0.7**	**0.7**	**0.7**	**8.5**	**19.1**	**14.5**	**13.9**	**3.2**	**2.7**	**3.2**	**3.4**
Average (excluding outliers)			1.2	0.7	0.7	0.7	8.6	18.2	16.2	15.4	3.1	2.7	3.1	3.3
			Book Value				Net Profit				Dividends			
Respective denominator for EfTEN (EURm)			**104.3**	**228.7**	**236.8**	**245.5**	**11.4**	**11.2**	**16.7**	**18.0**	**4.1**	**12.5**	**8.6**	**9.3**
Indicative value per share			23.0	15.0	15.3	15.4	19.0	19.7	22.3	23.0	24.7	43.4	24.9	25.1
Weight					50%	50%			50%	50%			50%	50%
Implied weighted value per share						**15.4**				**22.7**				**25.0**

Sources: Bloomberg, Company financial reports, LHV

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P/EPRA NRV

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 Reinvestment Value ('NRV'), Net Tangible Assets ('NTA'), and Net Disposal Value ('NDV'). 'EPRA NRV' assumes that real estate entities never sell assets and aims to represent the value required to rebuild the entity. 'EPRA NTA' takes that entity to buy and sell assets, thereby crystallizing certain levels of unavoidable deferred tax. 'EPRA NDA' 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's calculation principles look the closest to the calculation of the former classic 'EPRA NAV'. Also, according to the published financial reports, compared to 'EPRA NTA' and 'EPRA NDV', 'EPRA NRV' is currently the most popular metric among peer group companies. In some cases, if the formal EPRA NRV was unavailable, we used the published EPRA NAV or NAV values for those peers.

Based on the Q2 2022 'EPRA NRV' levels and current market prices for 18 peers, the peer 'P/EPRA NRV' range varies widely from 0.29x to 1.08x, with a median value of 0.58x, indicating **EUR 11.6-12.8 EUR per share** for EfTEN.

Company	Currency	Share price*	EPRA NRV per share*	P/EPRA NRV
Sagax AB	SEK	213.0	108.1	1.97
Castellum AB	SEK	103.0	167.0	0.62
Fastighets AB Balder (B-shares)	SEK	39.4	91.1	0.43
Fabege AB	SEK	77.6	161.0	0.48
Hufvudstaden AB (A-shares)	SEK	128.1	189.0	0.68
Atrium Ljunberg AB (B-shares)	SEK	186.6	264.4	0.71
Wallenstam AB	SEK	36.5	56.9	0.64
Wihlborgs Fastigheter AB	SEK	78.0	90.4	0.86
Catena AB	SEK	394.8	364.2	1.08
Olav Thon Eiendomsselskap AS	NOK	167.5	372.0	0.45
Entra ASA	NOK	97.3	192.0	0.51
CityconOYJ	EUR	5.8	10.7	0.54
Platzer Fastigheter AB (B-shares)	SEK	79.9	125.1	0.64
Dios Fastigheter AB	SEK	68.9	96.8	0.71
Fastpartner AB	SEK	40.5	99.0	0.41
Corem Property Group AB (A-shares)	SEK	6.1	23.0	0.26
EastNine AB	SEK	111.4	230.0	0.48
Baltic Horizon Fund	EUR	0.4	1.0	0.42

**as of 30 June 2023*

Median				**0.58**
Quartile 1				0.46
Quartile 3				0.70
Eften Real Estate Fund	EUR		21.0	
Implied value per share				**12.2**

Sources: Company financials, LHV

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Dividend Discount Model

For the Dividend Discount Model ('DDM'), we have used the estimated financials for the Fund and expected dividend distributions from 2023 to 2029, followed by the terminal value calculations. As the Fund's shares are trading ex-dividend paid this year, the amount of 2023 dividends is not included in our 'DDM' calculations.

The main assumptions for the Cost of Equity calculations used in our 'DDM' model, such as the normalized long-term risk-free rate, sector betas, and equity risk premium, are sourced from the "2017 Valuation Handbook – International Industry Cost of Capital" published by Duff & Phelps. The country risk premium is based on a ratings-based default spread sourced from the Damodaran database, calculated as a weighted average of the Baltic country premiums according to the portfolio asset breakdown by country. Additionally, we assigned a company-specific risk premium to EfTEN, reflecting the risks associated with portfolio diversification, leverage, and stock liquidity.

Based on these assumptions, the calculated 'DDM '-based value for EfTEN is c.a. EUR 194m or **EUR 19.9 per share**. It should be noted that this method is susceptible to changes in primary assumptions, mainly regarding the terminal growth rate.

DDM Assumptions	
Risk free rate	2.5%
Market risk premium	5.1%
Levered Beta	0.57
Country risk premium	1.3%
Company-specific risk premium	2.8%
Growth rate	1.5%
Cost of equity	**9.4%**

Source: LHV

Dividend Discount Model, EURm	2024E	2025E	2026E	2027E	2028E	2029E	Terminal
Dividends + Terminal Value	8.6	9.3	18.7	19.1	19.3	19.5	249
Present Value	**8.0**	**7.9**	**14.5**	**13.5**	**12.5**	**11.5**	**147.2**
Equity Value							**215.0**
Shares outstanding (millions)							10.8
Share price (EUR)							**19.9**

Source: LHV

Valuation Summary

EfTEN's fair value range ('FVR') has been established according to the five metrics based on the weights summarised in the table. As the stock prices of most of the peer group companies have witnessed heightened volatility recently, especially regarding the real estate companies operating in Sweden, we decided to prefer the 'DDM' as a more prominent valuation metric for the Fund, compared to other peer valuation metrics. Compared to other metrics, DDM provides a more long-term view of EfTEN's fair value, which is essential to consider in the current market environment.

Thus, we have given DDM a 50% weight in the total value. Regarding other metrics, we assigned the 13.3% weights to 'P/Book', 'P/E' and 'Dividend Yield' metrics, leaving 10% weight to ' P/EPRA NRV'.

Overall, based on our projections for EfTEN, peer valuations and other assumptions, we decided to establish **EUR 19.0-20.1 per share** as a new 'FVR'. Clearly, different valuation metrics reflect a relatively wide range of valuations for the Fund, making it complicated to select a reasonably balanced approach.

Major risk factors to our valuation are the Russian aggression against Ukraine, a potential recession of the Baltic economies, uncertainty regarding the interest rates, and continuously high inflation levels. Compared to the Western countries, the Russia-Ukraine war and the stagflationary economic environment are causing more problems to small, open Baltic economies; therefore, uncertainty remains high in the medium term, and some extra caution should be warranted.

Method	Weights	Weighted value min	Weighted value max	Avg cont. to value
Dividend Yield	13.3%	23.8	26.3	3.3
P/E	13.3%	21.5	23.8	3.0
DDM	50.0%	18.9	20.9	9.9
P/Book	13.3%	14.6	16.1	2.0
P/EPRA NRV	10.0%	11.6	12.8	1.2
Weighted Value Per Share, EUR				**19.0 - 20.1**

Source: LHV

Financial Tables

Income Statement, EURm	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E
Gross rental income (GRI)	10.0	12.2	13.5	30.8	31.7	32.3	32.8	33.0	33.3
Expenses reimbursement revenue	0.7	0.8	0.8	1.1	1.1	1.1	1.1	1.1	1.1
Total revenue	**10.7**	**12.9**	**14.3**	**31.9**	**32.8**	**33.4**	**33.9**	**34.1**	**34.4**
Cost of services sold	(0.3)	(0.2)	(0.3)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)
Net Rental Income (NRI)	**10.4**	**12.7**	**14.0**	**30.4**	**31.3**	**32.0**	**32.4**	**32.7**	**32.9**
Management fee and change in success fee liability	(0.9)	(1.1)	(1.2)	(2.2)	(2.2)	(2.2)	(2.3)	(2.3)	(2.3)
Marketing expenses	(0.3)	(0.3)	(0.4)	(0.6)	(0.6)	(0.7)	(0.7)	(0.7)	(0.7)
General and administrative expenses	(0.7)	(1.3)	(0.7)	(1.4)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)
Other operating income & expenses	(0.0)	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Total operating expenses	**(1.9)**	**(2.6)**	**(2.3)**	**(4.1)**	**(4.3)**	**(4.4)**	**(4.4)**	**(4.5)**	**(4.5)**
Valuation gains on investment properties	(3.4)	6.4	3.1	(6.2)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)
Operating profit	**5.1**	**16.5**	**14.9**	**20.1**	**25.8**	**26.3**	**26.7**	**26.9**	**27.1**
Net financial income/expenses	(1.3)	(1.7)	(1.7)	(7.7)	(7.4)	(6.5)	(6.3)	(6.3)	(6.3)
Pre-tax profit	**3.8**	**14.9**	**13.2**	**12.5**	**18.4**	**19.8**	**20.4**	**20.6**	**20.8**
Tax expense	(0.5)	(1.8)	(1.8)	(1.3)	(1.7)	(1.8)	(2.5)	(2.6)	(2.6)
Profit for the period	**3.3**	**13.1**	**11.4**	**11.2**	**16.7**	**18.0**	**17.8**	**18.0**	**18.2**

Sources: Eften for historicals, LHV for estimates

Balance Sheet, EURm	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E
Investment property	144.2	162.0	168.9	365.5	369.5	369.5	369.5	369.5	369.5
Shares in joint ventures	0.0	0.0	0.0	2.5	2.5	2.5	2.5	2.5	2.5
Fixed and intangible assets	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Long-term receivables	0.0	0.0	0.1	0.4	0.4	0.4	0.4	0.4	0.4
Total non-current assets	**144.4**	**162.1**	**169.1**	**368.5**	**372.5**	**372.5**	**372.5**	**372.5**	**372.5**
Trade receivables & other current assets	2.1	1.2	1.6	1.8	1.9	1.9	1.9	1.9	2.0
Cash and equivalents	5.1	13.1	11.3	16.2	13.5	22.2	21.4	20.3	19.3
Total current assets	**7.3**	**14.3**	**12.9**	**18.0**	**15.4**	**24.1**	**23.3**	**22.2**	**21.2**
Total assets	**151.6**	**176.4**	**182.0**	**386.5**	**387.9**	**396.6**	**395.8**	**394.7**	**393.7**
Paid-in capital	42.2	50.7	50.7	108.2	108.2	108.2	108.2	108.2	108.2
Share premium	9.7	16.3	16.3	84.7	84.7	84.7	84.7	84.7	84.7
Reserves	1.3	1.5	2.1	2.7	3.3	3.9	4.7	5.6	6.5
Retained earnings	18.3	28.4	35.1	33.1	40.6	48.7	47.0	45.0	43.0
Total equity	**71.5**	**96.9**	**104.3**	**228.7**	**236.8**	**245.5**	**244.6**	**243.5**	**242.5**
Interest bearing loans and borrowings	43.6	63.4	45.9	135.2	128.4	128.4	128.4	128.4	128.4
Deferred income tax liabilities	4.6	5.9	7.2	7.3	7.3	7.3	7.3	7.3	7.3
Other non-current liabilities	1.0	1.0	1.0	1.9	1.9	2.0	2.0	2.0	2.0
Total non-current liabilities	**49.1**	**70.4**	**54.2**	**144.4**	**137.6**	**137.6**	**137.7**	**137.7**	**137.7**
Interest bearing loans and borrowings	28.8	7.6	22.1	11.4	11.4	11.4	11.4	11.4	11.4
Accounts payable	2.0	1.3	1.5	2.0	2.0	2.1	2.1	2.1	2.1
Derivative instruments	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total current liabilities	**31.0**	**9.1**	**23.5**	**13.4**	**13.5**	**13.5**	**13.5**	**13.5**	**13.6**
Total liabilities	**80.1**	**79.5**	**77.7**	**157.8**	**151.0**	**151.1**	**151.2**	**151.2**	**151.2**
Total equity and liabilities	**151.6**	**176.4**	**182.0**	**386.5**	**387.9**	**396.6**	**395.8**	**394.7**	**393.7**

Sources: Eften for historicals, LHV for estimates

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Cash Flow Statement, EURm	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E
Pre-tax profit	3.8	14.9	13.2	12.4	18.4	19.8	20.4	20.6	20.8
Financial income and expenses	1.3	1.7	1.7	7.7	7.4	6.5	6.3	6.3	6.3
Gain/Loss from revaluation of investment properties	3.4	(6.4)	(3.1)	6.2	1.3	1.3	1.3	1.3	1.3
Depreciation and amortisation	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Other non-cash items	-	0.0	-	-	-	-	-	-	-
Cash flow before change in working capital	**8.6**	**10.2**	**11.8**	**26.3**	**27.1**	**27.7**	**28.1**	**28.3**	**28.5**
Change in working capital	(0.5)	0.2	(0.8)	(0.4)	0.0	0.0	0.0	0.0	0.0
Cash flow from ongoing operations	**8.0**	**10.3**	**11.0**	**25.9**	**27.1**	**27.7**	**28.1**	**28.3**	**28.5**
Purchase of investment property and subsidiaries	(27.4)	(11.4)	(3.5)	(6.3)	(4.0)				
Purchase of property, plant and equipment	(0.0)	(0.1)	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Other investing activities	6.0	0.0	(0.1)	11.6	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)
Cash flow from investing activities	**(21.4)**	**(11.5)**	**(3.6)**	**5.3**	**(5.3)**	**(1.4)**	**(1.4)**	**(1.4)**	**(1.4)**
Proceeds from issuance of shares	-	15.1	-	-	-	-	-	-	-
Loans received	13.2	6.3	0.4	3.2	-	-	-	-	-
Loan repayments	(3.3)	(7.6)	(3.5)	(7.0)	(6.8)	-	-	-	-
Interest paid	(1.4)	(1.8)	(1.8)	(7.7)	(7.4)	(6.5)	(6.3)	(6.3)	(6.3)
Dividends paid	(2.7)	(2.8)	(4.1)	(12.5)	(8.6)	(9.3)	(18.7)	(19.1)	(19.3)
Income tax	(0.3)	(0.2)	(0.2)	(2.4)	(1.7)	(1.8)	(2.5)	(2.6)	(2.6)
Change in other liabilities	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	**5.6**	**9.1**	**(9.1)**	**(26.3)**	**(24.5)**	**(17.6)**	**(27.5)**	**(28.0)**	**(28.2)**
Cash and equivalents at beginning of the period	**13.0**	**5.1**	**13.1**	**11.3**	**16.2**	**13.5**	**22.2**	**21.4**	**20.3**
Total periods cash flow	(7.9)	7.9	(1.7)	4.9	(2.7)	8.7	(0.8)	(1.1)	(1.0)
Cash and cash equivalents at end of the period	**5.1**	**13.1**	**11.3**	**16.2**	**13.5**	**22.2**	**21.4**	**20.3**	**19.3**

Sources: Eften for historicals, LHV for estimates

Main Ratios	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E
Growth									
Total revenue growth (%)	12.8	20.4	10.7	123.2	2.8	1.9	1.4	0.7	0.7
EBIT growth (%)	(48.9)	222.3	(9.9)	35.3	27.9	2.1	1.5	0.8	0.8
Pre-tax profit growth (%)	(57.0)	290.1	(11.0)	(5.5)	47.4	7.6	3.0	1.1	1.0
Net profit growth (%)	(56.5)	294.9	(12.9)	(2.2)	49.3	7.9	(0.7)	1.0	1.1
Margins and profitability									
Gross margin (%)	97.0	98.1	98.1	95.3	95.5	95.6	95.7	95.7	95.7
EBIT margin (%)	(48.9)	222.3	(9.9)	35.3	27.9	2.1	1.5	0.8	0.8
Pre-tax profit margin (%)	(57.0)	290.1	(11.0)	(5.5)	47.4	7.6	3.0	1.1	1.0
Net margin (%)	30.9	101.4	79.8	35.0	50.8	53.8	52.7	52.8	53.0
Return ratios									
ROCE (%)	3.8	10.6	8.8	7.4	6.9	6.9	6.9	7.0	7.1
ROE (%)	4.7	15.6	11.3	6.7	7.2	7.5	7.3	7.4	7.5
ROA (%)	2.3	8.0	6.4	3.9	4.3	4.6	4.5	4.6	4.6
Liquidity									
Current ratio (x)	0.23	1.57	0.55	1.34	1.14	1.78	1.72	1.64	1.56
Quick ratio (x)	0.23	1.53	0.55	1.33	1.13	1.77	1.71	1.63	1.55
Leverage									
Net debt/Equity (x)	0.94	0.60	0.54	0.57	0.53	0.48	0.48	0.49	0.50
Net debt/EBITDA (x)	7.86	5.71	4.79	4.94	4.66	4.25	4.22	4.22	4.23
LTV, Total assets (%)	44.3	32.9	31.1	33.7	32.6	29.7	29.9	30.3	30.6
LTV, Properties (%)	46.6	35.8	33.5	35.7	34.2	31.8	32.0	32.3	32.6

Sources: Eften for historicals, LHV for estimates

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