

Company EfTEN Real Estate Fund AS  
Type Company Release  
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## Currency

Title EfTEN Real Estate Fund III AS will acquire headquarters building of Air Baltic located in Riga

On January 10, 2020, EfTEN Real Estate Fund III AS (the Fund) concluded conditional purchase agreements to acquire headquarters building of Air Baltic located in Riga Airport as well as production and storage facility located in Kekava near Riga. With the transaction the Fund will purchase 100% holding in the 2 following companies owning real estate corresponding to the investment principles of the Fund from New Hanza Capital AS:

1. NHC 1 SIA with a share capital of EUR 500 000, owning commercial building located at Tehnikas 3, Riga Airport, Marupes district, Republic of Latvia. Building belonging to the company is located on the land, for which the right of superficies exist, belonging to Riga Airport (VAS 'Starptautiska Lidosta 'Riga)'). The building was completed in 1977 and fully renovated in 2016. The total surface area of the building is 6 556.4 m<sup>2</sup> and it is wholly occupied by Air Baltic group under the fixed term rent agreement valid until 2026. There are 77 parking places on the registered immovable.
2. NHC 3 SIA with a share capital of EUR 700 000, owning a registered immovable located at Krustkalni, Kekava municipality, Kekava district, Republic of Latvia. The production and storage facility located on the registered immovable was completed in 2007. The surface area of the building is 14 129.9 m<sup>2</sup>. There are 123 parking places on the registered immovable. 99% of the building is rented out.

The total cost of the transactions is approximately EUR 15.8 million, of which EUR 7.2 million will be financed by Swedbank and Luminor. Taking into account the large amount of uninvested capital of EfTEN Real Estate Fund III AS, the management decided to use the higher equity ratio than usually. The total unleveraged initial yield of the two projects is 7.5% annually. Considering the indexing of fixed rental rate, net yield will increase by 8% over three years compared to the acquisition price. The transactions should be completed after the pre-conditions of agreements have been met, but not later than on February 28, 2020.

The monetary amount of the transaction with NHC 1 SIA will comprise 5% of the



current volume of assets of the Fund and the monetary amount of the transaction with NHC 3 SIA will comprise 7% of the current volume of assets of the Fund and the acquisitions do not constitute acquisition of a qualifying holding in the meaning of the rules and regulations of Nasdaq Tallinn. The transactions also do not constitute transactions with associated person and the members of the Council and the Management Board of the Fund are not personally interested in the transactions in any other ways.

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