

Company EfTEN Real Estate Fund AS
Type Company Release
Category Other price sensitive information
Disclosure time 26 Mar 2020 08:00:00 +0200

Currency

Title On the activities of the EfTEN Real Estate Fund III in light of the spread of COVID-19 and the

Due to the emergency situation in the Baltic States until at least May 1, 2020, EfTEN Real Estate Fund III AS announces that the Fund's general meeting is expected to take place in June this year. The Fund will announce the exact time, place and agenda of the general meeting through a stock exchange release and the newspaper "Postimees" by May 31th, 2020 at the latest.

The Fund Manager is managing the potentially negative economic impacts and mitigating the risks due to the COVID-19 and the state of an emergency on a daily basis, and if necessary, enters into additional temporary lease agreements with tenants. The goal of the Fund is to keep a close contact with tenants, find solutions to encountered difficulties, and to minimize as much as possible monthly operational costs of the Fund until the end of the state of an emergency. To achieve this goal, we also actively communicate with the banks to ensure that the lenders are properly informed about the potential economic impact of the crisis measures. We are also taking steps to agree the temporary grace periods to postpone the monthly loan principal repayments. The Fund has a consolidated cash balance more than EUR 10 million in bank accounts and short-term deposits, of which the planned dividend including income tax expense is EUR 3.7 million and not yet invested capital, raised from latest share issue, is EUR 4.3 million. Currently, the Fund does not have any large-scale development projects other than the construction of KFC stand-alone building on the site of the Saul's Mestas Shopping Center in Shiauliai with total budget of 600 thousand euros. Fund Manager considers the liquidity buffer to be sufficient also in the potential long-term development of the crisis.

On the basis of information available, the negative influence of the state of emergency on the commercial real estate sector will be expected mainly in the hotel and larger shopping centers. EfTEN Real Estate Fund III AS owns a large shopping center in Shiauliai, Lithuania. The Fund does not own any hotels. According to the decision of the Lithuanian Government, shopping centers are closed, except for grocery stores and pharmacies. Out of the 115 tenant spaces in Saules Miestas, 14 are currently open, including the centre's anchor tenant's RIMI grocery store. The Fund does not have large shopping centers in Estonia and Latvia. The Fund will publish more detailed financial information on the impact



of the temporary agreements on the Fund's rental income with the announcement of the Fund's net asset value by 13 April 2020 at the latest.

Although the Fund Manager believes that the merger of EFTEN Real Estate Fund III AS and EFTEN Kinnisvarafond AS is in the long-term interest of the shareholders of both Funds, it has been decided to suspend the merger activities and to terminate the merger agreement. The merger of Funds requires a stable economic environment and a clear financial outlook for the future of the both funds' assets. We plan to return to the merger subject in next year, when the economic outlook for the Baltic States is expected to stabilize.

Viljar Arakas
Member of the Management Board

Phone 655 9515
E-mail: viljar.arakas@eften.ee (mailto:viljar.arakas@eften.ee)

