

Company EfTEN Real Estate Fund AS
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Title Net asset value of EfTEN Real Estate Fund III AS as of 31.12.2020

EfTEN Real Estate Fund III AS earned 950 thousand euros in sales income in December, which is 8 thousand euros more than in November. In connection with the reduction of marketing activities in shopping centers, the fund earned a net rental income of 21 thousand euros more in December than a month earlier, a total of 954 thousand euros.

In December, Colliers International, an independent real estate appraiser of the Fund, performed a regular twice-yearly valuation of investment properties, as a result of which the value of the Fund's real estate portfolio increased by 0.4% (611 thousand euros). Due to the revaluation gain on investment properties, the fund's net profit was also higher than usual in December, reaching 1,347 thousand euros (in November, the fund's net profit was 616 thousand euros). The actual net yield on assets of the fund was 8.0% pa. on the basis of net rental income in the 4th quarter of 2020, excluding financial leverage.

In the 12 months of 2020, EfTEN Real Estate Fund III AS has earned 10.7 million euros (2019: 9.5 million euros) in sales revenue and 8.5 million euros (2019: 7.0 million euros) in EBITDA according to unaudited data. The fund's consolidated net rental income in 2020 is 10.1 million euros, which is 16% more than last year. Taking into account the 12-month interest expense and loan annuity payments, the Fund has earned 3.7 million euros of free cash flow during the year (last year: 3.4 million euros). It is estimated that the negative impact of Covid-19 on the fund's cash flow in 2020 was 0.5 million euros, i.e. under normal circumstances the fund would have earned 14% more cash flow, resulting a potentially higher dividend payments. Despite the negative impact of Covid-19 on the Group's cash flows, the fund's management is satisfied with the 2020 result. All in all, we expected an even larger decline in rental income in the spring, which, however, remained relatively modest given the good diversification of this portfolio. In addition, the fund acquired four new investment properties in 2020 with a total value of 33.6 million euros, which further diluted the impact of the decline in rental income on the fund's cash flows.



As of 31.12.2020, the accounts of the Fund and the Fund's subsidiaries have a total of 5.1 million euros. Taking into account the fund's dividend policy, income tax expense related to the payment of dividends, the obligation to maintain a minimum cash balance arising from the covenants of the bank loan and short-term liquidity needs, the fund could pay 2.8 million euros net dividends (66.3 cents per share) based on 2020 results. In 2020, EFTEN Real Estate Fund III AS paid a total of 2.7 million euros (65 cents per share) in dividends for the previous year. The fund could make a dividend payment after the planned share issue in spring 2021, with which the fund is primarily obliged to refinance the parent company loan in the amount of 3.1 million euros taken for the acquisition of Pirita elderly home in December. Both the amount and timing of the dividend payment and the commercial conditions of the planned additional share issue require the approval of the general meeting of the fund. The annual general meeting of the Fund is scheduled for April 15, 2021.

The fund's net profit for the 12 months of 2020 totals 3.3 million euros (2019 *: 7.5 MEUR). The lower net profit is related to the downward revaluation of the fund's real estate portfolio, which totals 3.4 million euros for the year (in 2019, the fund received a revaluation gain of 3.1 million euros for the real estate portfolio).

The consolidated assets of EFTEN Real Estate Fund III AS as of 31.12.2020 were 150.4 million euros (31.12.2019: 132.8 million euros) and the equity was 71.5 million euros (31.12.2019: 70.9 million euros).

The net asset value (NAV) of EFTEN Real Estate Fund III AS as of 31.12.2020 was 16.93 euros, increasing by 1.5% in December. As of 31.12.2020, EPRA NAV was 18.07 euros and EPRA NAV increased by 1.4% in December.

* The net profit for 2019 has been adjusted downwards by 260 thousand euros due to the change in the accounting principle of deferred income tax.

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