

Company EfTEN Real Estate Fund AS  
Type Company Release  
Category Management interim statement or quaterly financial report  
Disclosure time 13 Jul 2021 08:00:00 +0300

Attachments:

- EREF\_III\_reports\_monthly\_06\_2021.pdf (<http://oam.fi.ee/en/download?id=5631>)
- EfTEN-Real\_Estate\_Fund\_III\_VALUATION\_SUMMARY\_090721.pdf (<http://oam.fi.ee/en/download?id=5632>)
- EREF\_III\_reports\_monthly\_06\_2021.pdf (<http://oam.fi.ee/en/download?id=5633>)
- EfTEN-Real\_Estate\_Fund\_III\_VALUATION\_SUMMARY\_090721.pdf (<http://oam.fi.ee/en/download?id=5634>)

Currency

Title Comment of the fund manager of EfTEN Real Estate Fund III AS and net asset value of the

Comment by Fund manager Viljar Arakas:

The financial results of EfTEN Real Estate Fund III AS in the first half of 2021 have been better than expected. The fund's EBITDA for the first six months of this year totals 4.89 million euros, which is 27% higher than the EBITDA for the same period last year. By the beginning of the year, the alarmingly rapid spread of the coronavirus had severely limited business in Latvia and Lithuania, and the outlook was pessimistic. In Estonia, significant movement restrictions came into force in February. Nevertheless, we were able to keep all the fund's assets running successfully - as far as restrictions allowed, and we applied very strict controls on running costs.

In terms of management, the first half of the year focused primarily on our customers / tenants. Client-specific solutions were found for all kinds of business interruptions caused by the pandemic, and the occupancy rate of the fund's rental space has been very good. As of the end of June, the vacancy rate of the fund's real estate portfolio is only 0.7%. Despite the delays in payments due to the corona crisis (mainly in the Saules Miestas shopping center), the payment behavior of tenants has also been good. In connection with payment behavior issues, we have also made agreements with the tenants to defer the payments mostly until the end of August, and we have managed to keep the change of tenants to a minimum.

It is also worth noting the successful issue of shares in the first half of the year in the total amount of 15.13 million euros. A total of 4,564 subscription orders were submitted in the issue and the issue was oversubscribed 3.6 times. The costs of share issue were again minimal for the fund's investors, amounting to only approximately 0.4% of the issue volume. The offer was made only in



Estonia and external advisers were minimally involved.

In the first half of 2021, we made additional investments in the fund's existing portfolio, mainly in the territory of the Saules Miestas shopping center in Shiauliai, Lithuania, where the fund's subsidiary built a separate KFC fast food restaurant building. As fund managers, we are constantly looking for ways to increase the value of our existing assets through additional developments. As an additional example of such investments, we can cite the construction of a solar park on the roof of Laagri Selver shopping center.

In the first half of the year, we made one new investment, acquiring two industrial and industrial buildings in Panevezys, Lithuania, for a total of 10 million euros. The unleveraged entry yield of the transaction was 8.0% and the purchase price of the building was 500 euros per square meter, which is below the reconstruction value. The building is leased by ADAX UAB on the basis of a 16-year lease agreement. The transaction was financed by Siauliu banka in the amount of 6 million euros.

The successful first half year of the fund allows us to look at the second half 2021 with an optimistic look.

#### Financial overview

The net asset value (NAV) of EfTEN Real Estate Fund III AS as of 30.06.2021 was 17.6021 euros, increasing by 3.6% in June. The net asset value of the EPRA share (net book value excluding deferred income tax liability and fair value of interest rate derivatives) as of 30.06.2021 was 18.60 euros. EPRA NAV increased by 2.6% in June.

In June, the fund conducted its usual valuation of investment properties, during which the value of the fund's real estate portfolio increased by 1.4% (2.020 million euros). The change in value was mainly due to improved cash flow expectations in Saules Miestas and the Ulonu office building. The increase in the value of other objects was mainly due to the decrease in exit yield by half or a quarter of a percentage point.

In June, EfTEN Real Estate Fund III AS earned a total of 1,097 thousand euros in consolidated sales revenue, which is 57 thousand euros more than in May, including 15-day rental income from industrial buildings acquired in June in Panevezys, Lithuania. In addition, due to the phasing out of Covid-19 restrictions in June, rental income from the Saules Miestas shopping center increased, which is now still on average 4% below normal levels.

The fund's consolidated EBITDA was 827 thousand euros in June, which is 26 thousand euros lower than in May due to the acquisition of the industrial buildings in Panevezhys and the related expenses and expenses related to the share issue.

During the six months of this year, the fund has earned EBITDA of 4.89 million



euros (2020: 3.83 million euros) with sales revenue of 5.96 million euros (2020 6 months: 4.86 million euros). EBITDA has increased by a total of 1.06 million euros compared to the previous year, of which 740 thousand euros has been brought about by the addition of new real estate investments. The EBITDA of the existing real estate portfolio before new investments during the 6 months of this year (like-for-like) has been 3.8 million euros, which is 0.32 million euros (9%) more than in the same period last year.

The consolidated overdue debt of the fund was 148 thousand euros as of 30 June, decreasing by 43 thousand euros, compared to May. The overdue debt is fully related to the deferred debt of Saules Miestas, which will continue in part until the end of August.

The consolidated cash balance of the fund increased by 3.574 million euros in June and was 9.9 million euros as of 30.06.2021. In June, we repaid the parent company's bank loan of 3.1 million euros, that was taken for Pirita elderly home investment in December 2020. Also, we partly repaid the EftEN Riga Airport SIA bank loan of 0.9 million euros from the funds received from the share issue to comply with bank loan covenants and made an investment in Panevezys industrial buildings, which required 4,011 thousand euros of equity. As of the end of June, the fund has 7.1 million euros of uninvested capital.

The consolidated equity of EftEN Real Estate Fund III AS was 89.287 million euros as of 30.06.2021 (31.12.2020: 71.483 million euros).

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