

# **EfTEN United Property Fund**

Webinar

15.02.2023



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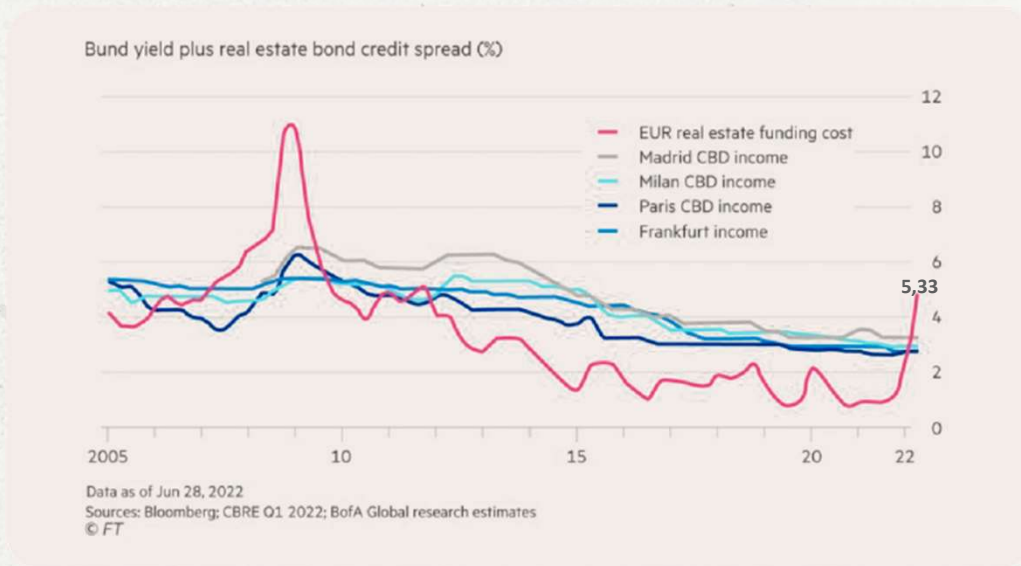
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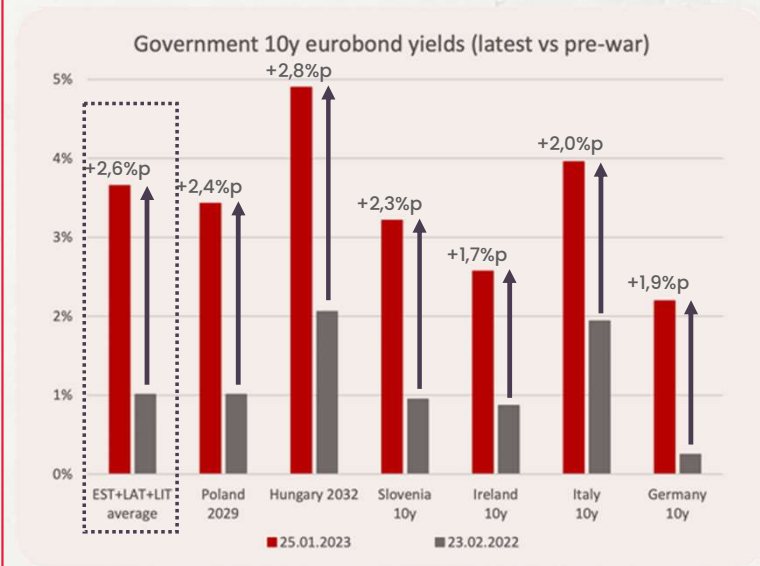


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# Financing conditions – debt financing conditions on European capital markets changed drastically



Property sector market-based financing has taken a hit



"Risk-free" is now 4% in the Baltics



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## Real estate sentiment at lowest in Europe



- Real estate equity is trading at steep discount
- Equity investors are expecting dividend cuts & forced sale of assets



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# EfTEN United Property Fund

## 2022 main events

### Raised capital – 9,9mio EUR

- 2,9mio EUR – Jan-Mar
- 7 mio EUR – May (2,65x oversubscribed)

### Listing of Fund units at Nasdaq Baltic Fund list

- 31.05.2022

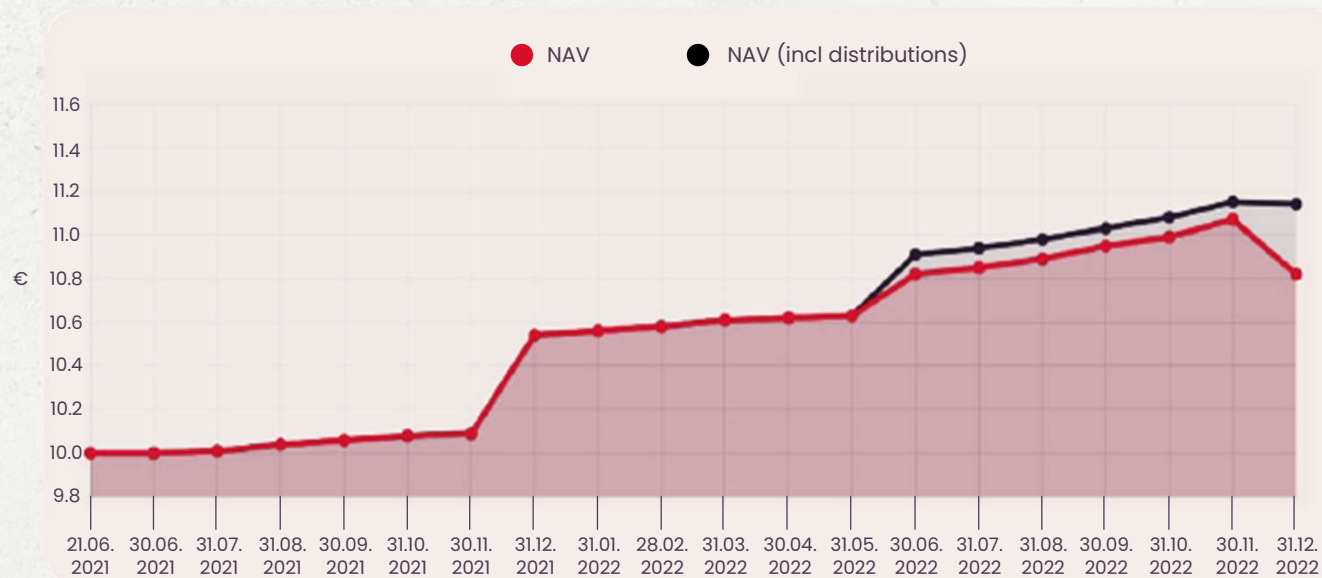
### Distributions – 795k EUR

- 212k EUR (0,9% of market cap) – July
- 584k EUR (2,5% of market cap) – Jan 2023

### Investments

- 5,8mio EUR (incl 50% leverage) Vilnius Menulio 7 office – Feb
- 3 mio EUR EfTEN Kinnisvarafond (at NAV) – April
- 1 mio EUR EfTEN Kinnisvarafond (at 10% discount to NAV) – Nov

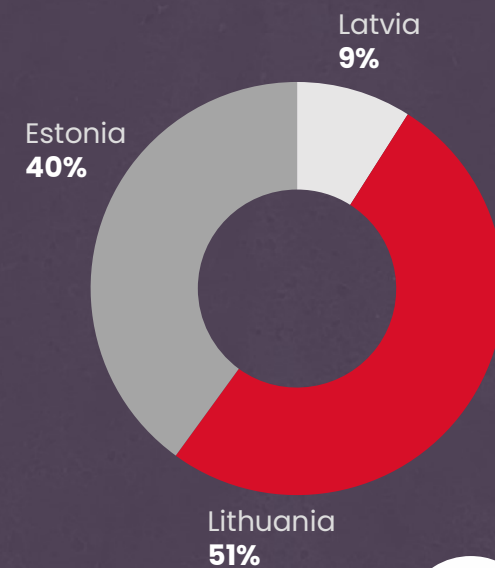
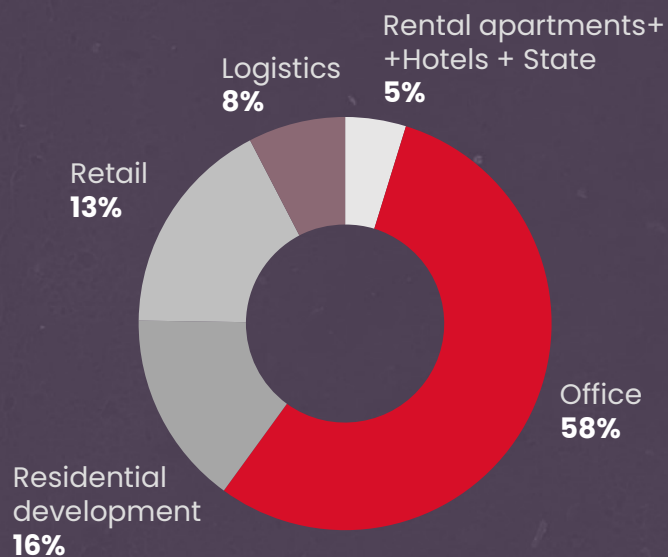
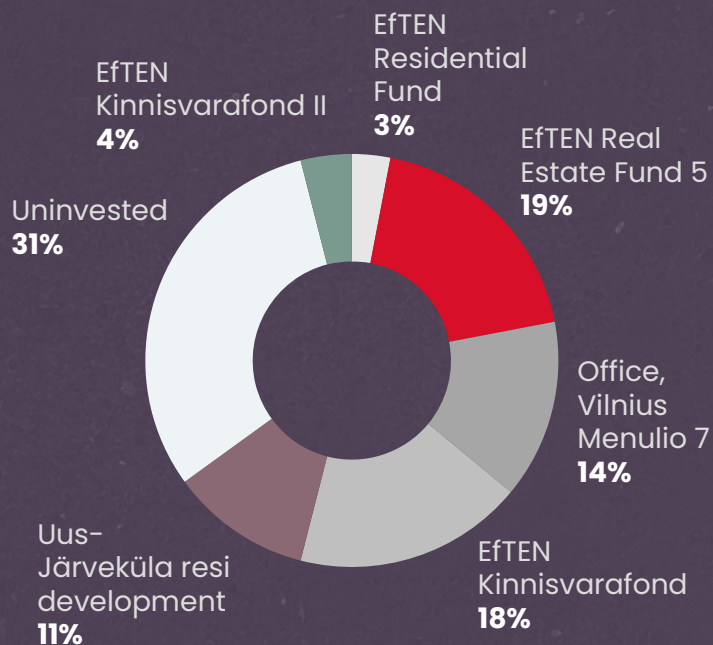
### NAV since inception



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# EfTEN United Property Fund

Index-like portfolio: 30 underlying properties



Fund size: **26,9 mio EUR** | Leverage: **25%** | Cost of leverage: **4,1%**  
Rental yield: **7%** | Vacancy: **1,9%**



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# EFTEN United Property Fund

## Main underlying properties



### Former Danske office, Vilnius

- A class office at Vilnius main business district
- Built: 2007
- Bought: Dec 2021
- Business case: full reshuffling of tenants
- Rent (monthly): 15EUR/m<sup>2</sup> ->17,4EUR/m<sup>2</sup>
- Vacancy: 0%
- Current valuation yield: 6,0%
- LTV: 48%



### Menulio 7 office, Vilnius

- B class office at Vilnius
- Built 2008
- Bought: Feb 2022
- Business case: rent indexation
- Rent (monthly): 10,8 EUR/m<sup>2</sup>
- Vacancy: 5%
- Current valuation yield: 7,8%
- LTV: 48%



### Uus-Järveküla development, Rae

- Development of 149 terraced houses & 16 detached houses (165 units)
- Bought: Aug 2021
- Business case: affordable family-oriented living spaces
- Current stage:
  - Booked: 54/62
  - Construction permit for infrastructure: Sept 2022



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# EfTEN United Property Fund

## Main underlying properties

	% of NAV
Former Danske office building, Vilnius	19,3%
Menulio 7 office building, Vilnius	14,4%
Uus Järveküla development, Rae	11,3%
Mustika shopping centre, Tallinn	3,3%
Jurkalne Technology Park, Riga	2,2%
Kadaka rental apartments, Tallinn	2,0%
Pärnu mnt 102 office building, Tallinn	1,5%
K-Rauta Tondi, Tallinn	1,4%
Domina shopping centre, Riga	1,4%
Uku shopping centre, Viljandi	1,2%
Logisitika pluss warehouse, Tallinn	1,0%
Radisson Sky hotel, Tallinn	1,0%
Other (#18)	9,5%
Uninvested	30,5%



# EfTEN United Property Fund

## Outlook 2023

- **Next expected distributions**
  - Ca 2% of current market cap, from EKF, EKF II, Menulio 7 (summer 2023)
- **Planned investments**
  - 30% (8,2mio EUR) of the fund equity uninvested
  - Uninvested equity largely committed:
    - Ca 90% to EfTEN Real Estate Fund 5
    - Ca 10% to EfTEN Residential Fund
- **Capital raise**
  - Only after uninvested capital fully invested and new credible pipeline existing
  - Fully invested portfolio should be first put to work
  - Unlikely during 2023
- **Buy-back program**
  - FSA rejected after long half-year discussion by the argument that buy-back is only intended for shares (i.e not for contractual fund units)
  - Market practice in Estonia does not confirm this
  - Waiting for the “clarity”



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# EfTEN United Property Fund Core Team



**Mr. Viljar Arakas**  
EfTEN Capital, CEO

EfTEN Capital co-founder and CEO since 2008; Fund manager for all EfTEN funds  
Former CEO of Arco Vara, leading real estate company in the Baltics; CEO of Arco Transport

21 years industry experience



**Mr. Tõnu Uustalu**  
EfTEN Capital,  
Head of Investments

EfTEN Capital co-founder and CIO since 2008; Fund manager for all EfTEN funds

Former portfolio and investment manager of East Capital; SEB Corporate Banking and RE financing

27 years industry experience



**Mr. Kristjan Tamla**  
EfTEN Capital, Head of Retail

EfTEN Head of Retail since 2021

Former CEO and fund manager Swedbank Investment Funds



**Mr. Viktors Savins**  
EfTEN Latvia Country Manager

EfTEN Latvia Country Manager since 2013

Former Partner and CEO of Arco Development and SIA Arco Real Estate's real estate brokerage, valuation and property advisory unit in Latvia

21 years industry experience



**Mr. Laurynas Žilys**  
EfTEN Lithuania Country Manager

EfTEN Lithuania Country Manager since 2015

Former partner of CREalty advisors; Head of Investment Department at Colliers Lithuania

18 years industry experience

## Investment decisions:

Viljar Arakas, Tõnu Uustalu, Viktors Savins, Laurynas Žilys  
(combined experience in property investing 80+ years)

## Fund daily management:

Kristjan Tamla



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**Thank you!**



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