

# EfTEN REAL ESTATE FUND III AS A SUMMARY OF THE PUBLIC OFFERING, TRADING AND LISTING PROSPECTUS OF THE SHARES

337 272 ORDINARY SHARES WITH  
A NOMINAL VALUE OF 10 EUROS PER SHARE  
THE OFFERING PRICE 14 EUROS  
THE OFFERING PERIOD 30.10-10.11.2017

# EFTEN REAL ESTATE FUND III AS A SUMMARY OF THE PUBLIC OFFERING, TRADING AND LISTING PROSPECTUS OF THE SHARES



^ Laagri Selver Shopping Centre ^ Ulonu office building

This is a short summary of the circumstances published in the Prospectus. The summary has been compiled in compliance with the applicable requirements for which information must be included in the case of such an offer of securities by such issuer. If there are any sections that do not need to be included, they have been omitted. This means that the sections may not be in their original sequence. If any section should be included for such an offer of securities by such issuer, but it is not possible to provide the information, then such section is included in this summary with the comment “not applicable”.

## Section A – Introduction and words of caution

Part	Title	Information published
<b>A.1</b>	Introduction and words of caution	This summary is to be read as an introduction to the Prospectus and an investor's decision on investing in the Shares Offered by the FUND must be based on the Prospectus as a whole. An investor must take into account that if they want to bring an action related to the information contained in the Prospectus to a court that is not an Estonian court, they must cover the costs of translating the Prospectus. Civil liability is only incurred by the persons who have compiled this summary or translated it, but only when the summary is misleading, inaccurate or inconsistent with the other parts of the Prospectus, or if it, along with other parts of the Prospectus, fails to include important information necessary for making the decision to invest in the Shares Offered.
<b>A.2</b>	Application of the Prospectus in the re-sale of Shares.	Not applicable; this Prospectus cannot be taken as the basis in the re-sale of Shares.



^ Saules Miestas

## Section B - the issuer

Part	Title	Information published
<b>B.1</b>	Business name	The FUND's business name is EfTEN Real Estate Fund III AS.
<b>B.2</b>	Location/legal form/applicable law/country of founding	<p>The FUND is a public closed-end investment fund founded in the Republic of Estonia as a public limited company (alternative investment fund). The FUND is a real estate fund. The FUND is not a guaranteed fund.</p> <p>The FUND has been founded with a fixed term of 10 years. Based on the Articles of Association, the FUND will become a fund without a fixed term when Shares are listed and taken into trading.</p>
<b>B.3</b>	Description of main activity areas and main influencing factors, products and/or services. Main target markets	<p>The FUND is a real estate fund, the investment strategy and policy of which has been described below in point B.34 of the summary.</p> <p>The main influencing factors of the FUND's activities:</p> <ul style="list-style-type: none"> <li>(i) investment – the FUND's activity is divided into three periods: the investment period – 3 years, the holding period – 5 years and the exit period – 2 years. The principle activities during the investment period are finding suitable investments for the FUND to ensure the FUND's growth and its target volume by the beginning of the holding period. Based on the Articles of Association, the FUND will become a fund without a fixed term upon listing and the above division into periods will end;</li> <li>(ii) the liquidity of commercial real estate has improved significantly since the low point of the economic crisis, bank financing is accessible and investors are looking to allocate capital into commercial real estate providing a stable cash flow.</li> </ul> <p>The FUND's target markets are Estonia, Latvia and Lithuania.</p>

B.4a	Recent trends characterising the economic sector	The liquidity of commercial real estate in the Baltic states has improved significantly since the low point of the economic crisis and has reached the pre-crisis level. The improvement in liquidity is facilitated by the accessibility of bank financing and investors' wish to allocate capital into commercial real estate providing a stable cash flow.																																							
B.5	Description of the group/the FUND's role in the group	<p>The FUND's structure as of the date of the Prospectus is the following:</p> <p><b>Parent company:</b></p> <p>FUND (EFTEN Real Estate Fund III AS) – residence in Estonia;</p> <p><b>Subsidiaries:</b></p> <table><tr><th>Business name</th><th>Property</th><th>Country of residence</th><th>Holding</th></tr><tr><td>UAB “Saules Miestas”</td><td>Saules Miestas shopping centre, Šiauliai</td><td>Lithuania</td><td>100%</td></tr><tr><td>UAB “Verkių projektas”</td><td>Ulonu office building, Vilnius</td><td>Lithuania</td><td>100%</td></tr><tr><td>SIA “EFTEN Krustpils”</td><td>DSV logistics centre, Riga</td><td>Latvia</td><td>100%</td></tr><tr><td>EFTEN stasylu, UAB</td><td>DSV logistics centre, Vilnius</td><td>Lithuania</td><td>100%</td></tr><tr><td>EFTEN Tānassilma OÜ</td><td>DSV logistics centre, Saku Municipality</td><td>Estonia</td><td>100%</td></tr><tr><td>EFTEN Laisves UAB</td><td>Laisves 3 office building, Vilnius</td><td>Lithuania</td><td>100%</td></tr><tr><td>EFTEN Seljaku OÜ</td><td>Hortes Gardening Centre, Laagri, Saue municipality</td><td>Estonia</td><td>100%</td></tr><tr><td>Projekt 554 OÜ</td><td>Laagri Selver Shopping Centre, Tallinn</td><td>Estonia</td><td>100%</td></tr></table> <p>The FUND does not have any affiliate companies or holdings in other companies except for those stated above.</p>				Business name	Property	Country of residence	Holding	UAB “Saules Miestas”	Saules Miestas shopping centre, Šiauliai	Lithuania	100%	UAB “Verkių projektas”	Ulonu office building, Vilnius	Lithuania	100%	SIA “EFTEN Krustpils”	DSV logistics centre, Riga	Latvia	100%	EFTEN stasylu, UAB	DSV logistics centre, Vilnius	Lithuania	100%	EFTEN Tānassilma OÜ	DSV logistics centre, Saku Municipality	Estonia	100%	EFTEN Laisves UAB	Laisves 3 office building, Vilnius	Lithuania	100%	EFTEN Seljaku OÜ	Hortes Gardening Centre, Laagri, Saue municipality	Estonia	100%	Projekt 554 OÜ	Laagri Selver Shopping Centre, Tallinn	Estonia	100%
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B.6	Persons, who have direct or indirect holdings in the FUND's share capital or voting rights, which are to be disclosed according to the Estonian legislation, and the size of such holding. Voting rights of main shareholders. Direct or indirect control of the FUND	<p>As of the date of the Prospectus, the persons owning more than 5% of the FUND's shares are the following:</p> <p>1) Altius Energia OÜ - 433,964 shares or 15.04% of the FUND's shares. 50% of Altius Energia OÜ is owned by OÜ Greatway and 50% by OIM Investeeringud OÜ. 100% of OÜ Greatway is owned by Arti Arakas, who therefore has, respectively, an indirect holding of 7.52% in the FUND. 100% of OIM Investeeringud OÜ is owned by Frank Õim, who therefore has, respectively, an indirect holding of 7.52% in the FUND.</p> <p>2) Esraven AS - 325,825 shares or 11.29% of the FUND's shares. 100% of Esraven AS is owned by Vello Kunman, who therefore has, respectively, an indirect holding of 11.29% in the FUND.</p> <p>3) Väärtpaberid OÜ - 328,167 shares or 11.37% of the FUND's shares. 100% of Väärtpaberid OÜ is owned by Marcel Vichmann, who therefore has, respectively, an indirect holding of 11.37% in the FUND.</p> <p>As far as it is known to the FUND, the said owners of direct or indirect holdings do not control the fund.</p> <p>As far as it is known to the FUND, no shareholder agreements have been concluded between the shareholders, incl. ones with their holding in the fund as the object of the agreement.</p> <p>No shareholder has voting rights that are different from the others.</p>																																							

**B.7**

Selected important historic financial information. Description of important changes in the FUND's financial situation and results in the period following the period covered in the important historic financial information.

The FUND was founded in May 2015. The FUND's audited consolidated annual reports of 2015 and 2016 have been added to the Prospectus. Also, the FUND's unaudited first semi-annual reports of 2016 and 2017 have been added to the Prospectus. The FUND's annual accounts and semi-annual accounts have been compiled based on the International Financial Reporting Standards (IFRS), as they have been adopted by the European Union. The FUND's Articles of Association and monthly fact sheets containing financial information dating back to August 2015, when the fund acquired its first investment, have been published on the FUND's website [www.erf.eg](http://www.erf.eg).

The FUND's figures of the consolidated income statement and balance sheet have grown significantly in the first half of 2017. In the first half of 2017, the sales revenue was 3.537 million euros, constituting an annual growth of 69%. The group's net profit for the same period was 4.030 million euros and the net profit increased 3.3 times when compared to the same period of 2016. The FUND has made new investments in the first half of the year and the low vacancy rate of the rental premises has contributed to the good results achieved. More detailed information on the investments is provided in Chapter 6 of the Prospectus. Also, in 2015 the FUND made its first investment in August, which is why the FUND's consolidated figures also reflect information on real estate projects starting from August.

Important historic financial information of the group	For 6 months or as of 30 June		For 12 months or as of 31 December	
	2017	2016	2016	2015

*thousands of euros*

Revenue	3 537	2 098	5 333	1 508
Net profit	4 030	1 212	4 349	1 492
Gross asset volume	86 946	56 928	77 234	38 897
The fair value of real estate investment from the volume of assets	82 931	49 788	73 539	36 506
Current assets	3 961	7 067	3 636	2 311
Non-current assets	82 985	49 861	73 598	36 586
Owner's equity	39 120	27 184	30 321	15 345
Cash flows from business operations	2 345	1 250	3 810	972
Cash flows from investment activity	-5 718	-12 737	-34 650	-20 677
Cash flows from financing activity	3 379	16 249	32 048	21 689
Total cash flows	6	4 762	1 208	1 984
Earnings per share, in euros	1,59	0,68	2,09	1,39

\* The FUND was founded on 06 May 2015

Key indicators	30.06.2017	31.12.2016	30.06.2016	31.12.2015
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*as of the balance sheet date or for 12 months*

NAV, in EUR	13,5584	12,7112	11,3961	11,0772
ROIC, %	28,7	22,5	15,7	21,5
ROE, %	24,2	19	11,4	19,4
ROA, %	9,8	7,5	5,1	7,5
DSCR	2,1	2,1	2,8	2,8



<b>B.8</b>	Pro forma of the selected financial data.	Not applicable, the financial reports added to the Prospectus describe the FUND's financial information adequately and there is no need for pro forma information.
<b>B.9</b>	Profit forecast	Not applicable; profit forecast has not been included.
<b>B.10</b>	Notes in the auditor's reports of historic financial information.	The consolidated annual reports of 2015 and 2016 were audited by the FUND's auditor, Aktsiaselts PricewaterhouseCoopers. The auditor did not have any comments relating to the reports.
<b>B.11</b>	Working capital	As of 31 December 2016, the FUND's total consolidated working capital was 932 thousand euros and, in the previous year as of 31 December 2015, 1,027 thousand euros. The FUND's consolidated working capital as of 30 June 2017 was 98 thousand euros (as of 30 June 2016, 5,517 thousand euros). As of 31 August 2017, the working capital was 1 738 thousand euros. According to the FUND's management, the FUND's consolidated working capital is sufficient to ensure the payment of the current liabilities of the FUND and its subsidiaries.
<b>B.33</b>	Information from Annex I to the prospectus regulation	Not applicable
<b>B.34</b>	Investment objective, policy and limitations; instruments used	<p>The FUND is a closed-end real estate fund, the activity of which is investment into commercial real estate generating a cash flow or securities related to them, while at least 80% of the value of the FUND's assets is invested into real estate or securities related to real estate and the remaining 20% can only be invested into the deposits or derivative instruments of the credit institutions of the European Economic Area. The FUND is a "value-added" class of real estate fund that invests into commercial real estate and commercial real estate development projects with a medium to high risk level in the Baltic states.</p> <p>The FUND can make direct investments into real estate and obtain holdings in legal persons owning real estate. The FUND may only invest in derivative instruments for the purpose of risk management. When three years have passed from the founding of the FUND, no more than 30% of the FUND's investments may be invested into a single project or the securities of a single issuer.</p> <p>The FUND cannot invest in the other funds of its Fund Manager.</p> <p>The restrictions on risk-spreading may be temporarily exceeded for reasons not dependent on the Fund Manager.</p>
<b>B.35</b>	Restrictions on loaning and leveraging	The FUND may borrow up to 65% of the value of each investment at the moment of making the investment. At the time of making the investment, the FUND's financial ratio must be 1.2 or above.
<b>B.36</b>	Supervision over the FUND's operations	Supervision is carried out by the Estonian Financial Supervision Authority, <a href="http://www.fi.ee">www.fi.ee</a> .

<b>B.37</b>	Investor profile	<p>The FUND is targeting natural and legal persons (who may be both non-professional or professional investors), who want to make passive mid-risk investments into real estate.</p> <p>The FUND is suitable for those with a long-term investment horizon. The recommended investment horizon is more than three years. At the same time, the investor must be ready to tolerate the cyclical nature of the real estate market and risks involved in change when investing in the FUND.</p> <p>An investor, who does not have prior experience with investing in shares and/or closed alternative investment funds, should consult a professional investment advisor to understand the risks involved in investing, incl. the relation between risks and the expected rate of return.</p>
<b>B.38</b>	Description of the risk position of investing more than 20% into a single underlying asset.	<p>The FUND has one real estate investment accounting for more than 20%:</p> <p>the Saules Miestas Shopping Centre – shopping centre completed in 2007, which is located at Tilžės 109, Šiauliai, the Republic of Lithuania. The total area of the land is 21,094 m<sup>2</sup> and the total area of the commercial building is 47,772 m<sup>2</sup>. The rental area is 19,881 m<sup>2</sup>. The Saules Miestas Shopping Centre constitutes 38% of the FUND's real estate investments.</p>
<b>B.39</b>	Description of the risk position in relation to investment in another collective investment undertaking	<p>Not applicable. There are no investments in other collective investment undertakings.</p>

<b>B.40</b>	Service providers and fees paid to them	<p>The FUND's main service providers are the Fund Manager and the depositary (see point B.41 of the summary below).</p> <p>The FUND pays a Management Fee to the Fund Manager, which is comprised of two parts: the basic fee and the performance pay.</p> <p>The basic fee is 2% of the fund's invested capital per year. The basic fee is accounted starting from the moment of making the respective real estate investment (i.e. paying for the investment).</p> <p>The performance pay is 20% of the sum that is the difference between the sales price or, in the case of consolidated sale of the investment object, the sales prices of the FUND's investment object, and the purchase price of the respective real estate object or real estate objects, costs related to the purchase, improvement costs and the minimum estimated rate of return of the invested capital (hurdle rate, which is 10%). With their ruling, the FUND's general meeting may also decide to pay the performance pay following the sale of a single property. If a conditional listing decision is made on the FUND's Shares by 1 January 2018 at the latest, then the Fund Manager has the right to collect a performance pay of 1,221,799 euros. If a conditional listing decision is made in relation to the FUND's Shares after 1 January 2018, the FUND and the Fund Manager will make a separate agreement on the sum of the performance pay, while the sum of the performance pay must be approved by the FUND's general meeting. Should the FUND's listing on the Baltic stock market be decided on the basis of the FUND's Articles of Association, then following the listing, the performance pay is only accounted when the adjusted closing price of the last trading day of the FUND's reporting year exceeds the highest adjusted closing price of all the previous reporting years at the time when the FUND is listed in the exchange. The performance pay is equal to 20% of the difference between the adjusted closing price of the last trading day of the reporting year and the adjusted closing price of the last trading day of the previous reporting year, which is multiplied by the number of shares at the end of the reporting period.</p> <p>When based on the legislation, the service provided by the Fund Manager to the FUND is taxed with value added tax, the value added tax is added to the Management Fee.</p> <p>The FUND pays the depositary's charge to the depositary, which is 10,000 euros per year as long as the volume of the FUND's assets is less than 33,300,000 euros. When the said volume of assets is exceeded, the annual fee is 0.03% of the FUND's volume of assets. The FUND also pays a transaction fee of 1,000 euros per transaction upon the conclusion of a transaction to acquire an asset. Value added tax is added to the depositary's fee.</p>
<b>B.41</b>	The Fund Manager and the depositary	<p>Fund Manager EfTEN Capital AS, registry code 11505542, address A. Lauteri 5, the city of Tallinn, Estonia.</p> <p>Depositary Swedbank AS, registry code 10060701, address Liivalaia 8, the city of Tallinn, Estonia.</p>



<b>B.42</b>	Calculation procedure for the net asset value	<p>The Fund Manager calculates the net value of the FUND's assets on a monthly basis, by the 20th date of the month following the accounting month the latest.</p> <p>The value of the FUND's assets is mainly determined based on the market value. If determining the market value is not possible, the value of the FUND's assets is determined by means of another method of determining the fair value.</p> <p>The FUND's real estate valuator is a recognised real estate valuator in countries where the property owned by the FUND is located.</p> <p>The Fund Manager ensures the regular and, if necessary, extraordinary evaluation of the real estate. Regular evaluation is carried out twice a year: 1) as of the end of the financial year and before the auditing of the FUND's annual report and 2) as of 30 June and before the report for the first half-year is approved by the Supervisory Board.</p> <p>Extraordinary evaluation, for example due to significant changes in the market situation, significant drop in the estimated rental income or other similar reasons, is carried out on the basis of the respective supervisory board decision.</p> <p>The net value of the total number of the FUND's shares is determined based on the value of the FUND's assets, from which the value of the FUND's liabilities is subtracted.</p> <p>In order to calculate the net value of each of the FUND's shares, the net value of all shares of the FUND is divided by the number of the FUND's shares.</p> <p>The net value of the FUND's Share is determined to the accuracy of two decimal points.</p> <p>Calculation of the FUND's assets and the net value of a Share, as well as information on the potential suspension of the calculation of the net value is published on the FUND's website and communicated to the FUND's shareholders by e-mail to the e-mail address provided by the shareholders by the 20th date of the month following the accounting at the latest. At the time of listing the shares, the net value of the FUND's assets and a Share is published as a stock market announcement.</p>
<b>B.43</b>	Declaration of the risk liability of an umbrella collective investment undertaking	Not applicable. The FUND is not an umbrella collective investment undertaking.
<b>B.44</b>	Confirmation of the start of operations.	The FUND was founded on 6 May 2015 and registered in the Commercial Register on 10 June 2015. The FUND is an actively operating investment fund.



^ DSV logistics centre, Estonia

<b>B.45</b>	Description of the portfolio	<p>The FUND's real estate portfolio is comprised of eight real estate investments belonging to the FUND through its Subsidiaries (see B.5 for the structure):</p> <ul style="list-style-type: none"> <li>( i ) the Saules Miestas Shopping Centre – shopping centre completed in 2007, which is located at Tilžės 109, Šiauliai, the Republic of Lithuania. The total area of the land is 21,094 m<sup>2</sup> and the total area of the commercial building is 47,772 m<sup>2</sup>. The rental area is 19,881 m<sup>2</sup>. The Saules Miestas Shopping Centre constitutes 38% of the FUND's real estate investments;</li> <li>( ii ) Ulonu office building – seven-storey office building completed in 2013 which is located at the address Verkiu 25C, Vilnius, the Republic of Lithuania. The total area of the land is 2,200 m<sup>2</sup> and the total area of the commercial building is 6,756 m<sup>2</sup>. The rental area of the building is 5,174 m<sup>2</sup>. The Ulonu office building constitutes 11% of the FUND's real estate investments;</li> <li>( iii ) DSV logistics centre in Latvia – logistics buildings completed in 1999 and 2006, located at Krustpils 31, Riga, the Republic of Latvia. The total area of the land is 55,856 m<sup>2</sup> and the rental area of the buildings is 5,398 m<sup>2</sup>. The Latvian DSV logistics centre constitutes 6% of the FUND's real estate investments.</li> <li>( iv ) DSV logistics centre in Estonia – logistics buildings completed in 2006 located at Pärnu mnt 535, Tallinn, the Republic of Estonia. The total area of the land is 71 514 m<sup>2</sup> and the rental area of the buildings is 16,014 m<sup>2</sup>. The Estonian DSV logistics centre constitutes 16% of the FUND's real estate investments.</li> <li>( v ) DSV logistics centre in Lithuania – logistics buildings completed in 2006 located at Stasylu 21, Vilnius, the Republic of Lithuania. The total area of the land is 64,149 m<sup>2</sup> and the rental area of the buildings is 11,687 m<sup>2</sup>. The Lithuanian DSV logistics centre constitutes 10% of the FUND's real estate investments.</li> <li>( vi ) Office building at Laisves 3 – a ten-storey commercial building completed in 2005, located at Laisves 3, Vilnius, Republic of Lithuania. The size of the land is 8,486 m<sup>2</sup>. The total area of the office building is 6,798 m<sup>2</sup> and the rental area is 6,150 m<sup>2</sup>. Laisves 3 office building constitutes 12% of the FUND's real estate investments.</li> <li>( vii ) Hortes gardening centre - the shopping centre completed in 2006 and located at Seljaku 4b, Laagri small town, Saue Municipality, Harjumaa County, Republic of Estonia. The rental area is 3,470 m<sup>2</sup>. Hortes gardening centre constitutes 4% of the FUND's real estate investments.</li> <li>( viii ) The Laagri Selver shopping centre – a shopping centre still in construction, with a gross internal area of approx. 6,280 m<sup>2</sup>, including a car park of 2,730 m<sup>2</sup> on floor 0, located at the address Pärnu mnt 554, Tallinn, the Republic of Estonia. The Laagri Selver shopping centre constitutes 3% of the FUND's real estate investments.</li> </ul>
<b>B.46</b>	Latest NAV	As of 30 September 2017: 13,9974 euros (unaudited)

## Section C – Securities

Part	Title	Information published
<b>C.1</b>	Type of security, registration number	The FUND only has one type of share – ordinary shares with a nominal value of 10 euros.
		The FUND's shares have been registered in the Estonian register of securities under the ISIN code EE3100127242.
<b>C.2</b>	Issue currency	euro
<b>C.3</b>	The number of shares issued and fully paid-in / number of shares issued and partially paid-in Nominal value of a share	The FUND's share capital is 28,852,630, which is divided between 2,885,263 shares.
		The nominal value of each share is 10 euros. All Shares issued have been fully paid for.
<b>C.4</b>	Rights related to the securities.	The rights related to the securities are the following:
		( i ) the right to take part in the management of the FUND – shareholders have the right to take part in the management of the FUND and exercise their rights at the general meeting of shareholders, where they can use their voting right in making decisions on certain important issues. The general meeting is the FUND's highest management body;
		( ii ) the right to information – based on the Estonian Commercial Code, shareholders have the right to information on the operations of the company, that they can exercise at the general meeting. The body that has the obligation to provide the information is the Management Board;
		( iii ) the pre-emptive right to subscribe for new shares – according to the Estonian Commercial Code, upon the increase of the FUND's share capital and additional issue of the FUND's shares, the FUND's shareholders have the pre-emptive right to register new shares in proportion to their existing holding in the fund, unless the shareholders' right to register shares has been precluded with a decision of the general meeting. With the decision of the general meeting of 27 September 2017, the pre-emptive subscription right of existing shareholders was withdrawn in relation to the increase of share capital taking place in the autumn of 2017;
		( iv ) the right to dividends – all shareholders have the right to participate in the distribution of the FUND's profit and to receive dividends in proportion to their holding in the FUND.
<b>C.5</b>	Restrictions on the free transfer of securities	Not applicable. Based on the FUND's Articles of Association, the Shares can be transferred freely.
<b>C.6</b>	Admission to trading / name of the regulated market	The FUND has filed an application for listing the Shares and admitting them into trading on the regulated market in the Baltic Main List of Nasdaq Tallinn. The presumed date when shares will be listed and admitted to trading is 1 December 2017.

C.7	Dividend policy	<p>Each year, a part of the profit (dividend) is distributed among the FUND's shareholders according to the nominal value of the Shares owned by the shareholder if it is legally possible and the FUND's General Meeting approves the respective decision. Several classes of Shares and the differing rights associated with them in the distribution of profit are not provided for.</p> <p>The FUND may only make payments to the shareholders from the net profit or the undistributed profit of the previous financial years, from which the uncovered loss of the previous years has been covered based on the FUND's approved annual reports. Payment of dividends is permitted in all activity periods of the fund and, following the listing, in each financial year.</p> <p>Dividend is determined based on the total cash flow of the total net rental payments of the FUND's cash flow generating real estate in the financial year (EBITDA minus interest payments minus principal loan payments), from which reserves for working capital and potential improvement costs (minimum of 20%) have been deducted. Deviations from the above policy are permitted if justified by developments in the economic environment or the FUND's business perspectives. Dividend payments to investors are not guaranteed. If necessary, the amount of dividend to be paid is agreed (e.g. if the respective provision is included in a financing agreement) with the FUND's respective creditors or other contractual partners.</p>
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^ Laisves 3 office building



## Section D – Risk factors

Part	Title	Information to be disclosed
D.1	Important risk factors attributable to the FUND or the economic sector	<u>Investment risk.</u> Investment into the FUND's shares can generate either a profit or a loss. Preserving the investment is not guaranteed.
		<u>Financial risk.</u> Making of real estate investments can be significantly impacted by financial risk, which includes market risk, liquidity risk and credit risk and changes in the unfavourable direction can influence the return on the investment made into the Shares in a negative direction.
		<u>Interest risk.</u> A change of interest rates in a negative direction can significantly raise the FUND's costs related to loan obligations with a floating interest rate, therefore influencing the return on the investment made into the Shares in a negative direction.
		<u>Asset deposit risk.</u> The FUND's depository becoming insolvent can lead to the loss of the possession of the assets maintained by the depository; also, the property that is the object of investment may be destroyed, lost or damaged.
		<u>Evaluation risk.</u> The group's economic performance is partially dependent on the results of the independent evaluation of the real estate. Incorrect evaluation results may lead to a fall in the profitability of the Group's operations.
		<u>Risk of a conflict of interest.</u> While the FUND's Articles of Association set certain restrictions on concluding transactions between affiliated persons with the aim of preventing the occurrence of conflicts of interest, it cannot be ruled out that such transactions could be made. The terms and conditions of transactions concluded between affiliated persons may not correspond to the market conditions. The realisation of the risk arising from a conflict of interest may reduce the rate of return of the investment made into the Shares.
		<u>Risk of dependency from key persons.</u> The success of the Group's investment activity depends on the competence of the representatives of the FUND and the Fund Manager and any key persons leaving may have a negative impact on the Group's economic performance.
		<u>Reputation risk.</u> Disclosure of incorrect or misleading information on the Group's activities may have a significant negative impact on the Group's activity, which may in turn have a significant negative impact on the Group's competitiveness and economic performance.
		<u>Risk of insufficient insurance cover.</u> While the Group makes all reasonable efforts to ensure adequate insurance for the Group's assets, it cannot be precluded that a risk for which the Group does not have insurance cover may become realised. The realisation of such risk may involve a decrease in the value of the Group's assets, negatively impact the Group's economic performance and bring about the need for additional costs.
		<u>Environmental pollution risk.</u> The Group may be responsible for damage resulting from an environmental pollution event when the pollution was not caused due to the FUND's or its Subsidiary's activities or inactivity.
		<u>Legislative risk.</u> Political decisions and changes in the legislation in force can incur additional obligations for the Group, which may in turn have a negative impact on the value of the Group's assets and the rate of return of the investment made into the Shares. Legislative changes can also bring about the obligation for the FUND to change the FUND's documentation.
		<u>Risk of the investment environment.</u> The general investment environment of any of the FUND's target markets can decline significantly due to circumstances that the FUND cannot control. A significant decline of the investment environment can cause a significant decline in the Group's economic performance.
		<u>Political risk.</u> The value of the investments made by the Group may decrease significantly due to political events taking place in the target markets.
		<u>Competition risk.</u> Real estate market is a competitive market. Intense competition can in turn have a negative impact on prices and therefore the profitability of the Group's economic activity.
		<u>Risk of the risk spreading.</u> Risk spreading measures arising from the law and the FUND's Articles of Association are applied in investing the FUND's assets. It is important to be aware that in the case of a closed-end fund, the legally required risk spreading measures are more lenient than in the case of open-end investment funds.

<b>D.3</b>	Important risk factors relating to shares	<p><u>Risk of the volatility of the prices of securities and liquidity risk.</u> The Shares have not been publicly traded before the current Offer. The FUND cannot ensure that an active trading market will be preserved for the Shares after the Offer and listing. It is possible that an investor who subscribes for the Shares on Offer will not be able to sell the Shares Offered for the offering price or a price above it. An application has been filed to the Nasdaq Tallinn stock exchange for listing the shares. At the same time the FUND cannot ensure that the Shares are listed or an active trading market for the Shares will appear, develop or be maintained after the offer.</p> <p><u>The risk of non-payment of dividends.</u> The FUND does not ensure the payment of dividends. Dividend payments may also be restricted with contracts to which the FUND is a party. Therefore a shareholder cannot be assured that the FUND will pay dividends.</p> <p><u>The risk of losing the pre-emptive right in subscribing for shares.</u> The pre-emptive right of subscribing for shares may be barred by a resolution of the general meeting, which receives more than two-thirds of the votes represented at the general meeting. Barring of the pre-emptive right may cause a decrease of the holding.</p> <p><u>Risk of cancellation of the offer.</u> The FUND has the right to cancel the offer. While the FUND makes all the reasonable efforts to carry out the Offer successfully, cancellation of the offer cannot be precluded. Upon cancellation of the Offer, alternative sources must be found in order to fund the planned investments, the volume of investments and the timetable may have to be changed etc.</p> <p><u>Risk of insufficient historic financial data</u> – there is no long-term historic financial data that an investor could assess in investing in the FUND.</p> <p><u>Risk of a decrease in the holding</u> – upon investing in the FUND, the investor must acknowledge the possibility of their holding decreasing. In the course of new subsequent emissions, the FUND may involve capital from third persons and, if the FUND's shareholders are not looking to allocate additional capital into the FUND, or private placement of the Shares is decided, the FUND's shareholder's holding in the FUND may decrease.</p>
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^ DSV logistics centre, Vilnius



## Section E – Offer

Part	Title	Information published
<b>E.1</b>	Total net income. The planned amount of the total sum of the Offer (including the planned amount of costs collected from investors)	The maximum income from the offer is 4,721,808 euros. Costs for the FUND related to the Offer (incl. costs on the legal analysis of the Prospectus, auditing activity, marketing costs) will be less than 2% of the income from the Offer.
		The account manager collects a service fee of up to 1% of the transaction value from investors in relation to the subscription, which also applies to the present shareholders, and the subscription orders presented in all the subsequent offers.
		The said fee is added to the price of the Shares subscribed for by the investor.
<b>E.2a</b>	Reasons behind the offer / use of the revenues	<p>The offer enables the FUND to involve funds to continue the realisation of the FUND's investment strategy. Among others, the FUND will use the resources involved in the offer for acquiring the registered immovables in Lasnamäe in the Tähesaju City commercial area (Tähesaju tee 9 and Tähesaju tee 11) and for the construction of Hortes Gardening Centre. The total estimated cost of the project is 4,000,000 euros, to which value added tax is added. The intention is to conclude a sales agreement no later than within six months from when the detailed spatial plan is approved. The transaction must be approved by the Estonian Competition Authority.</p> <p>The FUND has not concluded any other agreements or contracts that create obligations for the FUND in making specific new investments, except the aforementioned agreements for acquiring the registered immovables in Lasnamäe in the Tähesaju City commercial area and for the construction of Hortes Gardening Centre.</p>
<b>E.3</b>	Terms and conditions of the offer	<p>The FUND issues up to 337,272 new shares (Shares Offered), with a nominal value of 10 euros each. The Offer only includes newly issued shares. Existing shares are not sold in the Offer.</p> <p>The Shares Offered are the FUND's ordinary shares with a nominal value of 10 euros. The offering price of one Share Offered is 14 euros, of which 10 euros is the nominal value of the Share Offered and 4 is the issue premium.</p> <p>The Offer is open to all natural and legal persons in Estonia who have opened a securities account in NASDAQ CSD. An investor may only present a subscription order through a nominee account when they provide written authorisation to the owner of the nominee account to disclose the identity of the investor to NASDAQ CSD and the FUND.</p> <p>The Offer period starts on 30 October 2017 at 9 AM and ends on 10 November 2017 at 4 PM. An investor may subscribe to any amount of Shares Offered. The minimum and maximum number of Shares Offered that can be subscribed for has not been established.</p> <p>Based on the decision of the FUND's general meeting of 27 September 2017, the pre-emptive subscription right of existing shareholders was withdrawn in relation to the Shares Offered. The above, however, does not preclude the existing shareholders' right to subscribe for the Shares Offered or not to subscribe for the Shares Offered.</p> <p>Based on the decision of 18 October 2017 of the FUND's supervisory board, the Fund Manager was given the pre-emptive right to subscribe for 87,272 of the FUND's Shares Offered to fulfil their obligation arising from the management contract.</p> <p>In the Offer, no other group of investors (incl. persons affiliated with the FUND or the Fund Manager) has a pre-emptive right to subscribe for the Shares Offered or has any other advantages or special rights, except for the above-mentioned pre-emptive subscription right of the Fund Manager.</p>

		<p>The subscription of the Shares Offered is carried out in Estonia through the account managers of NASDAQ CSD. If several subscription orders are issued by the same person, they are added up in establishing the distribution and regarded as a single subscription order.</p> <p>Subscription orders to participate in the Offer can only be presented in euros and the participant in the Offer covers all the costs related to presenting the subscription order and fees payable. The account manager collects a service fee in the amount of up to 1% of the transaction value for the subscription of the shares.</p> <p>The said fee is added to the price of the Shares Offered subscribed for by the investor.</p>
		<p>By presenting their subscription order, the investor authorises the account manager to immediately reserve a sum of money on their account that corresponds to the total price of the Shares Offered. An investor may only present a subscription order in the sum that is present on their account at the time of presenting their subscription order. The sum reserved on the investor's account is used for settling the transaction to subscribe for the Shares Offered to the extent to which the Shares Offered are distributed to the investor and the rest is released from the reservation as the Shares Offered are transferred and the subscription price of the Shares Offered is debited. The investor also authorises the account manager to reserve the sum of money required for paying the service fee related to presenting the subscription order. The investor must ensure the availability of sufficient funds on their bank account tied to the NASDAQ CSD securities account at the time of presenting the subscription order. The investor may amend or cancel their subscription order at any time before the end of the Offer period.</p> <p>The investor may amend or cancel the subscription order at any time before the end of the Subscription Period.</p> <p>The Offer of the Shares Offered is considered to be oversubscribed when, by the end of the subscription period, the number of subscription orders exceeds the one needed for 337,272 Shares Offered, i.e. the total sum of the subscriptions is more than 4,721,808 euros. In such case, the FUND decides on the distribution of the Shares Offered between the investors based on the following principles.</p> <p>First, the Shares Offered are distributed to the Fund Manager according to the subscription order, but not in a greater amount than permitted with their pre-emptive subscription rights. Then, the Shares Offered are distributed between all investors subscribing for the Shares Offered based on the following principles:</p> <p>(a) the Fund determines as the minimum number of Shares Offered distributed to one investor 75 (seventy five) Shares Offered, which may be reduced upon the oversubscription of Shares Offered;</p> <p>(c) according to the number of investors who submitted subscription orders, the size and statistical division of the subscription orders, with regard to the remainder, the Fund has the right to prefer its current shareholders to other investors.</p> <p>The Fund's supervisory board shall approve the distribution of Shares Offered. Whereat, the FUND's supervisory board has the right to round the number of Shares Offered to an integer in the distribution of Shares Offered. The surplus Shares Offered in the rounding of the shares, which cannot be distributed by another uniform treatment method, are distributed to the investors randomly.</p> <p>If oversubscription occurs in the course of Offering, the number of Shares Offered shall remain the same and Oversubscribed Shares Offered in the part exceeding the offer are annulled.</p> <p>Oversubscription operations are not implemented in the Offer.</p> <p>Each investor will receive information on the Shares Offered that have been distributed to them by their account manager by submitting the respective query.</p>

	<p>If less than 337,272 Shares Offered are subscribed, then within a period of 15 days after the end of the subscription period the FUND's management board annuls the Shares Offered that have not been subscribed for, i.e. the share capital is increased based on the number of Shares Offered subscribed for during the subscription period.</p> <p>In the case of undersubscription, i.e. a part of the offer accounting for the Shares Offered that was not subscribed for is annulled, the FUND reports it on the FUND's website and one nationally circulated newspaper.</p> <p>The Shares Offered are registered in the Estonian register of securities and transferred to the investors' securities account presumably 17 November 2017 (date may be subject to change) using the delivery versus payment procedure, as the subscription amount is transferred from the investor's account to the FUND at the same time.</p> <p>The increase of the share capital is presumably registered in the Commercial Register 27 November 2017 (date also subject to change). Shareholder's rights will also enter into force from the date the share capital is registered in the Commercial Register.</p> <p>The FUND publishes the results of the Offer and the increase of its share capital by presumably listing it on the exchange as a stock exchange announcement 27 November 2017 (date also subject to change).</p> <p>The FUND has the right to cancel the Offer partially or fully at any time until the Shares Offered are distributed and transferred to the investors. The cancellation of the Offer is published on the FUND's website and in one nationally circulated newspaper. If the Offer or a part of the Offer is cancelled in compliance with the terms and conditions provided in this Prospectus or, when an investor's subscription application is rejected or when the number of Shares Offered is different from the Shares Offered that are subscribed for, the account manager releases the funds reserved on the investor's cash account or part thereof (the sum exceeding the payment made for the Shares Offered and costs related to the subscription) 17 November 2017 or a date close to it. The FUND is not liable for releasing the sum, or the payment of interest for the time the funds were reserved.</p>
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<b>E.4</b>	Interests / conflicts of interest relevant to the Offer	87,272 new shares are issued in a private placement to the Fund Manager and the Fund Manager subscribes for 87,272 of the FUND's Shares Offered, to fulfil the obligation arising from the FUND's management contract to subscribe for the FUND's Shares in the sum that is paid to the Management Company as a performance fee after the conditional listing decision is made for the Shares on the Nasdaq Tallinn Stock Exchange. There are no other interests or conflicts of interest relevant to the offer.
<b>E.5</b>	Names of the persons or companies offering securities for sale / transfer restrictions; parties and duration of the restrictions	Only new shares are offered in the Offer. The FUND and the Fund Manager have agreed in relation to the Shares Offered that are acquired in the Offer that the Fund Manager does not transfer any of the FUND's shares belonging to the Fund Manager at any time, which starts from the acquisition of the Shares Offered by the Management Company in a private placement and ends 24 months from the start of the trading of the Shares on the Tallinn Stock Exchange. The present shareholders are not bound by any agreements that would restrict their right to transfer the existing shares or Shares Offered.
<b>E.6</b>	Immediate decrease of the holding	As of the date of the Prospectus, the FUND has 2,885,263 Shares. The number of Shares on offer is up to 337,272 shares. After the increase in the share capital is registered, the FUND's share capital will be up to 32,225,350 euros, on the presumption that the number of Shares Offered has not been changed. This means that, after the Offer, the holding of the existing shareholders in the share capital would constitute 89.53% of the FUND's share capital, given that the present shareholders do not subscribe for any Shares Offered in the Offer.
<b>E.7</b>	The planned amount of costs collected by the FUND from the investor.	The planned amount of the costs collected from the investor is described above in point E1.



^ Hortes Gardening Centre