Acquisition of Magistral Shopping Centre

Transaction background

Magistral Shopping Centre currently belongs to the portfolio of EfTEN Kinnisvarafond II AS. The fund is a closed-end fund whose investment period is approaching its end. Consequently, **EfTEN Real Estate Fund AS** has the opportunity to acquire Magistral Shopping Centre through the acquisition of the fund's subsidiary at its **book value**. The value of the property has been assessed by **Colliers International as at 31 December 2025.**

To avoid any potential conflict of interest, the Management Board of EfTEN Real Estate AS discloses to shareholders all material information related to Magistral Shopping Centre and the terms of the proposed transaction so that shareholders can make an informed decision..

Location and accessibility

Magistral Shopping Centre is located in Mustamäe, Tallinn, in the middle of a densely populated residential area. The centre was opened in 2000 and expanded in 2012. Parking facilities located in front of the building and on the roof provide approximately 200 parking spaces.

The centre is surrounded by five- and nine-storey residential buildings, making it a convenient neighbourhood shopping destination for thousands of local residents. Considering the surrounding urban planning, it is highly unlikely that a competing shopping centre will be developed nearby in the foreseeable future. Consequently, Magistral Shopping Centre represents a **defensive real estate investment**, with limited risk of direct competition.

EfTEN Real Estate Fund's portfolio also includes **Mustika Shopping Centre**, located in the same district of Mustamäe. Due to Tallinn's traffic structure, the two centres are not direct competitors, despite being located in the same district.Mustika Shopping Centre is located along **Mustamäe Road**, primarily serving the traffic flows of Mustamäe Road and Tammsaare Road. Magistral Shopping Centre is situated along **Sõpruse Boulevard**, mainly serving the Sõpruse Boulevard, Vilde Road and Akadeemia Road areas. As a result, the overlap in customer bases between the two centres is limited.

Nearby

North Estonia Medical Centre, Tallinn Technical Gymnasium, TalTech main campus.

Public transport

The Lepistiku bus stop, located directly in front of the centre, provides convenient public transport connections.

Parking

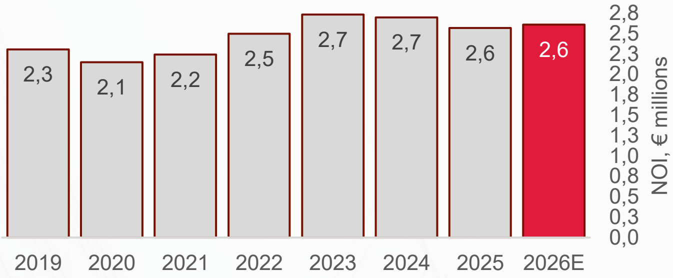
Approximately 200 parking spaces ensure convenient access for visitors.

Key figures of the shopping centre

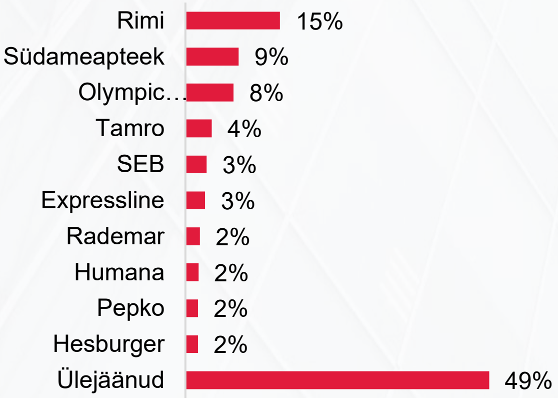
€31,69M **Acquisition value** Market value. Valuation done by Colliers International	**€2,6M** **NOI 2025E** Estimated net operating income	**8,1%** **Initial yield** Yield from acquisition value
2,2% **Vacancy**	**72** **Number of tenants**	**11 754** **NLA (m²)**

Net Operating Income (NOI) 2019-2025

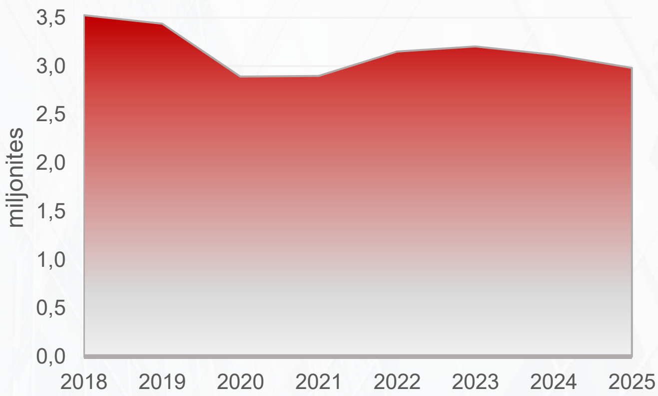
The net operating income (NOI) of Magistral Shopping Centre amounted to €2.6 million in 2025, representing a 1.6% increase compared to the previous year.



Largest tenants



Number of visitors 2018-2025



Magistral Shopping Centre has 72 tenants, with the **ten largest tenants accounting for 51%** of the total rental income. The centre was visited by nearly **three million people** in 2025.

The occupancy level of the centre has historically been high. As at 31 December 2025, **vacancy stood at 2.2% from NLA**, and new lease agreements for the vacant spaces are currently being finalised. If necessary, the centre could also be redeveloped into a **community service centre**

Investment history and capital expenditure

EfTEN Kinnisvarafond II AS acquired Magistral Shopping Centre in early 2016 from the Finnish shopping centre owner Citycon. The centre has proven to be one of the fund’s most successful investments – rental income in 2025 is 22% higher than in 2017. Magistral Shopping Centre was also one of the few shopping centres within the EfTEN Capital managed funds portfolio where **lease indexation continued during the Covid-19 period**, demonstrating the centre’s strong position as a neighbourhood retail destination.

In 2024, **major renovation works** were carried out at the centre amounting to approximately **€1 million**. The works included refurbishment of the common areas as well as replacement of the moisture barrier and flooring on the lower level. Other than that, the centre’s CAPEX requirements in the near term are expected to remain low, averaging only several tens of thousands of euros per year.

At the end of 2025, Colliers International valued Magistral Shopping Centre at **€31.69 million**. The projected 2026 net operating income **(NOI) of €2.6** million implies an **entry yield** of approximately **8.1%**.

In terms of value, Magistral Shopping Centre would become the third-largest real estate investment in the EfTEN Real Estate Fund AS portfolio. The entry yield is broadly in line with the current average portfolio yield of the fund.

Financing

Magistral Kaubanduskeskuse OÜ has a **loan agreement** with Swedbank, with an outstanding balance of **€14.1** million as at 28 February 2026. The loan carries an **interest margin of 1.2%** plus 1-month EURIBOR.The loan-to-value ratio **(LTV) is 44%,** and the debt service coverage ratio (**DSCR) averages 1.8**, providing solid conditions for refinancing either at a higher level or with a longer repayment schedule.

The fund manager will update the financing terms of the centre prior to the general meeting of EfTEN Real Estate Fund AS and present them at the general meeting.

Summary of the transaction

EfTEN Real Estate Fund AS would acquire a **100% shareholding in Magistral Kaubanduskeskuse OÜ** from EfTEN Kinnisvarafond II AS. The acquired company owns Magistral Shopping Centre in Tallinn.

The purchase price of the shares will be based on the book value (fair value) of Magistral Shopping Centre amounting to **€31.69 million**, from which the liabilities of the subsidiary will be deducted and to which working capital will be added.

Defensive positioning

Location in a densely populated residential area ensures a stable customer base and limited competition.

Stable cash flows

The centre's stable NOI and low vacancy provide reliable cash flow for the fund's investors.

Portfolio strengthening

The asset would become the third-largest property in the fund's portfolio, further diversifying and strengthening EfTEN Real Estate Fund's real estate portfolio.

Prudent leverage

A conservative 44% LTV and DSCR of 1.8 support the potential for refinancing at a higher level or with a longer maturity profile.