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Tallinn, Estonia

East Capital Fund Acquires Logistic Park Near Riga Airport for EUR 19 Million

East Capital's third real estate fund has acquired a fully leased logistic park near Riga International Airport from specialist developer Piche for almost 19 million euros, giving it exposure to strong occupier demand for modern warehousing in proximity to Latvia's capital city.

East Capital Baltic Property Fund III has purchased 23,240 square-metre "Lidostas Parks" (The Airport Park), a newly developed complex of modern, flexible warehouses with an "A" energy efficiency rating – the highest. The park is fully leased to international and local companies on an average term of more than five years. The park has direct access onto the highway leading to Riga's city centre, which lies seven kilometres away.

Madis Raidma, CEO of East Capital Real Estate, commented: "The Riga logistic market boasts excellent fundamentals since the strength of demand has pushed vacancy rates down to around 3%. More generally, we believe logistic assets are very attractive, given the changes taking place in supply chains and the spectacular growth in e-commerce."

The Lidostas Parks acquisition lifts the fund's portfolio to six properties in Riga and Tallinn, the Estonian capital. The other investments are the Vesse retail center, the first Hilton hotel in the Baltics and Nehatu Logistics Park – all in or around Tallinn - as well as the P5 Logistic Complex and the Galleria Riga shopping center, both in Riga.

In total, East Capital Real Estate funds now hold 195,000 sq.m. of modern logistic assets. These include another property near to Lidostas Parks, also developed by Piche, which presents East Capital Real Estate with the opportunity to find synergies in asset and property management.

Piche is a leading developer in Latvia specialised in the design and construction of mainly industrial properties. To date it has delivered 80 turnkey projects comprising a total of 120,000 sq.m. of space.

East Capital Baltic Property Fund III agreed on debt finance for the investment with SEB. Its advisers on the transaction were Vilgerts and KPMG.

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About East Capital Baltic Property Fund III

East Capital Baltic Property Fund III is a real estate fund established by East Capital in 2015. It invests in high-quality commercial properties with well-established tenants in attractive locations in Tallinn, Riga and Vilnius. The equity capital of the fund is EUR 100 million and it is targeted towards institutional investors. Previous investments in the fund include three properties in Estonia and two in Latvia: Vesse retail center, the first Hilton hotel in the Baltics and Nehatu Logistics Park located in and around Tallinn, as well as P5 Logistics Complex and shopping center Galleria Riga in Riga.

East Capital Real Estate

East Capital Real Estate is a leading active real estate manager that focuses on commercial real estate investments in the Baltic region, primarily in office space, logistics and retail. We manage three funds and one investment mandate, with a total property value of EUR 420 million, distributed across properties with a lettable area of 380,000 square metres.

East Capital Real Estate is part of East Capital Group, which was founded in Sweden in 1997 and has offices in Stockholm, Dubai, Hong Kong, Luxembourg, Moscow, Oslo and Tallinn. East Capital Group manages EUR 4.9 billion for a broad range of international investors including leading institutions, companies and private individuals.