



Mainor Ülemiste AS
Investment memorandum

February 2023

IMPORTANT INFORMATION |



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This Document does not qualify as a prospectus. As a private non-listed entity, the Issuer has not been approved or disapproved by the financial supervision authority of the Republic of Estonia

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Bonds will be offered and sold only as a private placement to selected investors. The Bonds will only be offered to and can only be subscribed for by qualified investors within the meaning of the Estonian Securities Market Act (in Estonian: Väärtpaberituru seadus) and a limited number of persons not considered as qualified investors which do not require the publication of a prospectus pursuant to Article 1(4) of the Regulation (EU) 2017/1129 of the European Parliament and of the Council. Therefore, the Bonds will not be offered to and may not be subscribed for by the public. This Document may not be distributed or advertised to the public in any form.

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This Document shall not be treated as legal, financial or tax advice of any kind. The investors shall conduct their own investigation as to the potential legal risks and tax consequences related to the issue of and investment into the Bonds. Nothing in this Document shall be construed as the giving of investment advice by the Issuer or any other person. If you are in any doubt as to whether to invest in the Bonds proposed to be offered by the Issuer and described herein, you should consult an independent financial adviser who is qualified to advise on investments of this nature.

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EXECUTIVE SUMMARY

Mainor Ülemiste is developing modernised business hub in the Baltic region



Ülemiste City, located in the heart of the most rapidly developing area of Tallinn, is the largest and the most prominent commercial real estate development project in the Baltics. Spread over 36 hectares of a former industrial site, it currently offers more than 218,000 m² of leasable space (office space and industrial premises), and 81 apartments. In total, the zoning allows approximately 700,000 m² of buildable area.

Ülemiste City and its unique concept stand out in the Tallinn office market as the only complete business environment with a full range of value-added services for its tenants and their employees.

The long-term vision of Ülemiste City is to become a 24/7 city district combining high-quality commercial premises, residential buildings, educational institutions, recreational, and developed infrastructure.

Ülemiste City developers are **Mainor Ülemiste AS** („Issuer“, “Mainor Ülemiste”) and **Technopolis Ülemiste AS** („Technopolis“). Technopolis Ülemiste AS is owned as a 49%/51% joint-venture („JV“) between Mainor Ülemiste AS and Technopolis OYj. Technopolis was formerly owned by a Finnish company Technopolis PLC, but the ownership of Technopolis PLC changed when a private limited company owned by Kildare Partners agreed to acquire Finnish flexible workspace provider in 2018.

Mainor Ülemiste AS is looking to attract debt capital under a bond program of up to EUR 20m to refinance the bonds maturing in April 2023 and to finance the expansion of the Ülemiste City. The Issuer has decided to issue the Bonds in separate tranches; in the first issue (“Bonds Issue”), the offered amount is EUR 10m with an option to increase the total issue size to EUR 15m.

Mainor Ülemiste has been **an active participant in the Baltic capital markets**. The Issuer entered in the bond market for the first time in 2015 and has since made five successful bond offerings.

Summary of the terms of the Bonds Issue

Issuer	Mainor Ülemiste AS
Type of security	Unsecured bonds
Name of security	EUR 8.50 Mainor Ülemiste bond 23-2027
Interest rate	8.5% (30E/360)
Interest payments	Semi-annual
Issue size	EUR 10m with an option to increase the offering size to EUR 15m
Placement	Private placement in Estonia, Latvia, and Lithuania
Subscription period	13.02.2023 – 22.02.2023
Issue date	06.03.2023
Maturity date	10.03.2027
Admission to trading	First North Baltic; during 12 months from the Issue date
Financial adviser	Redgate Capital AS
Legal adviser	Advokaadibüroo SORAINEN AS

KEY INVESTMENT HIGHLIGHTS

Investment into future city where people can succeed



District favorably located and rapidly developing

Ülemiste City is located near Tallinn Airport, future Rail Baltic Ülemiste joint train terminal, and bus station, making the campus easily accessible. Over the years, Ülemiste City has developed at a dizzying speed. It now has more than 14,000 inhabitants and based on the labour tax coming in from business ventures, the contribution of Ülemiste City to the Estonian economy is on the 3rd place after Tallinn and Tartu. The elite of Estonian IT companies constitute 1/3 of the total export of the Estonian IT sector.

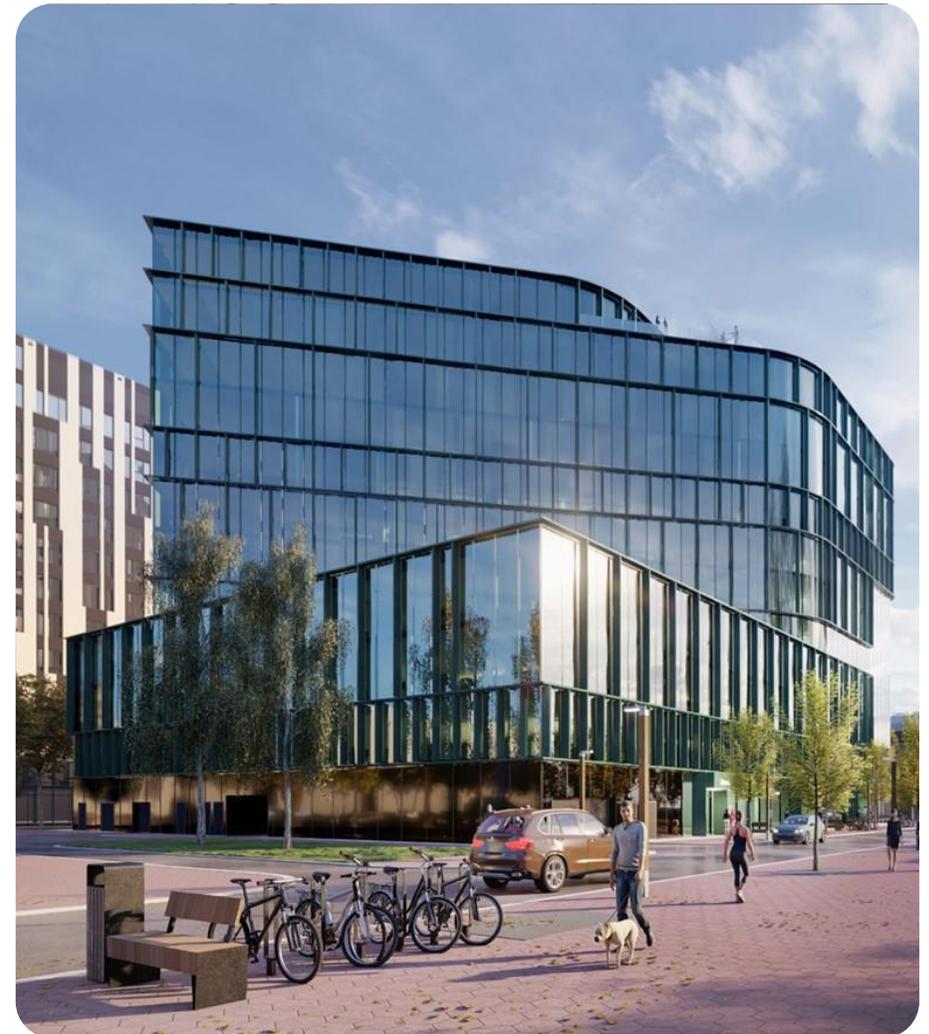
Talented people, smart community, sustainable growth

Ülemiste City focuses on further developing „Smart City“, “Green City“, and „Talent City“. The aim is to create an inspiring campus for innovative businesses. The emphasis is on the environment and comprehensive value proposition with an excellent infrastructure, where a wide range of services and synergies between tenants stimulate demand. As a result, thus far, Mainor Ülemiste’s revenues have almost doubled in the last five years.

Ample potential and focus on sustainability principles

Ülemiste City has a building potential of 700,000+ m², out of which 167,000+ m² of office space (total leasable area 218,000 m²) has currently been developed, leaving much room for further development. As the campus grows, so will the ecological footprint when no actions are taken to prevent it. In order to keep the environmental footprint small, the Issuer puts much effort into achieving environmentally-friendly goals in its operations.

The proceeds of the Bonds Issue will be used to finance the development of Ülemiste City



ÜLEMISTE CITY



ÜLEMISTE CITY | The city of the future where talents can utilize their potential and succeed



Ülemiste City was initiated in 2005 with a vision to advantageously located former Dvigatel industrial territory into something exceptional. Today it is the largest and most prestigious new business district in the Baltic region. The once ruined plant complex has turned into a diverse and rapidly evolving campus with services, where value is created by more than 14,000 people who work, study, and live there daily.

To this point, Ülemiste City has been a great success, recognised by numerous awards. The campus has become the favourite location for many knowledge-intensive and forward-looking companies, especially companies operating in the technology and medical industries.

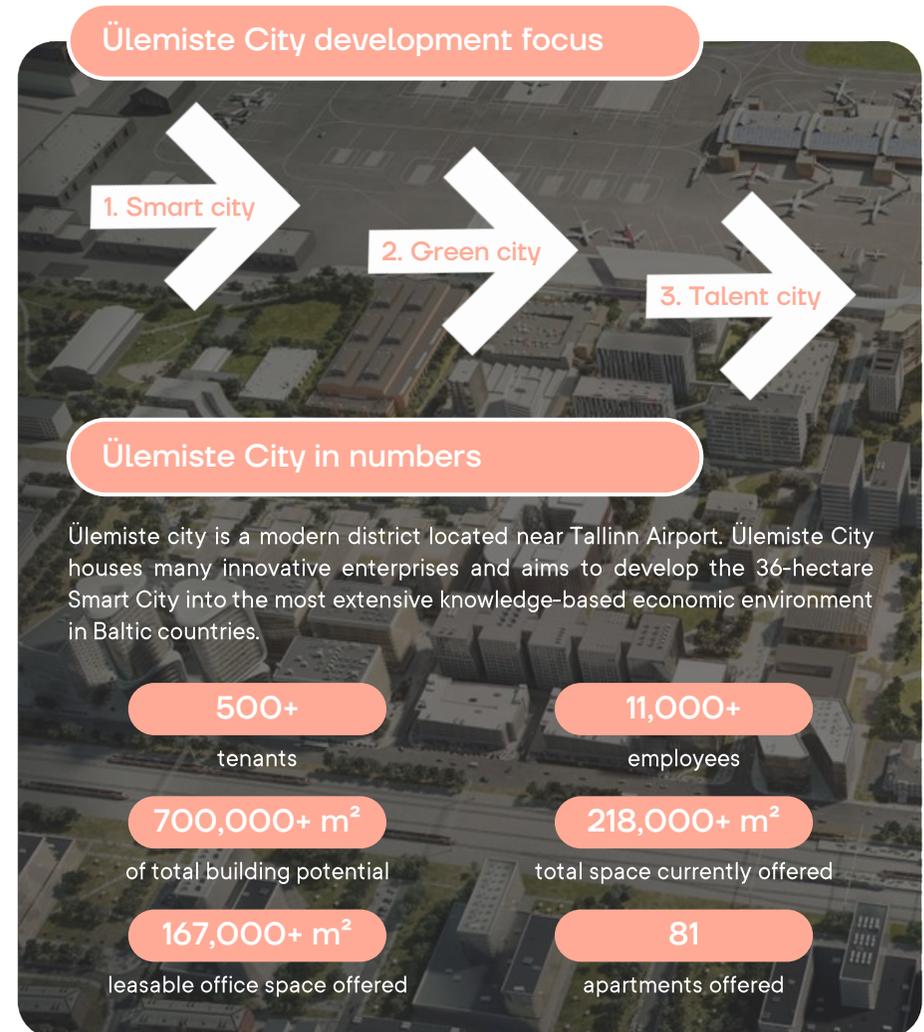
The mission of **Ülemiste City** is to create a knowledge-based environment with an international reach for working, living and development that would increase the competitiveness of people and businesses, attract talented people and inspire the creation of new business models.

The district has been developed around „Smart City“, „Green City“, and „Talent City“ principles that aim to create an inspiring campus for innovative businesses, which does not offer only premises, but also many additional corporate and personal services such as:

- Conference rooms, office maintenance, electric car rental, receptionist, etc.
- Health services, fitness centre, gym, school, university, kindergarten, shopping centres, grocery stores, and hotel

Above mentioned perks are only a few services located in the Ülemiste City.

Source: Company's information



TRANSFORMATION | From a railway plant to the city of the future



The Soviet Union collapses, and the plant loses its market potential. A few years later, the state-owned limited company Dvigatel is privatised by Mainor AS.

1991

Technopolis PLC joins the development of Ülemiste City. Ülemiste City becomes part of the biggest business campus network in the Northern and Baltic States.

2005

Under the leadership of Ülo Pärnits, the leader and visionary of Mainor, an idea is born to create a smart city on the ruins of Dvigatel and give a boost to the development of the society and economy of Estonia. Ülemiste City is founded.

2012

Revenue: EUR 7.0m

Ülemiste City has grown into the biggest business campus in the Baltic States. The once ruined plant complex has turned into a diverse and rapidly evolving campus with ample services. Where value is created by more than 12,000 people.

2017

Revenue: EUR 21.2m

Ülemiste City has grown into a 24/7 operating multifunctional city of the future where more than 18,000 people live, study, and work. This is an international community of smart businesses and talents, where new bold ideas take off.

2025

2022

Revenue: EUR 38.3m

2007

Revenue: EUR 0.9m¹

¹Ülemiste City revenue = AS Technopolis Ülemiste revenue + Mainor Ülemiste AS revenue

ÜLEMISTE CITY = SMART CITY (1/3)

Wisdom as ideology will generate innovation as a result



Ülo Pärnits, founder of the Ülemiste City, vision was to create an intelligent business city from Ülemiste City where talents could utilize their potential, grow, and thus succeed.

Today, the smart city has turned into the most significant and fastest-growing innovative business centre in the Baltics that prioritizes talent and is developed consciously and based on data in four main ways – knowledge, services, environment, and community.



Cooperation is development. Knowledge and personal development are the basis for everything. Ülemiste City is in close cooperation with more than 20 universities from nine different countries. The district's environment is perfect for testing new products and services – a micro-city model with 14,000 people from kindergarten children to retirement-aged talents working, studying, and living there.

Source: Company's information

Key facts about the smart city concept

6,000+

...free of charge training course hours per year

20+

...cooperating universities from 9 countries

67%

...of employees graduated from higher education

120

...cooperation project per year

ÜLEMISTE CITY = SMART CITY (2/3) | Ülemiste City Radar



The economy of Ülemiste City as a smart business campus has been studied consistently since 2014. Every year Ülemiste City get a survey on the production and service volume, added value and main fields of activity of companies on the campus. Additionally, it gives an evaluation about in which branch of economy the impact of Ülemiste City on the Estonian economic environment is the highest in terms of taxes, export, and salaries. The Radar helps to describe the main trends of economic activities in Ülemiste City.

Ülemiste City Radar (“ÜCR”)

A new development is an additional survey called the Ülemiste City Radar. In addition to the economic indicators, it enables to evaluate the environment of Ülemiste City and its community, including services offered on the campus and the capability to grow. It gives a profound review of all other important factors in the development environment, such as the environment, services, knowledge and community. The strategic goal of Ülemiste City is to create an environment for the talents to succeed that is versatile, green and enables fast growth, be part of an international logistics junction and move towards offering services 24/7 on the campus.

The Radar consists of five categories and 40 variables that help to understand the environment better and draw conclusions about that.

Developing a model gives a chance for this “tool” to be used by all other cities and campuses around the world to evaluate and develop the attractiveness, sustainability and human-friendliness of its environment.

The Radar helps to envision a city of the future and make it real.

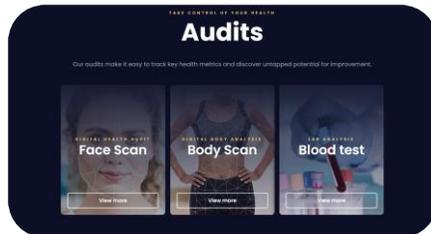


ÜLEMISTE CITY = SMART CITY (3/3) | Test City



The environment is like a live lab and perfect for testing new products and services – a micro-city model with 14,000 people from kindergarten children to retirement-aged talents working and living there. An integral infrastructure and selection of services – homes, educational institutions, buildings, road network and everything else.

All this to test and develop any kind of physical or digital world-changing idea or product before launching it on the market. For example, in 2020 the world's first demand-based public transportation with self-driving buses was tested.



Source: Company's information

ÜLEMISTE CITY = GREEN CITY | Think of tomorrow but act today



100% green energy



Conscious resource management

Sustainable development

The objective is to minimise carbon footprint and become carbon neutral by 2030.

A movement towards a car-free future

Global urbanisation is affecting everybody. Cities grow bigger, the population is getting denser, and mobility is becoming the number one keyword to deal with. Ülemiste City is supporting the usage of public transport, walking and cycling instead of a car.

Therefore, the objective is to have fewer cars per person by 2025 and have a car-free campus centre in 2030.



Green lab for green initiatives

Together with the Green Tiger, a cooperation platform that bears a goal to raise environmental awareness and lay the foundation for balanced economy, and leading partners from the private and public sector, Ülemiste City aims to take a green leap to raise environmental awareness. Ülemiste City has agreed to be the testbed for new ideas and initiatives, create a basis for the green economy, and drive force for change in society.



Highest standards in sustainable development

Ülemiste City developments wear a proud badge of LEED* certificate from Silver to Platinum, marking the highest standards for sustainable development. Currently, the City has 3 LEED Platinum, 8 LEED Gold (one is in formalisation), and 3 LEED Silver buildings.

Ülemiste City developers, together with the energy group Utilitas, invest EUR 11m to connect campus to an efficient district heating and cooling network. The Alma Tomingas' building is the first to be connected to the network, other buildings will be connected gradually.



ÜLEMISTE CITY = TALENT CITY

A community that supports, inspires, and unites



Environment as a synergistic whole

Whether it is developing the environment, creating services, or organising an event, Ülemiste City has set their talents into the centre of every activity – the goal is to ensure a synergistic whole that would bring out the best.

100+

community events per year

30,000+

participants in community events per year

Growth – a conscious choice

When developing the environment, Ülemiste City has created all the conditions for the talents to utilize their potential, and thus grow and succeed.

6,000+

free of charge course hours per year

200+

free of charge different training courses per year

Diverse talent in the Ülemiste district

Ülemiste City makes sure that everyone can be a part of the diverse community – 14,000 talents from more than 70 countries. There are approximately 500 companies and services (e.g., gyms, health and beauty services, restaurants, cafes, shopping centres full of entertainment), and all services are provided near the City area.

14,000+

talents from 70+ different countries



DEVELOPMENT LED BY WELL THOUGHT OUT CONCEPT = BENEFITS

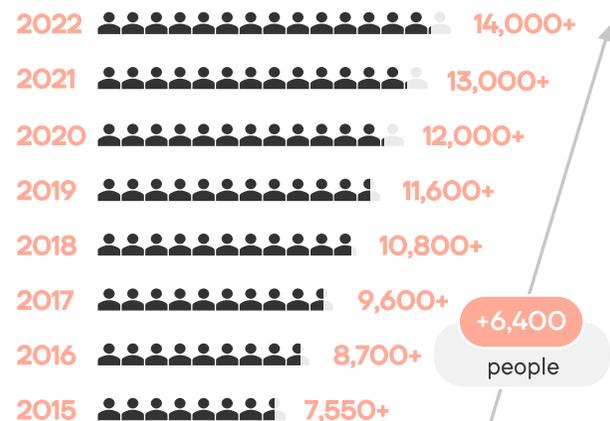
Environment driving growth



Centering the development of **Ülemiste City** around the aim to create an environment where smart people want to be has brought measurable benefits to **broader economy** as well as to **Mainor Ülemiste**.

Attracting growing number of people

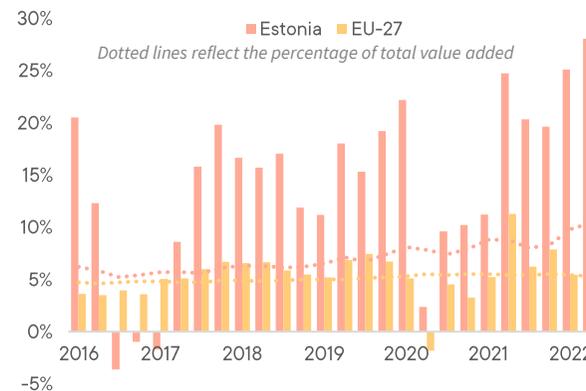
The campus has been developing fast. Between 2015 and 2022 number of people who work, study, and live there daily has grown over 85%, from 7,550 to 14,000. This means that, on average, the campus has increased to over 800 people per year. What has driven the impressive growth is the idea underpinning the development of the district. It was never about just building an office landscape but rather about creating a working and living environment to thrive and succeed by using the methods of smart city planning.



Campus stands out for high value-added jobs

Estonia has become a world-renowned ICT hub that stands at the forefront in developing various IT technologies. IT is a value driver in all industries and a critical tool to increase competitiveness and drive growth. While the ICT sector is still relatively small in Estonia, it is contributing significantly to the growth. The share in the economy is increasing fast, whereby the ICT companies headquartered in Ülemiste City are on a particularly fast track of growth and create over one-fifth of value-added in the Estonian ICT sector.

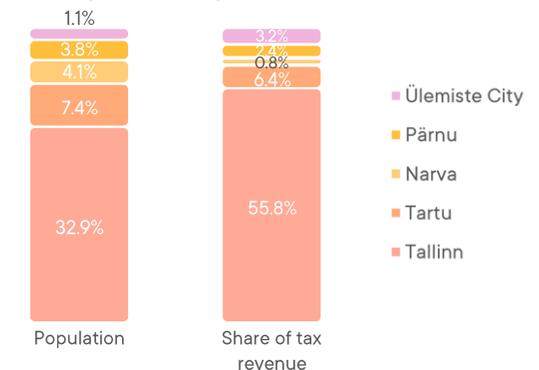
Value added in ICT sector, annual %-change



Growing to third largest city in Estonia

With high-value-added jobs as the bloodstream of the campus, Ülemiste City has become the 3rd largest payer of labour taxes in the Estonian economy. Moreover, on average, the employees in companies in Ülemiste City earn 1.5 times the Estonian average wage and the wages of the IT sector are more than double the average Estonian wages. This, in turn, translates into a strong tenant base and numerous growth opportunities for the Issuer. For an overview of the financial development of the Issuer, please see pp. 25-27.

Share of population and local government tax revenue by residency 2021



Source: Company's information, Economic study of Ülemiste City Business Campus 2021, Eurostat, Statistics Estonia

MAINOR ÜLEMISTE TENANT BASE

Strong international tenant-base, including major IT companies from Estonia



Selected references

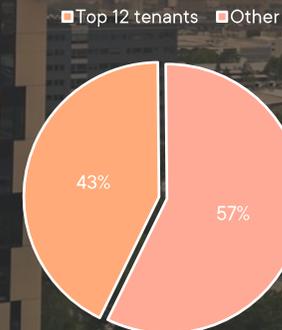


e-Estonia
Briefing Centre

Distribution of the rental revenue



Rental revenue breakdown



LOCATION

Located close to the city centre with easy access by different transport means

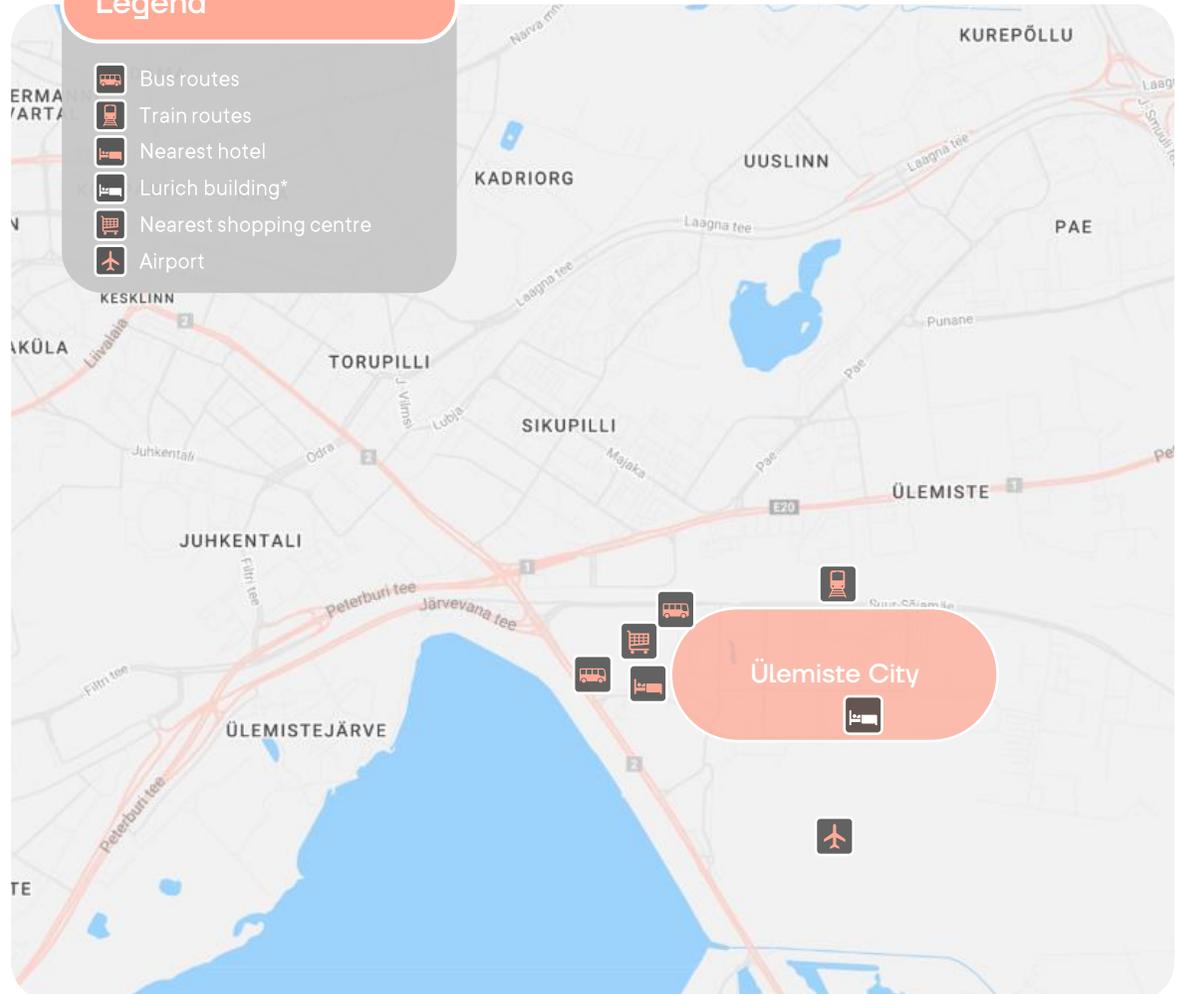


Excellent location

- International airport: 500 m
- CBD: 2 km
- Old-town: 4 km
- Intercity bus terminal: 2 km
- Sea-port: 4 km
- Train-terminal: 100 m
- Tallinn City Centre
- Tallinn Downtown

Legend

- Bus routes
- Train routes
- Nearest hotel
- Lurich building*
- Nearest shopping centre
- Airport



*Lurich building is providing accommodation services in the centre of the campus for people visiting Ülemiste City

RECENT DEVELOPMENTS OF THE AREA (1/2)

Latest completed developments



Lurich building; 2020



Ülemiste Health Centre; 2020



RECENT DEVELOPMENTS OF THE AREA (2/2)

Latest completed developments



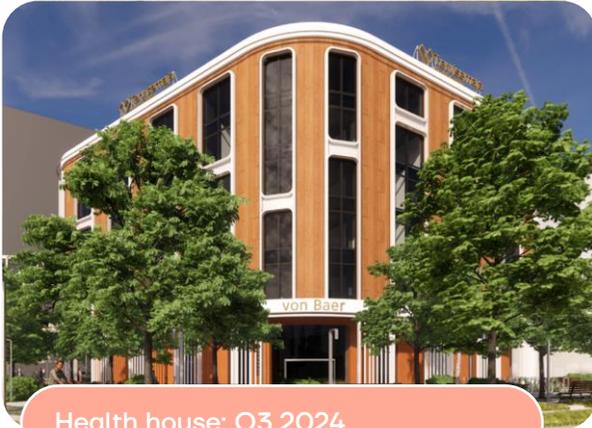
Alma Tomingas building; Q4 2022



Source: Company's information

DEVELOPMENT PIPELINE (1/2)

Developments expected to be completed in the coming years



Health house; Q3 2024



Educational complex; Q1 2025



DEVELOPMENT PIPELINE (2/2)

Developments expected to be completed in the coming years



Sepapaja str. 10; 2027



Ülemiste City tower; 2030



TEAM AND STRUCTURE

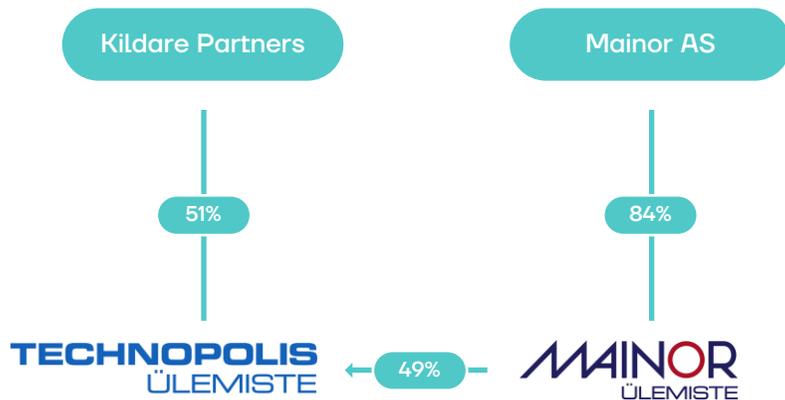


ÜLEMISTE CITY DEVELOPERS

Joint venture between Kildare Partners and Mainor AS



Ülemiste City development is carried out by two developers, Mainor Ülemiste AS and Technopolis Ülemiste AS, under a common concept and trademark. Parties coordinate their plans and share knowledge; a shareholder agreement regulates the cooperation.



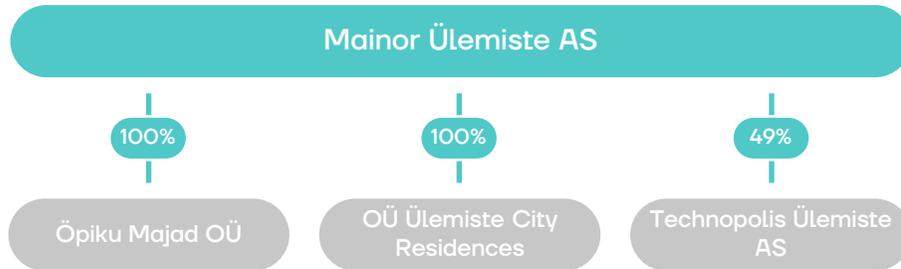
Mainor Ülemiste AS shaped the concept and developed the first buildings. Currently owns 2/3 of the land and 49% share in Technopolis Ülemiste AS (Joint-Venture).

Mainor Ülemiste AS invited Technopolis PLC to join in the process of development of the area in 2010. In the JV agreement, a 49%/51% structure between Mainor Ülemiste and Technopolis PLC was agreed, where Technopolis Ülemiste got rights to 1/3 of the land. In 2018, a private limited company owned by **Kildare European Partners II LP** agreed to acquire Finnish flexible workspace provider Technopolis PLC.



MAINOR ÜLEMISTE LEGAL STRUCTURE

Overview of the structure and beneficiaries of the Issuer



Mainor Ülemiste has two shareholders

Logit Eesti OÜ – 16.16%

Smart City Group AS – 83.84%

The largest beneficiaries of the Issuer are

Guido Pärnits – 12.92%

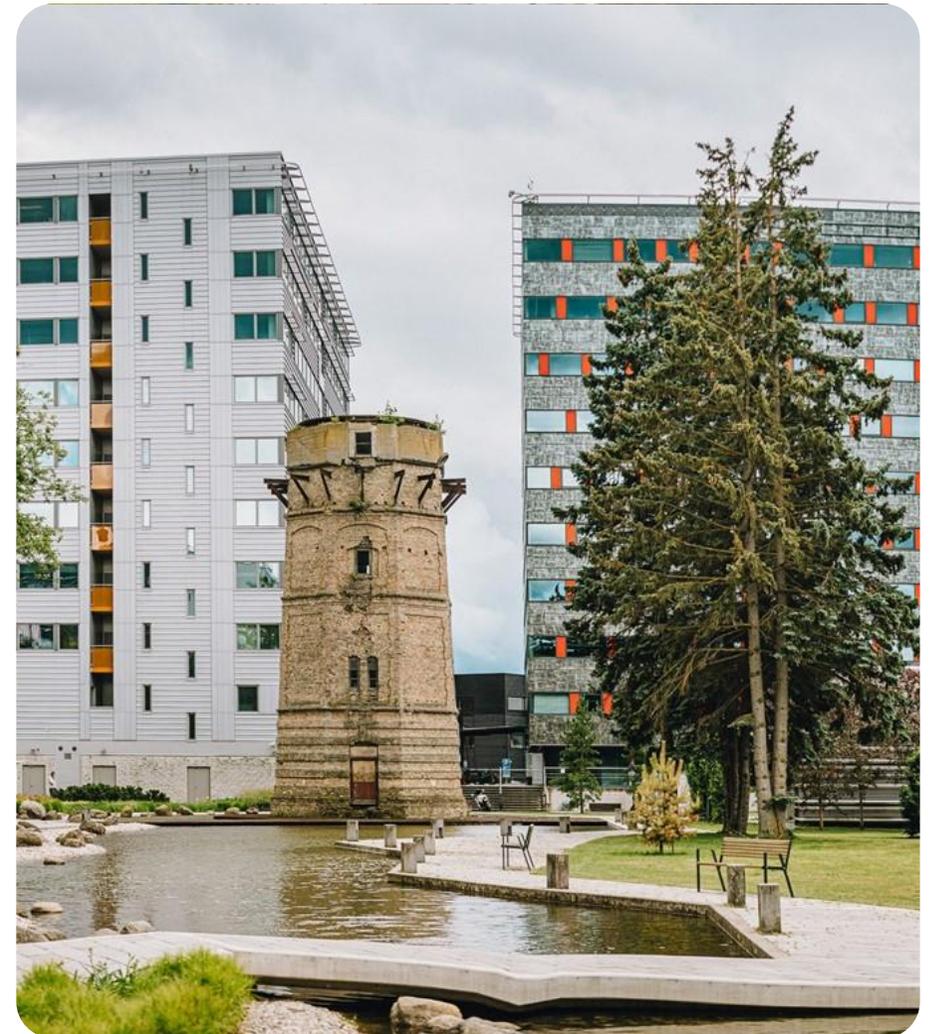
Toomas Saal – 7.9%

Andrus Kaldalu – 6.9%

Heldur Meerits – 6.9%

None of the other beneficiaries has more than 5.0% of the indirect shareholding of the Issuer.

Source: Company's information



KEY MEMBERS OF THE TEAM |

An experienced team working together to achieve sustainable development of Ülemiste City in accordance with set objectives and strategy



Guido Pärnits

Chairman of the Supervisory Board at Mainor Ülemiste AS and member of the Supervisory Board at Technopolis Ülemiste AS



Kadi Pärnits

CEO and member of the Management Board at Mainor AS



Raivo Vare

Member of the Supervisory Board at Mainor Ülemiste AS



Sten Pärnits

Member of the Supervisory Board at Mainor Ülemiste AS



Ursel Velve

CEO and member of the Management Board at Mainor Ülemiste AS and member of the Supervisory Board at Technopolis Ülemiste AS, Eesti Loto

Ursel is a seasoned sales and management professional. Before joining Mainor Ülemiste in 2014 she worked 8 years as the Country Manager of Samsung Estonia.



Julius Stokas

Member of the Management Board at Mainor Ülemiste AS

Wide experience from various sectors, has been part of sales and business development team for 5 years. Before joining Mainor Ülemiste, worked in PwC and Enterprise Estonia. Julius can step into clients shoes and knows exactly what are the client needs and how to ensure their growth in Ülemiste City.



Rauno Mätas

Member of the Management Board at Mainor Ülemiste AS

Rauno has longstanding international experience in the field of architecture and real estate development. Previously, he has been an architect at Swiss Property and led development projects at Nobe Partners and Endover.



Aare Paloots

CFO at Mainor AS and member of the Supervisory Board at Technopolis Ülemiste AS

Aare had a successful career in Tarmel, the largest producer of mattresses, couches and beds in Estonia. Worked his way up from Deputy Plant Manager to the CEO, the position he held for 13 years before moving to the Management Board of Mainor AS in 2011.



Andrey Strizhalov

CFO at Mainor Ülemiste AS

Andrey has extensive experience from various investment projects in Ülemiste City. He has been a board member in several companies, such as Mairenestal, Doranova Baltic and others.

FINANCIALS



KEY FINANCIAL HIGHLIGHTS (1/3)

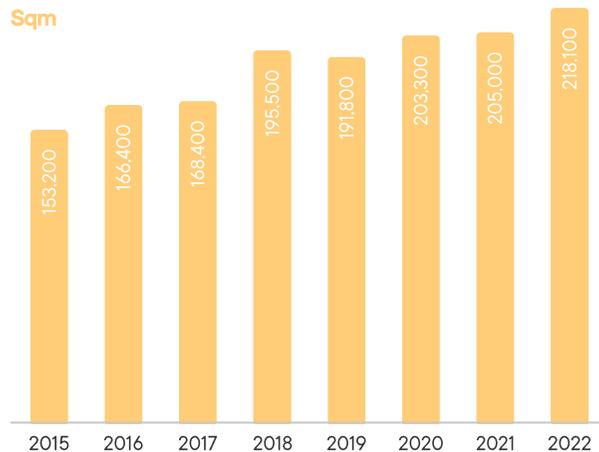
Increasing leasable area and low vacancy have translated into high revenue growth for Ülemiste City



Total leasable area

The Issuer is eager to develop the Ülemiste City to become a 24/7 city district combining high-quality commercial premises, residential buildings, educational institutions, and recreational facilities. Ülemiste City has been working towards a highly-developed infrastructure, and it is reflected in the y-o-y leasable area offered to the potential tenants.

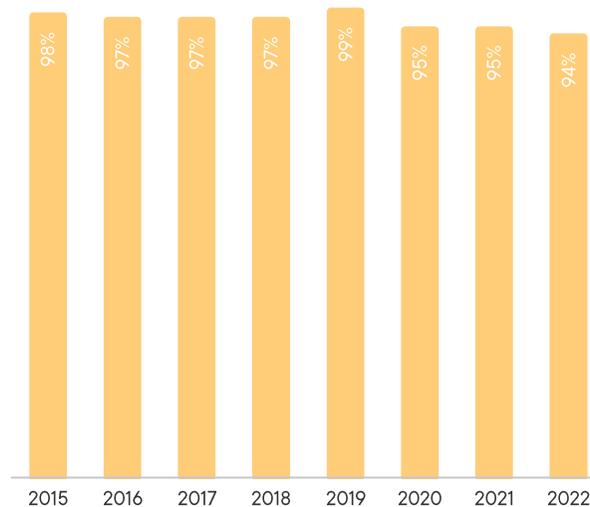
The area has expanded 42.4% from 153,200 m² in 2015 to 218,100 m² in 2022. There is still room for additional developments as only 31% of the building area has been developed thus far as the zoning allows Ülemiste City to develop in a total of 700,000 m².



Occupancy levels of office spaces

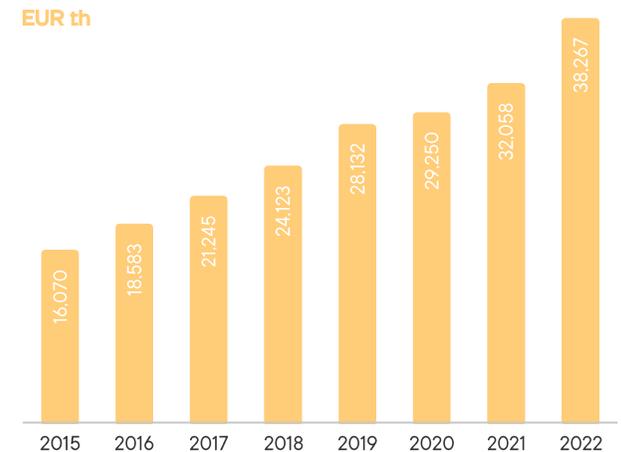
The occupancy levels of office spaces have slightly decreased during the last years, but the absolute numbers of people working and living in the area have increased. In 2015 only 7,550 people lived, worked, and studied in Ülemiste City daily. The number of people increased by 85% to 14,000 in 2022.

The increase in leasable space has been the driver of slight decrease in space occupancy. Alma Tomingas' house was opened in the fourth quarter of 2022, which increased the leasable office space from 151,200 m² to 167,300 m².



Revenue

With the campus rapidly evolving, a growing number of local and foreign corporations, public institutions and service providers have moved in. As a result, the revenue numbers have been in an upward trend. In 2022, the revenue reached EUR 38m, growing at the CAGR of 13.2% for the period 2015-2022.



Source: Ülemiste City = AS Technopolis Ülemiste + Mainor Ülemiste AS; audited annual reports (2015-2021), unaudited interim (2022)

KEY FINANCIAL HIGHLIGHTS (2/3)

Continuous investments into the development lay ground for further improving profits of Mairor Ülemiste AS



Total assets

The transformation of the industrial territory into the largest business hub in the Baltics has only been possible thanks to large investments. The asset base have grown 156% from EUR 109m in 2015 to EUR 278m in 2022.

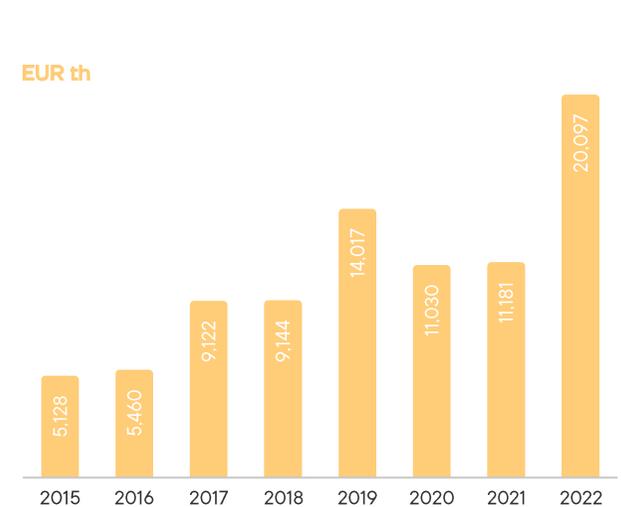
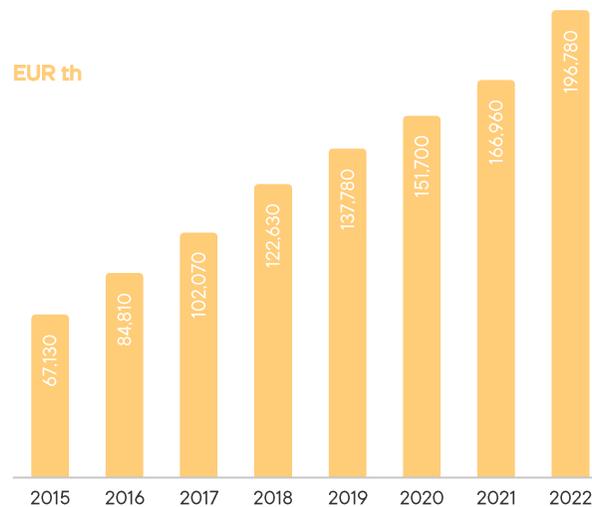
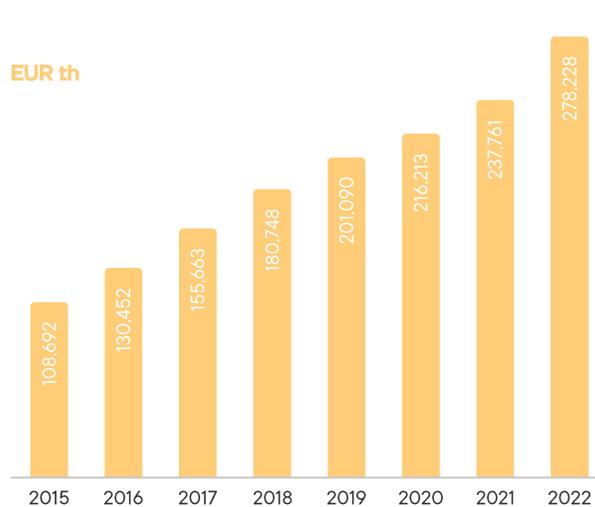
The main components in company's asset base are its investment property portfolio and shares of Technopolis Ülemiste. As of the end of 2022, the liabilities amounted to 44% and equity 56% of the assets.

Investment property

Mairor Ülemiste forms a remarkable investment property portfolio. In addition to business premises, the campus offers a wide range of services for a variety of service providers. During recent years, the Issuer has opened several new developments, including a 44,000 m² twin tower Öpiku, Lurich building with 13-storey apartment tower and 8-storey office building in total of 12,000 m², a health care centre, an Ülemiste Beach House, Rakett69 science studio, and 11-storey green building named after the first female professor of Estonia, Alma Tomingas. The total investment property portfolio have increased 193% from EUR 67m in 2015 to EUR 197m in 2022.

EBITDA

The sudden outbreak of the pandemic in 2020 affected more or less all sectors of the economy, including the real estate sector and Ülemiste City. While EBITDA of the Issuer decreased, the mapping of the risk levels led to the conclusion that only a small part of the portfolio is at high risk due to the unprecedented times. The occupancy rate stayed at a relatively high level. Therefore, the Issuer decided to continue with the development plans. In recent years, the EBITDA of the Issuer has exceeded the level of EUR 10m. In 2022, the EBITDA reached EUR 20m.



Source: Audited annual reports (2015-2021), unaudited interim (2022)

KEY FINANCIAL HIGHLIGHTS (3/3)

Despite Mainor Ülemiste's rapid growth in assets, the capital structure has remained conservative



Interest bearing liabilities

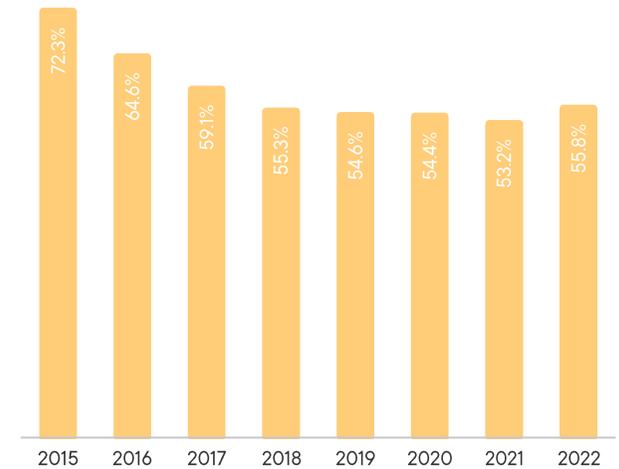
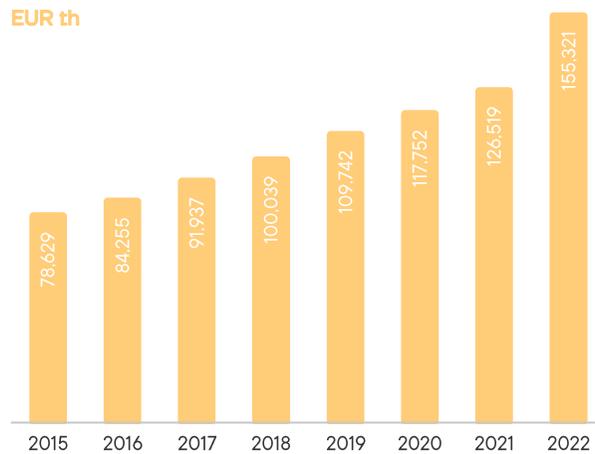
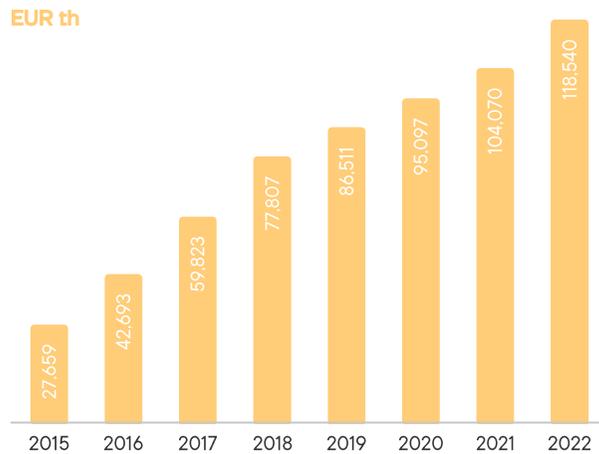
For the development of the business campus, the Issuer has used external financing along with own capital. As of the end of 2022, the total interest-bearing liabilities amounted to EUR 119m, i.e., to 43% of the total assets. It was comprised of 87% of bank loans and 13% of bonds. Mainor Ülemiste is not only aiming to ensure appropriate level of diversity in debt instruments but also in lenders. While the bonds are in nature syndicated instruments, the multiplicity of banks among creditors reduces the dependence on single financial partner.

Total equity

Mainor Ülemiste has been managed profitably over 15 years. While during the recent years, ca 15% of the preceding year's net profit has been paid out as dividends, most of the generated net profit has been reinvested into the company to support its further growth. As of 31 December 2022, the equity amounted to EUR 155m.

Equity ratio

In the way of becoming a more mature company, the capital structure of the Issuer has somewhat changed. While in 2015 the Company was financed over 70% via equity, the share of equity in total assets has decreased. Nevertheless, the Issuer has still a conservative capital structure as the equity ratio reaches over healthy 50% level.



Source: Audited annual reports (2015-2021), unaudited interim (2022)

MAINOR ÜLEMISTE AS FINANCIALS

Balance sheet and income statement



Balance sheet	EUR th	12.2019	12.2020	12.2021	12.2022	Income statement	EUR th	01.01-31.12.2019	01.01-31.12.2020	01.01-31.12.2021	01.01-31.12.2022
Current assets		63,052	64,267	70,537	81,210	Sales revenue		10,564	11,257	13,076	16,245
Cash and equivalents		12,937	9,576	12,927	10,832	Other operating income ⁵		947	1,039	2,246	13,198
Receivables and prepayments ¹		9,801	10,117	11,120	11,523	Cost of sales		-2,946	-2,739	-4,044	-6,395
Financial investments in equity method ²		40,314	44,574	46,490 ³	58,855	Administrative expenses		-2,208	-2,947	-3,156	-3,597
Inventory		-	-	-	-	Depreciation		-73	-115	-137	-155
Non-current assets		138,038	151,946	167,224	197,018	Income from affiliates ⁶		8,807	5,644	5,281	13,860
Investment property ⁴		137,780	151,700	166,960	196,780	Other operating expenses		-202	-238	-18	-16
Other		258	246	264	238	Operating profit		14,889	11,901	13,248	33,140
Total assets		201,090	216,213	237,761	278,228	Financial income (-expenses)		-2,772	-2,507	-2,959	-2,742
						Income tax		-15	0	-22	-17
Liabilities		91,348	98,461	111,242	122,907	Net profit		12,102	9,394	10,267	30,381
Payables and prepayments		4,228	2,195	5,599	3,691						
Borrowings		86,511	95,097	104,070	118,540						
Other liabilities		264	1,169	1,573	676						
Equity		109,742	117,752	126,519	155,321						
Share capital		18,200	18,200	18,200	18,200						
Reserves		1,920	1,920	1,920	1,920						
Retained earnings		89,622	97,632	106,399	135,201						
Total equity and liabilities		201,090	216,213	237,761	278,228						
Asset base											
Real Estate portfolio		89%	91%	90%	92%						
Cash & cash receivables		11%	9%	10%	8%						
Other		0.1%	0.1%	0.1%	0.1%						
Liabilities											
Debt		43%	44%	44%	43%						
Equity		55%	54%	53%	56%						
Other		2%	2%	3%	1%						

Commentary regarding Mainor Ülemiste AS financials

¹Includes intra-group loan against Smart City Group.

²Shares of Technopolis Ülemiste (49%) – a long term investment which can be regarded also as liquid financial investment due to the put option, stipulated in the shareholder agreement.

³AS Technopolis Ülemiste bought back its own shares from the owners on a pro-rata basis, and in turn, Mainor Ülemiste AS received EUR 1.96m in cash.

⁴Valuation by Colliers International Advisors OÜ.

⁵Revaluation of property.

⁶Includes revaluation of holding in Technopolis Ülemiste AS.

Source: Audited annual reports (2018-2021), unaudited interim (2022)

AS TECHNOPSIS ÜLEMISTE FINANCIALS

Balance sheet and income statement



Balance sheet	EUR th	12.2018	12.2019	12.2020	12.2021	Income statement	EUR th	2018	2019	2020	2021
Current assets		3,191	3,201	8,014	6,758	Sales revenue		15,325	17,568	18,273	18,982
Cash and equivalents		2,221	1,925	6,931	5,891	Other operating income ³		2,787	9,532	3,146	1,898
Receivables and prepayments		970	1,276	1,083	867	Cost of sales		-4,022	-4,814	-4,945	-4,955
Non-current assets		154,449	182,406	194,091	195,137	Administrative expenses		-476	-646	-862	-773
Investment property		154,444	180,343	192,478	195,137	Personnel expenses		-803	-936	-925	-949
Other		5	2,063	1,613	-	Depreciation		-8	-186	-450	-677
Total assets		157,640	185,608	202,106	201,895	Other operating expenses		-8	-11	-	-15
						Operating profit		12,795	20,505	14,237	13,511
Liabilities		80,604	103,335	111,140	107,017	Financial income (-expenses)		-1,019	-1,919	-2,166	-2,250
Payables and prepayments		1,478	1,869	959	745	Income tax		-629	-611	-553	-482
Borrowings		76,872	98,199	106,162	103,399	Net profit		11,148	17,974	11,518	10,779
Other liabilities		2,254	3,267	4,019	2,873						
Equity²		77,036	82,273	90,966	94,878						
Share capital		25,647	25,647	25,647	25,647						
Transactions with own shares		0	-10,000	-10,000	-14,000						
Share Premium		2,600	2,600	2,600	2,600						
Reserves		2,410	2,565	2,565	2,565						
Retained earnings		35,231	43,487	58,637	67,287						
Profit for the year		11,148	17,974	11,518	10,779						
Total equity and liabilities		157,640	185,608	202,106	201,895						
Asset base											
Real Estate portfolio		98%	97%	95%	97%						
Cash & cash receivables		2%	2%	4%	3%						
Other		0.1%	1%	1%	0.1%						
Liabilities											
Debt		49%	53%	53%	51%						
Equity		49%	44%	45%	47%						
Other		2%	3%	2%	2%						

Commentary regarding AS Technopolis Ülemiste financials

¹Interim reports not disclosed as Technopolis Ülemiste is a subsidiary of a company Technopolis OYj.

²Majoror Ülemiste owns 49% of share in AS Technopolis Ülemiste.

³Includes profit from re-evaluation of property (EUR 1.9m in 31.12.2021).

FINANCING | Mainor Ülemiste's well diversified debt financing base



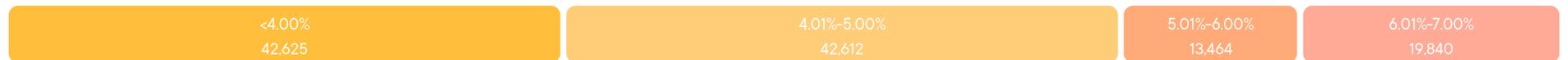
Mainor Ülemiste has financed development of Ülemiste City with equity and loan financing. Its book equity position was EUR 155m and loan balance EUR 119m as of 31.12.2022. The weighted average interest rate of the loans was 4.64%.

The debt financing base is well diversified with multiple banks, instruments, maturities, long payment schedules and low interest rates.

Loan financing structure via creditor as of 31.12.2022, EUR th



Loan financing structure via interest rate as of 31.12.2022, EUR th



Loan maturity structure as of 31.12.2022, EUR th



OVERVIEW OF TERMS AND CONDITIONS



MAIN TERMS AND CONDITIONS (1/2)

Issue date 06.03.2023;
subscription period 13.02.2023 –
22.02.2023



EUR 8.50 Mainor Ülemiste bond 23–2027

Issuer

Issuer	Mainor Ülemiste AS
Incorporation country	Estonia
Co. reg. nr.	10348595
Company's web page	www.mainorulemiste.ee
Accounting standard	IFRS or Estonian GAAP
LEI code of the Issuer	48510000BJ8T98H98V05

Involved parties

Arranger	Mainor Ülemiste AS
Financial adviser	Redgate Capital AS
Legal adviser	Advokaadibüroo SORAINEN AS
Registrar	Nasdaq CSD SE

Offering

Subscription period	13.02.2023 – 22.02.2023
Issue date	06.03.2023
Type of placement	Private placement in Estonia, Latvia, and Lithuania
Use of proceeds	Refinancing the bonds maturing in April 2023 and financing of the development of Ülemiste City. Major part of the proceeds will be used to develop health centre and educational complex

Target market description

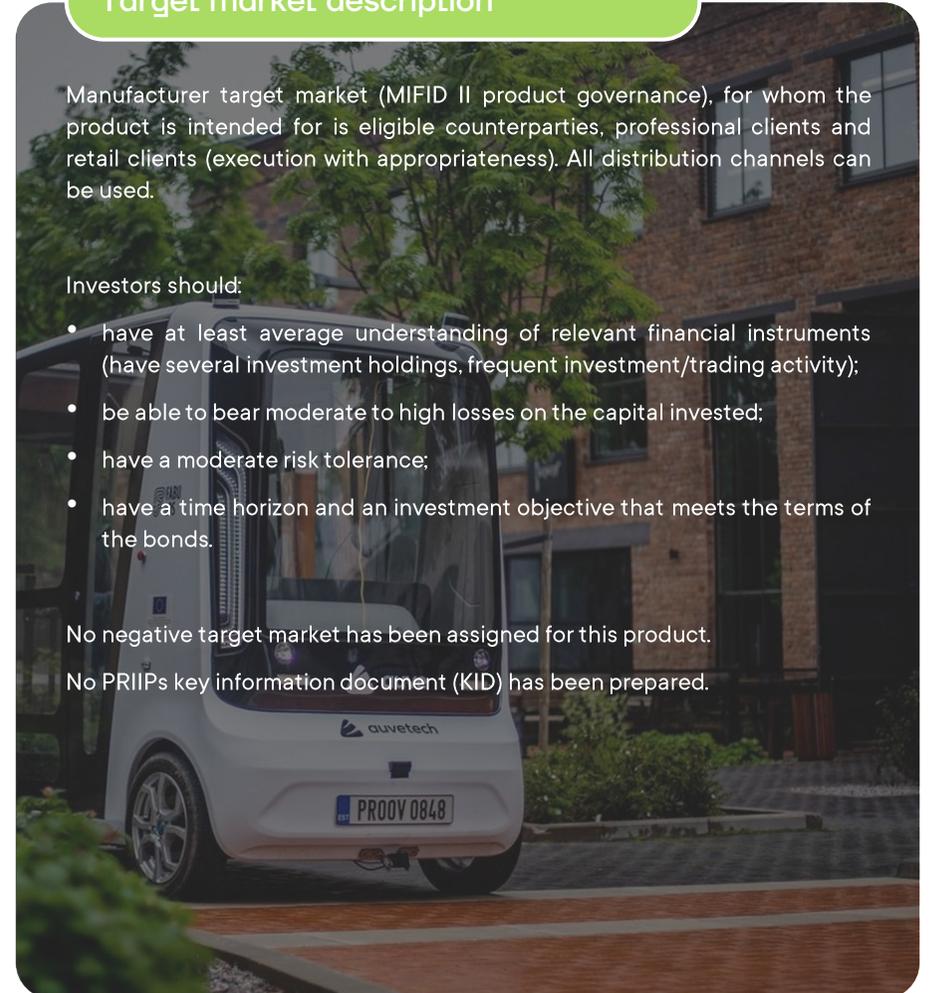
Manufacturer target market (MIFID II product governance), for whom the product is intended for is eligible counterparties, professional clients and retail clients (execution with appropriateness). All distribution channels can be used.

Investors should:

- have at least average understanding of relevant financial instruments (have several investment holdings, frequent investment/trading activity);
- be able to bear moderate to high losses on the capital invested;
- have a moderate risk tolerance;
- have a time horizon and an investment objective that meets the terms of the bonds.

No negative target market has been assigned for this product.

No PRIIPs key information document (KID) has been prepared.



MAIN TERMS AND CONDITIONS (2/2)

Issuer is looking to attract debt capital to finance the development of Ülemiste City



Security

Type	Unsecured bonds
ISIN code	EE3300003136
Nominal	EUR 100
Issue size	EUR 10m with an option to increase the offering size to EUR 15m (under EUR 20m programme)
Collateral	N/A
Admission to trading	First North Baltic, during 12 months from the Issue date
Governing Law	Estonian
Documentation language	English

Maturity

Maturity date	10.03.2027
Redemption method	Bullet
Early redemption (call) dates	Non call during the first three years. Full or partial call on 10.03.2026 and 10.09.2026 with prior 30 calendar days' notice
Early redemption (call) price	Nominal value + accrued and unpaid interest + call premium. Call premium is equal to: 1.0% on 10.03.2026; 0.5% on 10.09.2026
Put option	12 months after the Issue date, if the securities are not admitted to trading on the First North

Interest payments

Interest rate	8.5% (30E/360)
Interest payment frequency	Semi-annual
Interest payment dates	10.03 and 10.09, long first coupon period 10.09.2023
Ex-coupon date	T-4 (end of the settlement day)

List of covenants

- Cross default clause
- Minimum equity ratio 35%, not less than EUR 75m
- Debt service coverage ratio 1.0 or greater
- Dividend payments may not exceed 40% of the net profit per financial year (this restriction shall not apply to dividend payments distributing net profit of the earlier financial years that has not been distributed or dividends received from AS Technopolis Ülemiste, which are allowed to be paid to the Issuer's shareholders)
- Share repurchases are allowed up to 20% of the outstanding shares
- Restriction to sell or transfer to any person more than 50% of the shares owned in Technopolis Ülemiste
- Restrictions on loans to related parties:
 - allowed EUR 1m per year
 - loans to subsidiaries controlled by the Issuer are allowed
 - loans to Technopolis Ülemiste are allowed
- Business activity restriction (can operate mainly in real estate development, renting out real estate and offering associated services)
- Permission to encumber land plots only for purpose of real estate related activities
- Disposal of assets, including also the assets belonging to SPVs controlled by the Issuer, to any person not being the Issuer or the SPVs controlled by the Issuer (except when the aggregate value of assets disposed does not exceed 25% of the total assets per year)

USE OF PROCEEDS (1/2) | Health centre



A place where the health prevention and support services expand in Ülemiste City

A 7,438 m² health centre was designed by Apex Arhitektuuribüroo and will carry the name of the academician Karl Ernst von Baer. The building will be located at Sepapaja 12, next to existing health centre, to provide excellent synergy between health services provided in two different buildings. The health centre will have 7 floors with well-lighted internal atrium and beautiful green area around the building.

The new development has designed to health service providers to provide wide range of health services from physiotherapy to men's health clinic in Ülemiste City. The A energy class building is expected to add value to the health service providers operating now in modest conditions throughout the city.

Karl Ernst von Baer

Karl Ernst von Baer was a naturalist. Baer mainly studied the development of the mammalian fetus, and in 1827 he discovered the mammalian ovum and laid the foundation for modern embryology. However, Baer's later similar researches were no longer successful, and due to several circumstances, Baer finally moved to St. Petersburg in 1834. There, work awaited him at the St. Petersburg Academy of Sciences as a zoologist, later as a physiologist.

The construction period is planned from January 2023 to July 2024

Mainor Ülemiste AS' subsidiary Öpiku Majad OÜ signed a syndicated loan agreement of EUR 15.4m with SEB Bank and Luminor to finance the construction of the health centre. The total investment is expected to amount up to EUR 20.5m. A construction permit was issued at the end of December 2022. The general constructor of the building is OÜ Fund Ehitus. Construction of the building will begin in January 2023, and the planned completion date is July 2024.

Source: Company's information



USE OF PROCEEDS (2/2) | Educational complex



Mainor Ülemiste is to build one school building and a kindergarten on Valukoja Str., in the heart of Ülemiste City hub

The educational complex will be tailor-made just for Ülemiste City, and it is expected to accommodate educational institutions currently operating in the area. Estonian Entrepreneurship University of Applied Sciences, International School of Tallinn and International School of Tallinn pre-school are expected to move into the complex once the building's construction has commenced. The complex is expected to accommodate up to 850 people.

A house to make children move

In addition to the school and kindergarten premises, Mainor Ülemiste is eager to develop a community house with a sports hall and workshop rooms. The new complex is built following the principles of a school that would encourage student movement. The outdoor areas are designed in cooperation with Tartu University's research group of Physical Activity For Health to create an environment where children can enjoy physical activities in the fresh air.

The construction period is planned from H1 2023 to Q1 2025

The educational complex, located in Valukoja 7a, will be built in three stages. The total investment of the educational complex is expected to be up to EUR 25m. The A energy class building with a leasable area of 5,165 m² is expected to add value to the people living, working, and studying in the Ülemiste City.



OVERVIEW OF RISKS



OVERVIEW OF RISKS (1/2) | Risks related to the operations of the Issuer



Macroeconomic risk

Significant economic downturn may increase the level of vacancies, increase overdue rent receivables and set downward pressure on rental rates. Adverse change in economic conditions might also affect Issuer's ability to refinance its debt liabilities.

Dependency on construction contractors

The Issuer relies on contractors and subcontractors in the real estate development projects. Due to that the results of operations of the Issuer depend on the ability of the construction contractors and subcontractors to comply with the terms of the agreements executed with them. Delays in completing construction may result in additional costs and expenses for the Issuer, which may not be fully recoverable from contractors and subcontractors.

Concentration risk

The Issuer has focused on development of one large-scale real estate project, Ülemiste City, which results in a high concentration of business risks.

Appraisal risk

The appraisal report relies on numerous assumptions, which may turn out to be inaccurate, which in turn may have adverse effect on the financial results of the operations of the Issuer, including profitability. Furthermore, the market value of the real estate in the Issuer's portfolio may fluctuate in both directions in the future due to circumstances beyond the control of the Issuer.

Dependency on discretionary decisions of public authorities

Real estate development and construction sectors are subject to extensive regulatory requirements and several administrative proceedings, which may be unpredictable due to discretionary decisions. Such dependency on the discretionary decisions of public authorities may result in material delays in the envisaged time schedule and overruns in the budget of a project or may cause changes to be made into the project.

Interest rate risk

The interest rates on most of the loans taken by the Issuer are based on the EURIBOR base rate which is determined as of the quotation date occurring in each 3 or 6 months from the date of the relevant loan agreement. Therefore, increases in the EURIBOR base rate will lead to a corresponding increase in the financial costs of the Issuer.

Competitive market risk

The Issuer operates in a highly competitive market. The highly competitive business environment of the real estate sector may have adverse effect on the results of operations and profitability of the Issuer.

Financing risk

The Issuer's future growth as well as its ability to duly serve its debt liabilities depends on its ability to attract financing. Poor investor relationships or failure to attract new sources of financing may damage growth prospects or lead to violation of its financial liabilities.

Dispute risk

The Issuer may be involved in legal disputes due to its activities. If a dispute is resolved in the manner unfavourable to the Issuer, this could adversely affect its operations and financial condition, and reputation. All of this can have an impact on the Issuer's ability to properly perform its obligations to the Bondholders, and on the attractiveness and liquidity of the Bonds.

Management and human resources risk

The Issuer's results largely depend on the Issuer's employees' and their decisions, and on the competence and experience of the team members. The loss of important team members, their possible employment with the Issuer's competitors, and the inability to attract other qualified professionals may have a material adverse effect on the Issuer's management, operations, results and financial condition.

OVERVIEW OF RISKS (2/2) | Risks related to the Bonds Issue



Regulatory and tax risks

Any changes to the laws and other legal acts applicable in Estonia and/or the Bondholder's domicile, or the implementation of any new laws or other legal acts may cause additional expenses or taxes and/or reduce return on investment for the Bondholders.

Furthermore, tax assessment and withholding procedures applicable to the tax residents and non-residents of Estonia may change. From the Investors perspective, risk of alterations in tax regime could affect the value of the interest income. The Issuer shall not compensate Investors for any losses related to changes in tax regime.

Liquidity risk

The Bonds will be distributed through private placement and although the Issuer intends to apply for the listing of the Bonds in the First North of Nasdaq Tallinn alternative market, there is no guarantee that such listing shall be approved, and the Bonds will be listed. Even if the Bonds are listed, and even more so in case they are not listed, a liquid secondary market for the Bonds is not guaranteed. Bondholders might bear a loss due to not being able to sell the Bonds on the secondary market or having to have to sell them at an unfavourable price.

Price risk

The Bonds will be offered by the Issuer at the price equal to their nominal value with a certain fixed interest rate. However, in the secondary market the price of the Bond may decrease due to market situation or events related to the Issuer. Besides the activities of the Issuer, the value of the Bonds may be affected by the developments in financial markets and when the interest rates are rising, the value of existing Bonds may fall.

Interest rate risk

The Bonds bear interest on its outstanding Nominal value at a fixed interest rate. Investors are exposed to the risk that the value of the Bonds falls as a result of changes in the market interest rate. While the nominal interest rate of the Bond is fixed until its redemption, the prevailing capital market rates change on a daily basis. If the market interest rate increases, the market value of the Bond may fall.

Credit risk

An investment into the Bonds is subject to credit risk, i.e. the Issuer may fail to meet its obligations arising from the Bonds in a duly and timely manner. The Issuer's ability to meet its obligations arising from the Bonds and the ability of the Bondholders to receive payments arising from the Bonds depends on the financial position and the results of operations of the Issuer.

Early redemption risk

According to the terms of the Bonds, the Bonds may be redeemed prematurely on the initiative of the Issuer. If this early redemption right is exercised by the Issuer, the rate of return from an investment into the Bonds may be lower than initially anticipated. Also, the Bondholders might not have an option to invest in financial instruments offering the similar risk/return characteristics at the time of the early redemption or could face additional costs in selecting a new investment.

Inflation risk

Inflation reduces the purchasing power of a Bonds future coupons and principal. Inflation may lead to higher interest rates which could negatively affect the Bonds price.

Refinancing risk

The Issuer may be required to refinance certain or all its outstanding debt, including the Bonds. The Issuer's ability to successfully refinance its debt depends on the conditions of the debt capital markets and its financial state at such time. Even if the debt capital markets improve, the Issuer's access to financing sources at a particular time may not be available on favourable terms, or at all. Thus, it could have a negative impact on the Group's operations, financial condition, earnings and on the Bondholders' recovery under the Bonds.

CONTACT INFORMATION



CONTACT INFORMATION |



Management board message

We declare that, to the best of our knowledge, the information provided in this document is accurate and that the document is not subject to any omissions that may serve to distort the picture of the document provided.

Ursel Velve

Mainor Ülemiste
CEO



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For additional information about the offering please contact Redgate Capital, the financial adviser for the Issue.



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Ülemiste
City