Summus Capital OÜ (Estonia)
Reg. No: 12838783
LEI: 2549003WOPH1RE2ID891

Terms of the Notes Issue

ISIN:	LV0000802478
Type of security:	Unsecured Notes
Nominal:	EUR 1,000
Nominal value of the issue:	EUR 10,000,000
Annual coupon rate:	6.75%
Maturity date:	18 June 2024

These Terms of the Issue are not a prospectus for the purposes of the Prospectus Regulation. These Terms of the Issue have been prepared on the basis all offers of the debt securities that are issued by the Issuer according to the Terms of the Issue will be made pursuant to an exemption from the obligation to publish a prospectus under the Prospectus Regulation. The issue of the Notes is a private placement under the Prospectus Regulation.

The Issuer is a company incorporated and existing under the legal acts of the Republic of Estonia. Legal acts of the Republic of Estonia do not restrict the Issuer to record the issue with the securities settlement system governed by Latvian Legal acts and operated by the Nasdaq CSD. Issue of the Notes is made in compliance with Latvian laws and is exempted from the scope of the Republic of Estonia Securities Market Act.

These Terms of the Issue do not constitute an offer to sell or a solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

The Notes have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the United States or any other US regulatory authority, nor have any of the foregoing passed upon or endorsed the merits of the offering or the accuracy or adequacy of these Terms of the Issue. Any representation to the contrary is a criminal offence in the United States. The Notes have not been and will not be registered in accordance with the U.S. Securities Act of 1933 (the "Securities Act") or under the securities laws of any state of the United States of America and accordingly, they may not be offered, sold, resold, granted, delivered, allotted, taken up, transferred or renounced, directly or indirectly, in or into the United States of America, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any securities laws of any state of the United States of America.

These Terms of the Issue do not constitute a public offer for the purposes of the Prospectus Regulation and no competent authority of any Member State has examined or approved the contents thereof.

MiFID II product governance - solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients, and retail clients, each as defined in Directive

2014/65/EU; and (ii) all channels for distribution of the Notes to eligible counterparties, professional clients and respective retail clients are appropriate. Any person subsequently offering, selling or recommending the Notes should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels. Before deciding to purchase the Notes, investors should carefully review and consider risk factors described herein. Should one or more of the risks materialize, this may have a material adverse effect on the cash flows, results of operations, and financial condition of the Issuer. Moreover, if any of these risks materialize, the market value of the Notes and the likelihood the Issuer will be in a position to fulfil its payment obligations under the Notes may decrease, in which case the investors could lose all or part of their investments.

Any previous discussions or presentations provided to prospective investors were for information purposes only and Notes are issued in accordance with these Terms of the Issue. A prospective investor should not make an investment decision relying solely upon information provided in the prospective investor presentation or otherwise.

Arranger:

SIGNET

PRIVATE BANK

9 June 2021

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Terms and abbreviations

Agent	:	A person authorized to represent the Noteholders and to perform certain tasks.
AML	:	Anti-money laundering and counter terrorism and proliferation financing.
Arranger	:	Signet Bank AS (with a registration number in the Republic of Latvia: 40003076407, legal address: Antonijas iela 3, Riga, Latvia, LV-1010).
Business Day	:	The day when the Nasdaq CSD system is open and operational.
Change of Control	:	The occurrence of an event or series of events whereby, a person (natural person or legal entity) or group of persons acting in concert (directly or indirectly) gains: (a) a majority of the share capital or voting rights in the Issuer; or (b) a right to elect or remove a majority of the members of the board of the Issuer.
Coupon	:	Interest on Notes calculated in accordance with the Clause 4.2.7. "Coupon payments".
Custodian	:	Credit institution or investment brokerage company that has obtained the license from the FCMC is entitled to do business and to keep securities in accordance with its country of registration laws.
Debt Service Charges	:	Consolidated principal and interest payments, including interest swap payments on any Financial indebtedness, with the exception of Subordinated debt, for the measurement period. The measurement period of Debt Service Charges is period of trailing twelve months, calculated from latest consolidated financial reports of four consecutive calendar quarters.
DSCR	:	Debt Service Coverage Ratio measures the ability of the Group to service its Financial indebtedness and is calculated as EBITDA divided by Debt Service Charges over the measurement period.
EBITDA	:	Earnings before taxes for the measurement period: (a) Before taking into account exceptional or extraordinary items; (b) Before taking into account any revaluation of assets or any loss or gain over book value arising on acquisition or disposal of an asset during the measurement period;

		(c) Before taking into account any change in provisions for liabilities and charges made in respect of the measurement period; (d) Adding back total net interest costs; (e) Adding back depreciation and amortisation; (f) Excluding realised and unrealised currency exchange gains and losses. The measurement period of EBITDA is period of trailing twelve months, calculated from the latest consolidated financial reports of four consecutive calendar quarters.
Equity	:	The aggregate book value of the Group's total equity on consolidated basis, increased by Subordinated debt, according to the latest quarterly financial report.
Equity cure	:	Has the meaning set forth in condition under Clause 5.2.3. "Covenant cure".
EUR	:	Euro (single currency of the member states of the European Monetary System).
Fair market value	:	With respect to any asset, the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by Management of the Issuer.
Financial indebtedness	:	Any interest-bearing financial indebtedness for the Group, including: a) monies borrowed and debt balances at banks or other financial institutions; b) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, including the Notes; c) the amount of any liability in respect of any finance lease; d) any monies borrowed from other third parties, including minority shareholders of Subsidiaries, that are not subordinated to the Notes; e) any amount under any transaction having the commercial effect of a borrowing, including forward sale or purchase agreements; f) any derivative transaction in connection with protection against fluctuations in price or value, using the mark to market value; g) any counter-indemnity obligation issued by a bank or a financial institution. Financial Indebtedness is to be adjusted for any offsetting (mirroring) loans on the asset side of the Group's balance sheet.
FCMC	:	Financial and Capital Market Commission (*Finanšu un kapitāla tirgus komisija*). Autonomous public institution

		of the Republic of Latvia, which carries out the supervision of Latvian banks, credit unions, insurance companies and insurance brokerage companies, participants of financial instruments market, as well as private pension funds, payment institutions and electronic money institutions.
First North	:	Multilateral Trading Facility (MTF) First North operated by Nasdaq Riga, which is not a regulated market for the purposes of the Republic of Estonia Securities Markets Act (in Estonian: *väärtpaberituru seadus*) and Republic of Latvia Legal acts.
First Settlement Date (Issue Date)	:	The date when interest on the Notes start to accrue and is 18 June 2021.
Force Majeure Event	:	Has the meaning set forth in Clause 0.
Group	:	Group of the legal entities comprising of an Estonian company Summus Capital OÜ (registration number: 12838783, legal entity identifier: 2549003WOPH1RE2ID891, legal address: Harju maakond, Tallinn, Kesklinna linnaosa, Tartu mnt 7-7, 10145, Estonia), and its direct or indirect Subsidiaries.
ISIN	:	LV0000802478, which was allocated by Nasdaq CSD.
Issuer	:	Summus Capital OÜ (a private limited liability company registered in the Republic of Estonia under registration number: 12838783, legal entity identifier: 2549003WOPH1RE2ID891, legal address: Harju maakond, Tallinn, Kesklinna linnaosa, Tartu mnt 7-7, 10145, Estonia).
Legal acts	:	All legal acts including FCMC, Nasdaq Riga and Nasdaq CSD regulations, which are in force in Latvia at the time of the Notes issue, as well as prior to the Maturity date of the Notes.
Loans from Shareholders	:	Loans from the shareholders of the Issuer and/or loans from any entities controlled by the first-degree and/or second-degree relatives of the shareholder (Boris Skvortsov) and/or loans from the first-degree and/or second-degree relatives of the shareholder (Boris Skvortsov).
Management	:	Management board members of the Issuer and its Subsidiaries.
Material Subsidiary	:	Any current and future direct or indirect Subsidiary of the Issuer, which owns real estate properties with balance sheet value of at least EUR 500,000 (five hundred thousand euro) as determined in the latest consolidated audited report.

Maturity date		Date when the Notes shall be repaid in full at their nominal amount by the Issuer.
Minimum Settlement Unit	:	The minimum amount which can be held/traded, which is equal to Nominal.
Nasdaq CSD	:	Securities depository Nasdaq CSD SE (with a registration number in the Republic of Latvia: 40003242879, legal address Vaļņu iela 1, Riga, LV-1050, Latvia).
Nasdaq Riga	:	AS "Nasdaq Riga" (with a registration number in the Republic of Latvia: 40003167049, legal address: Vaļņu iela 1, Riga, LV-1050, Latvia).
Nominal	:	Face value of a single Note, which is EUR 1,000.00 (one thousand euro and 00 cents).
Note	:	Debt security that is issued by the Issuer according to the Terms of the Issue.
Noteholder	:	Person that is an owner of one or more Notes and has a claim against the Issuer as stipulated by the Legal Acts of the Republic of Latvia.
Permitted Business	:	Any businesses, services or activities that are the same as, or reasonably related, ancillary or complementary to, any of the businesses, services or activities in which the Issuer and its Subsidiaries are engaged on the Issue Date, and reasonable extensions, developments or expansions of such businesses, services or activities.
Person	:	Any individual, corporation, partnership, limited liability company, legal entity, joint venture, association, trust, unincorporated organisation, government, or any agency or political subdivision thereof, or any other entity, whether or not having a separate legal personality.
Prospectus Regulation	:	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
Related Parties	:	Any Person, which is (a) a shareholder or (b) a member of the Board or Council, or (c) an employee, or (d) a spouse of any persons referred to in (a) – (c) in relation to the Issuer or its Subsidiaries.
Sanctions	:	Restrictive measures, namely, restrictions or prohibitions imposed pursuant to international public law, including restrictive measures adopted by the United Nations Security Council (UN), the European Union (EU), Office for Foreign Assets Control (OFAC)

		and by the Republic of Latvia and the Republic of Estonia.
Settlement Unit Multiple	:	Multiple that defines that the settlement quantity or Nominal must be a multiple of the Minimum Settlement Unit.
Subordinated debt	:	Debt of the Group in form of subordinated bonds or any other form that is subordinated (i.e. repayable only after settlement of all obligations under the Notes) to the Notes.
Subsidiary	:	means a company: a) in which the Issuer holds a majority of the voting rights; or b) of which the Issuer is a shareholder or participant and has the right to appoint or remove a majority of the members of the Management board; or c) of which the Issuer is a shareholder or participant and controls a majority of the voting rights, and includes any company which is a subsidiary of a Subsidiary of the Issuer.
Taxes	:	Any present or future taxes, duties, assessments or governmental charges of whatever nature.
Terms of the Issue	:	This document, which entitles the Issuer to execute the Issue and the initial offering of the Notes.
Zenith	:	UAB Zenith AM (a private limited liability company registered in the Republic of Lithuania under registration number: 304398914). Subsidiaries have concluded agreements with Zenith to render Management board services

BELOW IS THE DESCRIPTION OF RISK FACTORS THAT ARE MATERIAL FOR THE ASSESSMENT OF THE MARKET RISK ASSOCIATED WITH THE NOTES AND RISK FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES. SHOULD ONE OR MORE OF THE RISKS DESCRIBED BELOW MATERIALIZE, THIS MAY HAVE A MATERIAL ADVERSE EFFECT ON THE CASH FLOWS, RESULTS OF OPERATIONS, AND FINANCIAL CONDITION OF THE ISSUER AND THE GROUP. MOREOVER, IF ANY OF THESE RISKS MATERIALIZE, THE MARKET VALUE OF THE NOTES AND THE LIKELIHOOD THAT THE ISSUER WILL BE IN A POSITION TO FULFIL ITS PAYMENT OBLIGATIONS UNDER THE NOTES MAY DECREASE, IN WHICH CASE THE INVESTORS COULD LOSE ALL OR PART OF THEIR INVESTMENTS.
BEFORE DECIDING TO PURCHASE THE NOTES, PROSPECTIVE INVESTORS SHOULD CAREFULLY REVIEW AND CONSIDER THE FOLLOWING RISK FACTORS, IN ADDITION TO ALL OTHER INFORMATION PRESENTED IN THE TERMS OF THE ISSUE, AND CONSULT WITH THEIR OWN PROFESSIONAL ADVISORS IF NECESSARY. MOREOVER, PROSPECTIVE INVESTORS SHOULD BEAR IN MIND THAT SEVERAL OF THE DESCRIBED RISK FACTORS CAN OCCUR SIMULTANEOUSLY AND TOGETHER WITH OTHER CIRCUMSTANCES COULD HAVE A POTENTIALLY STRONGER IMPACT ON THE ISSUER OR THE GROUP. THIS IS NOT AN EXCLUSIVE LIST OF RISK FACTORS, AND ADDITIONAL RISKS, OF WHICH THE ISSUER IS NOT PRESENTLY AWARE, COULD ALSO HAVE A MATERIAL ADVERSE EFFECT ON THE ISSUER AND THE GROUP.

2. Risk Factors

2.1. Important note

The risks indicated in this section, if some or all of them materialise, may reduce Issuer's ability to fulfil its obligations or cause its insolvency or restructuring in the worst-case scenario. Investors have to take into account that Notes are not secured with collateral and third parties have not guaranteed Notes and Coupon payments related thereto.

This section may not feature all the potential risks, which may affect the Issuer.

2.2. Macroeconomics risk

The Group's real estate properties are all located in the Baltic States. Hence, the Issuer is primarily exposed to the economic developments in Lithuania, Latvia and Estonia. However, since these economies are rather small and actively engaged in foreign trade, the Baltics are not immune to regional and global macroeconomic fluctuations. Baltic economies are closely linked with the health of the overall EU and the euro area. A slowdown in the EU may negatively affect economies of the Baltic States causing an adverse effect on the Issuer's business operations.

The global economy and most industries have seen strong headwinds since the first quarter of 2020, driven by the outbreak of the novel coronavirus COVID-19. The full impact on economy is still uncertain as the situation continues rapidly evolve, but the pandemic has resulted in a real GDP contraction of 6.1% contraction for the EU.

Although the Baltic countries also experienced an economic downturn as a result of the COVID-19 pandemic, the recession in Lithuania, Latvia and Estonia was among the lowest in the EU.

Particularly, Lithuania's economy proved to be the most resilient among the Baltic countries and, possibly, also the countries of the EU. In 2020, Lithuania, Estonia, and Latvia showed real GDP contraction of 0.8%, 2.9%, and 3.6%, respectively.

While rebound in economic activity is generally expected in the second half of 2021 - for example, real GDP growth of Lithuania, Estonia, and Latvia is expected at the levels of 2.7%, 3.1%, and 3.5%, respectively (Bloomberg consensus estimates), the overall economic outlook and the depth of the consequences of the pandemic on individual economic sectors are subject to high levels of uncertainty.

2.3. COVID-19 risk

COVID-19 pandemic has directly impacted also the Baltic real estate market that was growing rapidly before the pandemic. Nevertheless, overall investment level in Baltic commercial real estate market remained stable for 2020, exceeding EUR 1bn (Colliers).

The retail property segment has been one of the most significantly affected by the pandemic. Fully or partially closed shops due to waves of restrictions have significantly adjusted downwards the turnover of major shopping centres, leading to lower income for property owners in 2020. Depending on the structure of the shopping centres tenants, occupancy changes and discounts granted to tenants, the total operating income of the companies operating such retail properties has declined.

The office sector has also experienced significant changes in 2020. The pandemic has forced businesses to change their work organization model, and a large proportion of employees have been working remotely. The companies, however, did not terminate their lease contracts and landlords of office buildings have been able to maintain a sufficiently stable stream of rental income, especially in high quality office space. However, in 2020 sizeable new office space appeared on the market, coinciding with the pandemic, resulting in rising vacancy rates, and also throughout 2021 new office space will enter the market. According to Colliers data, vacancy levels for A class office space at the end of 2020, reached 5.3% in Vilnius (Lithuania), 9.4% in Tallinn (Estonia), and 24% in Riga (Latvia). Demand for office space in Lithuania is strongly supported by the successful development of Lithuania's global business services sector.

Logistics and industrial property segment was the least affected during the pandemic and has seen increasing investor attention in 2020, as some investors switched their attention from other real estate segments, while both rental rates and vacancy levels have remained rather stable.

The Group tries to limit these risks through diversification both geographically, as well as by real estate segment. The Group holds properties in all three Baltic countries, with Lithuania being the largest market with nearly one half of total property value, and in the following real estate segments: retail (53%), office (24%), medical (12%), and industrial (12%). According to Management estimate, the overall impact on the Group's revenue from the pandemic was estimated at 3%, while the occupancy rate declined by 3.3 percentage points to 96.2%.

Extended periods of slower economic growth could put pressure on vacancy levels, rent rates and yield requirements that may negatively affect the Group's value of properties, financial position and cash flows.

2.4. Competition risk

Commercial real estate is a competitive industry. To maintain the attractiveness of its properties the Issuer has to react quickly to changes in the competitive environment. Possible responses to competitors' actions include upgrading properties with new features, their refurbishment, rent discounts and greater promotion and marketing activities. These could result in unforeseen substantial expenses adversely affecting the Issuer's financial position and cash flows.

Supply of commercial premises increases with commissioning of newly developed properties. If additions to the supply are not matched by an increase in demand for commercial space, new properties could raise vacancy levels and reduce rent rates in the market, especially, for older and lower quality premises as tenants tend to prefer newer spaces. Therefore, elevated development activity in office and retail property markets in the Baltics may have an adverse effect on the Issuer's rental income and, in turn, on its value of properties, financial position and cash flows.

2.5. Property acquisition risk

Any decision by the Group to acquire a property is based on thorough evaluation and due diligence of an asset. Numerous factors that the Group assesses include the technical shape of a property, operating and financial performance, tenants mix, future cash flow generation, rate of return and how an asset fits the Group's investment strategy and existing portfolio. However, there is a risk that the Group's Management in its examination of potential investment target could fail to identify and address certain important factors and associated risks.

The Group aims to acquire full title to each property, however in some cases it may decide to acquire property in co-ownership with third parties. Disagreements or lack of agreements with other co-owners may restrict the Group to obtain relevant construction permits for reconstruction or repair the property. If the co-ownerships were to develop in a way that is disadvantageous to the Group, this could have a negative impact on the Issuer's and the Group's operations, financial position and earnings.

There is no guarantee that cash flow projections in property appraisals will resemble actual future cash flows. Hence, newly acquired real estate properties could require unforeseen investments and/or demonstrate lower than expected performance and financial return adversely affecting the Group's financial position and cash flows.

2.6. Tenant risk

The Group's revenue is mainly comprised of rents paid by tenants at its retail and office properties. If a tenant decides not to renew or extend a lease agreement, there is a risk that a new tenant may not be found at the equivalent economic terms or at all for some time adversely affecting rental income of the property. The Group seeks to minimize this risk by limiting concentration of tenants, signing long term lease agreements and scattering their ending dates over time horizon (to avoid many lease contracts ending at one point in time). Any decrease in rental income is likely to negatively affect the value of Group's properties, financial position and cash flows.

The Group's tenants have a period, generally up to 40 days, after the date of invoice, depending on the type of customer, in which to effect payment. As a result, the Group is subject to the risk that its customers will not pay or will delay the rental payment. This risk may increase due to liquidity or solvency issues experienced by Issuer's tenants, for example, as a result of an economic downturn or an adverse change in their business.

2.7. Credit risk

Credit risk is the risk that a counterparty is unable to fulfil its financial obligations to the Group. Credit risk exists e.g. in relation to the Group's tenants, when investing excess liquidity and when entering into loan agreements. Should these counterparties be unable to fulfil their financial obligations towards the Group, this could have a material adverse effect on the Group's business, financial condition and results of operations.

2.8. Refinancing risk

At maturity of the Group's debts, the Group will be required to refinance such debt, and its ability to successfully refinance such debt is dependent on the conditions of the financial markets in general at such time. As a result, the Group's access to financing sources at a particular time may not be available on favorable terms, or at all. The Group's inability to refinance its debt obligations on favorable terms could have a material adverse effect on its business, financial condition and results of operations.

2.9. Asset liquidity risk

Property investments can be relatively illiquid for reasons including but not limited to the long-term nature of leases, commercial properties being tailored to tenants' specific requirements and varying demand for commercial property. Such illiquidity may affect the Issuer's ability to vary its portfolio or dispose of properties in a timely fashion and/or at satisfactory prices in response to changes in economic, property market or other conditions. This may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

If the Group is required to dispose of investments at any time (for example due to a requirement of the lending bank), there can be no assurance that, at the time the Group seeks to dispose of assets (whether voluntarily or otherwise) relevant market conditions will be favorable or that the Group will be able to maximize the returns on such disposed assets. It may be especially difficult to dispose of certain types of real estate during recession, if any. To the extent that market conditions are not favorable, the Group may not be able to dispose of property assets at a gain and may even have to dispose of property assets at a loss. Furthermore, the Group may be unable to dispose of investments at all, which would tie up the capital invested in such assets and could impede the Group's ability to take advantage of other investment opportunities.

2.10. Real estate portfolio fair value fluctuation risk

The fair value of each property of the Group is estimated by an independent appraiser once a year. Valuation is based on a discounted cash flow model which takes into account property-specific factors (rents, vacancy rates and operating costs) and industry-specific factors (costs of capital and exit yield). Since these factors are subject to variation over time, the fair value of the Group's properties could both appreciate and depreciate. Weakening characteristics of the property portfolio (declining rents and occupancy) and/or negative climate in the real estate sector (increased cost of capital and higher yield requirement) would result in the decrease in the fair value of the Issuer's assets adversely affecting its earnings and financial position.

2.11. Reliance on the performance of the Management

The Subsidiaries have concluded agreements with Zenith to render Management board services to the Subsidiaries. Thus, the Group relies on the experience, skill and judgment of the Management, in identifying, selecting and negotiating the acquisition of suitable properties. Furthermore, the Group will be dependent upon the Management's successful implementation of the Group's investment policy and investment strategies, and ultimately on its ability to create a property investment portfolio capable of generating desirable returns. There can be no assurance that the Management will be successful in achieving the Group's objectives in the future.

The Management is also responsible for carrying out the day-to-day management and administration of the Group's affairs and, therefore, any disruption to the services of the Management team could cause a significant disruption to the Group's operations until a suitable replacement is found.

Moreover, there may be circumstances in which the members of the Group's Management board have, directly or indirectly, a material interest in a transaction being considered by the Group or a conflict of interest with the Group.

Zenith needs personnel in order to facilitate management of the Group and provide related services. Therefore, the success of the Group's operations depends on Zenith's ability to hire, motivate and retain professionals with required skills, knowledge and experience. An unexpected departure of a Management team member and delays in selection of a replacement may negatively affect the Group's operations, implementation of its strategy and financial results.

2.12. Dependence on managing employees

In the future, the Group's activities will be affected by its and Zenith's ability to attract, preserve, and motivate highly qualified and experienced personnel. There is competition for personnel with the relevant skills and experience in the Baltics and in other countries, and it is comparatively high; however, the Group and Zenith have successful experience in the field of personnel management, offering education, professional growth, and development possibilities, as well as different motivation programs to the employees.

2.13. Dependence on external service providers risk

The Group utilizes external service providers in its operations in connection with maintaining and constructing the Group's properties, generally in relation to the Group Management, as well as in connection with the planning development projects. The availability, terms and conditions, price, and quality of these external services, as well as the possibility of transferring any increases in the cost of these services to the tenants, are material to the Group's business. The failure to procedure services or to transfer the increase in their costs to tenants may have a material adverse effect on the Group's business, result of operations, and financial condition.

2.14. Group's reputation risk

The Group's ability to secure funding, attract and retain tenants at its properties as well as Zenith ability to retain personnel in its employment may suffer if the Group's reputation is damaged. Matters affecting the Group's reputation may include, among other things, the quality and safety of its properties and compliance with legislation and official regulations. Any damage to the Group's reputation may have a material adverse effect on the Group's business, financial condition and results of operations.

2.15. Operational risk

Operational risk is a possibility of experiencing losses due to insufficient or unsuccessful inner processes, personnel management, systems, or external circumstances. Thorough personnel selection is carried out, accurate descriptions of job duties are compiled, division of duties is coordinated, which allows the Group and Management to reduce operational risks.

In response to the COVID-19 pandemic, the Group and Zenith implemented remote work policies, where it was possible and most employees switched to working from home, as all systems are remotely available.

2.16. Insurance coverage risk

The Group's insurance policies could be inadequate to compensate for losses associated with damage to its property assets, including loss of rent. Any losses exceeding amounts covered by insurance contracts may have an adverse effect on the Group's business operations, financial position and cash flows.

2.17. Technical risk

Although the Group invests in the maintenance of its existing properties and conducts a thorough technical examination of potential investment targets, its properties could be subject to technical problems such as construction defects, other hidden defects and contamination. Elimination of these problems could require substantial investments and, thus, have an adverse effect on Group's financial position and cash flow.

2.18. Environmental liabilities risk

As the owner of real estate property, the Group could be held liable for possible environmental damages inherited from previous owners or caused by operations carried out in such property if such operations have not been carried out in accordance with applicable regulations. Although in the Group's view properties that it targets to acquire are generally not used for operations that could be particularly harmful to the environment, it cannot be ruled out that the Group could be held liable for environmental damage incurred in a property owned by the Group. Such environmental liability could, if materialized, have a material adverse effect on the Group's business, results of operations, and financial condition.

2.19. Risk of natural disasters and other business disruption

Group's operations are vulnerable to damage or interruption from tornadoes, earthquakes, fires, floods, power losses, telecommunication failures, terrorist attacks, acts of war, human errors and similar events. A significant natural disaster, such as a tornado, wind, earthquake, frost, fire or flood, could have a material adverse impact on the Group's ability to conduct business, and its insurance coverage may be insufficient to compensate for losses that may occur. Although the Group has implemented business continuity plans, acts of terrorism, war, civil unrest, violence or human error could cause disruptions to the Group's business or the economy as a whole. Any of these occurrences may have a material adverse effect on the Issuer's business, financial condition, results of operations and cash flows may be adversely affected.

2.20. Dispute risk

The Group has currently no ongoing tax or civil court cases or other issues that could have a significant negative impact on its business, financial position and earnings.

The Group's business is investing in real estate properties whose space is leased out to tenants. There is a risk that the Group may be drawn into legal disputes with tenants or counterparties in real estate transactions. Negative outcome of such disputes could adversely affect Group's operations, financial position and cash flows. The Management uses its best endeavours to conclude agreements diligently and communicate in a respectful manner with all counterparties. All misunderstandings are tried to be settled by a mutual agreement. Nevertheless, the emergence of disputes cannot be excluded.

2.21. Changes in legislation risk

The Issuer's operations are regulated by the legislation of each country where it or its Subsidiaries operate. In addition, the Group's operations may be affected by regional or supranational regulations, such as EU legislation. In the view of the Management, the Group complies with all legislative requirements and other regulations as at the date of the Terms of the Issue. Legislation and other regulations may, however, change, and the Management cannot guarantee that it would in such cases be able to comply immediately, without material measures, with the requirements of changed legislation or other regulations. For instance, changes in law and regulations or their interpretation or application practices concerning investment activities, environmental protection may have a material adverse effect on the Group's operations. Adapting the Group's operations to any of the changes described above may incur costs for the Group that are difficult to anticipate, which in turn may have a material adverse effect on the Group's business, results of operations, and financial condition.

2.22. Changes in tax law and practice risk

Group operates in three countries with different sets of tax regimes. Changes to local tax regimes or challenges to the current tax structures of the Group's business could have material adverse effect on its business, financial condition, or results of operations. Additionally, certain tax positions taken by the Group require the judgement of Management and, thus, could turn to be inefficient or challenged by tax authorities due to possible erroneous interpretation of tax legislation.

2.23. Risks related to Notes

2.23.1. Notes repayment risk

The Notes will rank *pari passu* with other unsecured liabilities of the Issuer. In case of Issuer's insolvency, Noteholders have the same right to receive their investment as other creditors of the relevant group in accordance with applicable local regulatory enactments. There are no contracts or other transaction documents, which would subordinate the claims of Noteholders to other unsecured obligations of the Group. The Issuer is not prohibited from pledging assets in favor of other creditors.

The Issuer may not have the ability to repay or refinance these obligations. If the Maturity date occurs at a time when other arrangements prohibit the Issuer from repaying the Notes, it could try to obtain waivers of such prohibitions from the lenders and holders under those arrangements, or the Issuer could attempt to refinance the borrowings that contain the restrictions. If the Issuer fails to obtain the waivers or refinance these borrowings, it would be unable to repay the Notes.

Detailed financing structure of the Group is explained in Clause 11.9 "Financing structure of the Group".

2.23.2. Liquidity risk

Neither the Issuer nor any other person guarantees the minimum liquidity of the Notes. Thus, the prospective investors and Noteholders should take into account that they may not be able to sell or face difficulties in selling their Notes in secondary market at their fair market value or at all.

2.23.3. Delisting risk

After Notes registration the Issuer plans to request admission to trading of the Notes on the Multilateral Trading Facility (MTF) First North operated by Nasdaq Riga. There is a risk that Nasdaq Riga would not accept the Notes to be admitted to trading on First North or order to delist the Notes from the First North before the maturity after the admission to trading has taken place due to changes in Legal acts, including Nasdaq Riga regulations, or recommendations by the FCMC.

2.23.4. Price risk

The development of market prices of the Notes depends on various factors, such as changes of interest rates, central bank policies, overall economic development, or demand for the Notes.

The Notes bear a fixed interest rate. Thus, the Noteholders who seek to sell the Notes before their final maturity are exposed to interest rate risk: if the market interest rate increases, the price of fixed rate Notes typically declines.

Neither the Issuer, nor any other person undertakes to maintain a certain price level of the Notes. The Noteholders are, thus, exposed to the risk of an unfavourable price development of their Notes, if they sell the Notes prior to the final maturity. If a Noteholder decides to hold the Notes until maturity, the Notes will be redeemed at their Nominal Value.

2.23.5. Foreign exchange risk

The Notes will be denominated and payable in EUR. If Noteholders measure their investment returns by reference to a currency other than EUR, an investment in the Notes will entail foreign exchange-related risks as the value of EUR relative to their reference currency may significantly fluctuate due to economic, political and other factors over which the Issuer has no control. Depreciation of the EUR against the reference currency could lower the effective yield of the relevant Notes below their stated coupon rate and could result in a loss to Noteholders when the return on such Notes is translated into the reference currency.

2.23.6. Repurchase or redemption risk

The Group may seek to repurchase or redeem a portion of the Notes from time to time, especially when prevailing interest rates are lower than the rate borne by such Notes. If prevailing rates are lower at the time of redemption, the Noteholder may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on such Notes being redeemed. The Group’s redemption right also may adversely impact Noteholder’s ability to sell such Notes. The Group may from time to time repurchase the Notes in the open market, privately negotiated transactions, tender offers or otherwise. Any such repurchases or redemptions and the timing and amount thereof would depend on prevailing market conditions, liquidity requirements, contractual restrictions and other factors. Such transactions could impact the market for such Notes and negatively affect the Notes’ liquidity.

2.23.7. Tax risk

Prospective investors and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Notes. Prospective investors are advised to ask for their tax advisers’ advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the prospective investor.

2.23.8. Resolutions of Noteholders risk

The majority resolution of the Noteholders is binding on all Noteholders. Thus, a Noteholder is subject to the risk of being outvoted by a majority resolution of the other Noteholders. As such, certain rights of such Noteholder against the Issuer may be amended or reduced, or even cancelled, without its consent.

3. Party responsible for the Terms of the Issue

3.1. Party responsible for the Terms of the Issue

The Issuer: Summus Capital OÜ

Registration number: 12838783

Legal entity identifier: 2549003WOPH1RE2ID891

Legal address: Harju maakond, Tallinn, Kesklinna linnaosa, Tartu mnt 7-7, 10145, Estonia

3.2. Representations and Warranties of the Issuer

The Issuer shall, in accordance with these Terms of the Issue, issue Notes and perform the obligations arising from the Notes to the Noteholders.

The Issuer shall be liable to the Noteholders for due and complete fulfilment of its obligations deriving from the Notes.

The Issuer gives the following warranties to the Noteholders:

(a) The Issuer is a duly registered private limited liability company operating in compliance with the laws of Estonia;

(b) All the Issuer's obligations assumed under this issue of the Notes are valid and legally binding to the Issuer and performance of these obligations is not contrary to the Issuer's Articles of Association, laws or any agreement concluded by the Issuer;

(c) The Issuer has all the rights and sufficient authorizations to issue the Notes and fulfil obligations arising from issuing the Notes;

(d) The Issuer has performed all the formalities required for issuing the Notes and fulfilling the obligations arising here from;

(e) All information that is provided by the Issuer to the Noteholders is true, accurate, complete and correct as at the date of presenting the respective information and is not misleading in any respect;

(f) The Issuer is solvent, able to pay its debts as they fall due, there are no liquidation or insolvency proceedings pending or initiated against the Issuer;

(g) There are no legal or arbitration proceedings pending or initiated against the Issuer which may have, or have had significant effects on the Issuer´s financial position or profitability;

(h) There are no criminal or misdemeanour proceedings pending or initiated against the Issuer.

3.3. Assurance of the information provided in the Terms of the Issue

The Issuer and its Management board are responsible for the information contained in Terms of the Issue.

Hereby we, members of the Management board of Summus Capital OÜ, Aavo Koppel, Hannes Pihl, Evaldas Čepulis, certify that, by paying sufficient attention to this purpose, the information included in the Terms of the Issue is true, in accordance with the facts, and no information which may affect its meaning is concealed therein.

___________________	___________________	___________________
Aavo Koppel	Hannes Pihl	Evaldas Čepulis
Member of the board	Member of the board	Member of the board

4. Information on Notes

4.1. The use of the proceeds

The total issue size is EUR 10,000,000 (ten million euros).

Funds that are raised as a result of the Notes issue will be used in the ordinary course of business of the Issuer (including financing of the acquisition of new investment properties).

4.2. Information on the offered Notes

4.2.1. General Information

The Notes are bearer and any person or entity that holds the Notes in its securities account has the right to receive Coupon and the Nominal payments. It is planned to issue Notes with nominal value of EUR 1,000 (one thousand euro) for one Note and total nominal value of EUR 10,000,000 (ten million euros).

Notes issue ISIN is LV0000802478, which was allocated by Nasdaq CSD.

4.2.2. Legal acts that regulate the Notes issue

The Notes issue is a private placement arranged in compliance with the Financial Instrument Market Law and other Legal Acts of the Republic of Latvia that are in force including the FCMC, the Nasdaq CSD and the Nasdaq Riga regulations. Minimum subscription size for Notes is EUR 100,000 (one hundred thousand euro) with minimum step of EUR 1,000 (one thousand euro).

All disputes between Noteholders and the Issuer shall be settled in courts of the Republic of Latvia in accordance with the Legal acts in force. Terms of the Issue are drafted and signed in English and any translations of the Terms of the Issue into another language are unofficial and made exceptionally for the Noteholders' convenience. In case of any disputes' settlement, interpretation of the norms of the Terms of the Issue in English holds the priority against an interpretation in any other language.

4.2.3. Form and accounting of the Notes

The Notes are issued in dematerialized form and will be recorded in the Latvian SSS (securities settlement system governed by Latvian law) operated by Nasdaq CSD, which will provide the maintaining function for the Notes. Noteholders may hold Notes through Nasdaq CSD participants participating in the Latvian SSS.

4.2.4. Currency of the Notes

Currency of the Notes is EUR (euro).

4.2.5. Subordination of the Notes

The Notes rank *pari passu* with other unsecured obligations of the Issuer. In case of the insolvency of the Issuer, the Noteholders will be entitled to recover their investment on the same terms as other unsecured creditors in the respective claims' group according to the relevant Legal acts. Save for mandatory provisions of law, there are no contracts or other transaction documents that would subordinate the claims of the Noteholders to other unsecured liabilities of the Group.

As of 31 December 2020, the Group had outstanding unsecured interest bearing debt obligations towards the minority shareholders of Subsidiaries in the amount of EUR

9,132,274.00 that rank *pari-passu* with the Notes. The loans are with initial maturity of 10 years and shall mature after Maturity date of the Notes.

As of 1 April 2021, Loans from Shareholders of the Issuer in the amount of EUR 78,913,462.25 have been converted into Equity as voluntary reserve, while the remaining part of Loans from Shareholders shall be subordinated to the Notes.

As of 31 December 2020, the Subsidiaries of the Issuer had secured obligations towards Banks in the amount of EUR 164,651,636.00 that are senior to the Notes.

4.2.6. Rights and restrictions connected with the Notes issue

Any Noteholder has the right to receive Coupon and Nominal payments in accordance with the Clause 4.2.7 “Coupon payments” and 4.2.8 “Procedure of Notes repayment”, as well as exercise other rights fixed in the Terms of the Issue and the Legal acts.

The Issuer has the rights to purchase Notes on the secondary market directly from Noteholders. Notes that are purchased by the Issuer are held in Issuer’s financial instruments' custody account and the Issuer has the rights to sell purchased Notes to prospective investors. The Issuer cannot cancel the purchased Notes held in the Issuer’s financial instruments' custody account, therefore decreasing the size of Notes issue.

Notes owned by the Issuer and / or its Related Parties are not eligible to participate in the voting in accordance with Clause 5.6 “Procedure for applying of the waiver”.

4.2.7. Coupon payments

The Coupon rate for the Notes is 6.75% (six point seventy five per cent) per annum and is fixed until the Maturity date of the Notes.

Coupon payments are made four times per year – on every 18 March, 18 June, 18 September and 18 December. The first Coupon payment will be made on 18 September 2021 and the last Coupon payment will be made on 18 June 2024.

The Coupon record date is the 5th (fifth) Business Day prior to the Coupon payment day. At the end of the Coupon record date Noteholders list, who will be eligible for the Coupon payments, will be fixed. Coupon payment shall be made to the Noteholders, as per Noteholders list, on each Coupon payment date for the preceding Coupon period.

The Issuer pays the Coupon through the intermediary of Nasdaq CSD and in accordance with applicable Nasdaq CSD regulations, which regulate the procedure for paying income from debt securities. Nasdaq CSD regulations applicable on the day of preparation of the Terms of the Issue are Nasdaq CSD Rulebook and Corporate Action Service description.

If the Coupon payment date is a national holiday or non-Business day in Latvia, the Issuer will make the relevant Coupon payment on the first Business Day after the holiday.

Coupon payments starting from 18 September 2021 are determined according to the following formula:

CPN = F * C /4 or CPN% = C/4, where

CPN – the amount of Coupon payment in EUR per Note;

F – Nominal value of one Note;

C – annual Coupon rate (%);

CPN% - the amount of Coupon payment % per Note.

The authority performing the calculation is not required to calculate the Coupon payment, since the annual rate of the Coupon for the relevant period is fixed in advance.

4.2.8. Procedure of the Notes repayment

The Nominal of one Note is EUR 1,000 (one thousand euro) and the Issuer will repay Nominal amount as a lump sum on the Maturity date of the Notes, which is 18 June 2024.

The Issuer will repay the Nominal amount in accordance with Nasdaq CSD intermediary and applicable Nasdaq CSD regulations. Nasdaq CSD regulations applicable on the day of preparation of the Terms of the Issue are Nasdaq CSD Rulebook and Corporate Action Service Description. The Nominal amount will be paid on the Maturity date. Noteholders eligible to receive the Nominal will be fixed at the end of the Nominal record date, which is the previous Business Day before the Maturity date.

If the Maturity date is a national holiday or non-Business Day in Latvia, the Issuer will make the relevant Coupon payment and Nominal amount payment on the first Business Day after the national holiday.

4.2.9. Early redemption (call option)

The Issuer can carry out full early redemption (call option) on every Coupon payment date starting

- from 18 June 2022 (including) until 18 March 2023 (including) by paying 102% (one hundred and two per cent) of the Nominal amount;
- from 18 June 2023 (including) until 18 March 2024 (including) by paying 101% (one hundred and one per cent) of the Nominal amount;

The Issuer can carry out call option only in full amount of total outstanding Notes.

If the Issuer takes decision on the early redemption (call option) of Notes, the Issuer shall notify Noteholders at least 40 (forty) Business Days prior to the redemption date of Notes, with intermediation of Nasdaq Riga information system.

If the Issuer takes decision on the early redemption (call option) of Notes, the Issuer will pay redemption payment in accordance with Nasdaq CSD intermediary and applicable Nasdaq CSD regulations. Nasdaq CSD regulations applicable on the day of preparation of the Terms of the Issue are Nasdaq CSD Rulebook and Action Service Description. Noteholders eligible to receive the redemption payment will be fixed at the end of the record date, which will be the previous Business Day before the redemption payment date.

4.2.10. Early redemption (put option)

Noteholders have no rights to demand early redemption of Notes (put option).

4.2.11. Early redemption (event of default and change of control)

Noteholders have rights to demand early redemption of Notes in case of occurrence of the events of default in accordance with the Clause 5.2 “Event of default”.

In case of breach of the covenant 5.5.2 “Not to Change of Control of the Issuer” Noteholders have the rights to demand early redemption of Notes at the price of 101% (one hundred and one per cent) of the Nominal amount, along with the accrued Coupon within 5 (five) Business Days after the Issuer has received the notification.

4.2.12. Accrued interest calculation

The first Coupon starts to accrue on 18 June 2021, which is the First Settlement Date of the Notes issue. The accrued Coupon is calculated presuming that there are 360 days in one year (day count convention - "European 30/360"). Accrued interest between Coupon payment dates shall be calculated as follows:

AI = F * C / 360 * D, where

AI – accrued interest of one Note;

F – Nominal value of one Note;

C – annual Coupon rate (%);

D – the amount of days from the beginning of the Coupon accrual period according to European 30/360 day count method.

4.2.13. Representation of the Noteholders

Within the framework of the issue, it is not planned, yet not prohibited to create an organization of authorized persons which would represent Noteholders. In case of the insolvency of the Issuer, every Noteholder has the right to represent his own interests in creditors' meetings. The Noteholders will have equal rights for satisfaction of their claims with other creditors in the same claims' group.

4.2.14. Decisions of the Issuer on the Notes issue

On 4 June 2021, the Issuer's shareholder passed the resolution to issue unsecured notes in the amount of up to EUR 10,000,000 (ten million euros) and to authorize the members of the Management board to sign all the documents related to the execution of the shareholder's resolution to issue the notes. On 4 June 2021 the Issuer's Management board passed the decision to issue the Notes.

4.2.15. The First Settlement Date of the Notes issue

The First Settlement Date (Issue Date) of the Notes issue is 18 June 2021, on which the Coupon starts to accrue.

4.2.16. Restrictions on free circulation of the Notes

The Notes are freely transferable securities and can be pledged. However, the Notes cannot be offered, sold, resold, transferred or delivered in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under the laws of the Republic of Latvia.

Any Noteholder wishing to transfer or offer the Notes must ensure that any offering related to such transfer or offer would not be qualified as public offering in the essence of the applicable law. According to the Terms of the Issue, it is the obligation and liability of the Noteholder, to ensure that any offering of the Notes does not fall under the definition of public offering under the applicable law.

4.2.17. Tax treatment

All payments in respect of the Notes by the Issuer shall be made without withholding or deduction for, or on account of any Taxes unless the withholding or deduction of the Taxes is required by the laws of the Republic of Estonia. In such case the Issuer shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities in accordance with the applicable laws for the amount so required to be withheld or deducted. The Issuer shall not be obligated to make any additional compensation to the Noteholders with respect of such withholding or deduction.

5. Special Conditions

5.1. Disclosure of information

Up until the Maturity date of Notes, the Issuer shall publish all the information required by covenants, rules of Nasdaq Riga and regulatory enactments.

I. For so long as the Notes are not admitted to trading on First North, all notices and reports to the Noteholders shall be published on the Issuer's website (www.summus.ee).

II. As of the day when the Notes are admitted to trading on First North, all notices and reports to the Noteholders shall be published on Nasdaq Riga website, as well as on the website of the Issuer (www.summus.ee). Any notice or report published in such manner shall be deemed to have been received on the same Business Day when it is published.

5.2. Event of default

If the Issuer receives a written notification from the Noteholders representing at least 10% (ten per cent) of the outstanding Notes issue that the immediate repayment deadline has set in for the Notes owned by the relevant Noteholder(s), at any time after the event of default has occurred (and as long as the event of default exists), the Issuer has to pay the Nominal value of Notes along with the accrued Coupon and contractual penalty, in accordance with Clause 5.3 "Contractual penalty", within 5 (five) Business Days after the receipt of the notification.

If an event of default has occurred and the Issuer is unable to redeem the Notes immediately, the Issuer is obliged to engage an authorized person ("Agent") to organise Noteholders written notification in accordance with this clause within a maximum of 20 (twenty) Business Days after the event of default has occurred. . Each of the events or circumstances set out in below shall constitute an event of default:

5.2.1. Non-payment

The Issuer fails to pay out any amount payable by it under the Terms of the Issue when such amount is due for payment, unless its failure to pay is caused by administrative or technical error in payment systems or the Nasdaq CSD and payment is made within 5 (five) Business Days following the original due date. Noteholder shall have the right to submit claims regarding failure to pay amount due not earlier than 5 (five) Business Days following the date of the relevant payment.

5.2.2. Breach of covenants

The Issuer has violated the conditions of the Clause 5.4. "Financial covenants" or Clause 5.5 "General Covenants" and has failed to remedy such violation as according to the Clause 5.2.3. "Covenant cure".

5.2.3. Covenant cure

I. The shareholders of the Issuer may cure or prevent a breach of the financial covenant in Clause 5.4.1 (and any Event of Default arising as a result therefrom) if, prior to or within 90 (ninety) calendar days of the earlier of (i) the date on which the relevant financial report is to be published pursuant to the Terms of Issue and (ii) the date that such financial report was in fact published pursuant to the Terms of Issue for any measurement period in which such failure to comply was (or would have been) first evidenced, the Issuer received the cash proceeds of new shareholder injections from the shareholders of the Issuer (the "Equity cure"), in an amount at least sufficient to ensure that the financial covenant set forth under 5.4.1 would be complied with if tested again as at the last date of the same measurement period on the basis that any Equity Cure so be provided shall be included for the measurement period as if provided immediately prior to the last day of such measurement period.

II. Any new equity and or Subordinated debt so provided in respect of any relevant period shall be deemed to have been provided immediately prior to the last date of such relevant period and shall be included (without double counting) in all relevant covenant calculations until the date it was deemed provided falls outside any subsequent relevant period.

III. If after the equity adjustment the requirement of the relevant financial covenant is met, then the requirement thereof shall be deemed to have been satisfied as at the relevant original date of determination of any default, Event of Default, occasioned thereby shall be deemed to have been remedied for the purposes of the Terms of Issue.

5.2.4. Cross default

If for the Issuer or any Material Subsidiary:

I. any Financial Indebtedness is neither paid when due nor within any applicable grace period; or
II. any Financial Indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or
III. any commitment for any Financial Indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described); or
IV. any creditor becomes entitled to declare any Financial Indebtedness due and payable prior to its specified maturity as a result of an event of default (however described),
V. any security securing Financial Indebtedness over any asset is enforced by secured creditor,

provided however that the aggregate amount of such Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (I) to (V) above exceeds a total of EUR 500,000 (five hundred thousand euro) (or the equivalent thereof in any other currency) and provided that it does not apply to any Financial Indebtedness owed to a Subsidiary or Related Parties.

5.2.5. Insolvency or insolvency proceedings

The Issuer or any Material Subsidiary is considered insolvent if:

I. the Issuer or its Material Subsidiary is declared insolvent or bankrupt by a court of competent jurisdictions or admits inability to pay its debts in case of lawful claims save for claims by Related Parties or claims within Group; or
II. an application to initiate insolvency or legal protection proceedings or similar proceedings of the Issuer or any Subsidiary or any other proceedings for the settlement of the debt of the Issuer is submitted to the court by the Issuer or the Subsidiary, unless such application is challenged in court.

5.3. Contractual penalty

In the case of non-compliance or inadequate compliance with a payment obligation arising from the Notes, the Noteholder in question shall be entitled to require and the Issuer shall be obliged to pay contractual penalty (*līgumsods*) upon the request of any Noteholder to all the Noteholders from the date (excluding), when the deadline has set in, to the actual payment date (including) in the amount of 0.05% (zero point zero five per cent) per day from the relevant outstanding amount.

5.4. Financial covenants

From the Issue Date of Notes to the date of repayment thereof, the Issuer and its Subsidiaries shall undertake the following financial covenants:

5.4.1. To maintain consolidated ratio of Equity to Total Assets of at least 30% (thirty per cent), at the end of each quarter;

5.4.2. To maintain consolidated DSCR of at least 1.2x, calculated on the trailing 12 (twelve) months (TTM) basis;

5.4.3. The financial covenants set forth in Clauses 5.4.1 and 5.4.2 shall be tested as at the end of each quarter and published in the consolidated quarterly financial reports of the Group. Financial covenant under Clause 5.4.2 shall be first tested, starting from 31 December 2021 (based on consolidated financial reports of the Group for 2021);

5.4.4. Proof of compliance with the 5.4.1 and 5.4.2 covenants to be included in every quarterly financial report of the Group;

5.4.5. The Issuer may in its sole discretion choose to calculate financial covenants in Clauses 5.4.1 and 5.4.2 in accordance with the accounting principles as applicable on the Issue Date, or the accounting principles as otherwise adopted or amended from time to time;

5.4.6. The Issuer shall not pay dividends or make any other payment or other distribution in form of a loan, investment or any other distribution to its shareholders and / or entities directly or indirectly owned by them, except permitted distribution of up to 50% (fifty percent) of annual net profit, adjusted for non-recurring and non-cash items (e.g. gain / loss from revaluation of investment properties or acquisition / disposal of investment properties), provided that financial covenants set forth in Clauses 5.4.1 and 5.4.2 are met prior and after the distribution has been made.

5.5. General covenants

From the Issue Date of Notes to the date of repayment thereof, the Issuer and its Material Subsidiaries shall undertake the following:

5.5.1. The Issuer and its Subsidiaries shall not start any business activity that is outside the scope of Permitted Business;

5.5.2. Not to Change of Control of the Issuer;

5.5.3. Not to commence Issuer's reorganization, liquidation or reduction of the share capital;

5.5.4. Any transactions with Related Parties shall be at Fair Market Value;

5.5.5. The Group shall not sell or otherwise dispose of shares in any Material Subsidiary or any of the assets or operations of a Material Subsidiary to parties who are not Group Subsidiaries, unless the transaction (also taking into account any transaction ancillary or related thereto) takes place at a price that is no more than 5% lower than the Fair Market Value of the asset or shares of company, as determined by the valuation report of a reputable licensed independent real estate advisor. The Issuer shall notify the Noteholders of any such transaction and shall make sure that it complies with the financial covenants set forth in Clauses 5.4.1 and 5.4.2 prior and after the intended disposal. In case the Group wishes to dispose any of the assets and/or shares at a price which differs more than 5% from the Fair Market Value, then a consent in accordance to Clause 5.6. "Procedure for applying for the waiver" shall be acquired;

5.5.6. To subordinate claims of current and future Loans from Shareholders to the Notes within 6 months after the Issue Date;

5.5.7. To include Notes on the First North within 12 months after the Issue Date;

5.5.8. To prepare and publish consolidated unaudited quarterly reports within 2 months after the end of reporting period;

5.5.9. To publish audited consolidated annual report within 4 months after the end of reporting period. The audited consolidated annual report should include a detailed overview of Related Party transactions of the Group;

5.5.10. The Issuer shall at least once a year engage a reputable licensed independent property advisor to assess the fair value of the investment properties held by the Group. The Issuer shall describe the results of such valuation reports in the following financial reports or through other communication to Noteholders.

5.6. Procedure for applying for the waiver

The Issuer has the right to ask for the consent (waiver) of Noteholders to amend the conditions included in the Terms of the Issue (i.e. apply for the waiver).

The amendment of the Terms of the Issue may include the amendment of any conditions, which is not restricted by such characteristics of Notes as currency, Coupon rate, Coupon calculation method, Coupon and Nominal payments, inclusion of Notes for trade in other regulated or alternative markets, covenants, repayment deadline of Notes, and other conditions, unless they contradict mandatory provisions of Legal acts.

The Issuer can apply for the waiver through an Agent. To apply for the waiver, the Agent shall notify Noteholders directly or if Notes are included in First North, via Nasdaq Riga information system, specifying at the least the following information:

- a description of the changes applied for;
- a justification of the necessity of the changes applied for;
- the date when the list of Noteholders eligible to grant the waiver (vote) will be fixed;
- the term within which a Noteholder can support or reject the offered waiver;
- instructions concerning notification about the support or rejection of the waiver and the procedure for filling in the voting questionnaire;
- notification that a Noteholder willing to grant the waiver offered by the Issuer shall notify the Issuer and Agent within the term specified in the application, which is certified by a postal seal, signature on receipt or notification (letter or email) from Noteholder's Custodian. If the Noteholder does not notify the Issuer or Agent about the approval to grant waiver within the term specified in the application, an Noteholder shall be deemed as not having granted the waiver;

- contact details of the Issuer and/ or the Agent to be used for notifications (telephone number for inquiries, email or address for sending filled in and signed questionnaires, list of representative offices and/ or branches of the Issuer and/ or Agent where Noteholders can submit the questionnaires in person);
- other information including a fee to Noteholders for approving the waiver needed by Noteholders for deciding upon granting the consent or refusal to grant the waiver to the Issuer.

The list of Noteholders shall be inquired from the Nasdaq CSD as of the date falling to the 5th (fifth) Business Day after the waiver was sent to Noteholders directly or if Notes are included in First North, via Nasdaq Riga information system.

The term allowed to Noteholders for deciding upon refusal to grant the waiver to the Issuer may not be shorter than 14 (fourteen) calendar days after the information about the waiver was sent to Noteholders directly or if Notes are included in First North, via Nasdaq Riga information system.

Noteholders shall submit signed questionnaires with their decision to the Agent by a deadline set in the application of the waiver. The waiver is deemed to be granted, if Noteholders owning at least 2/3 (two thirds) of the outstanding Notes issue (excluding Notes owned by the Issuer and / or its Related Parties from the total outstanding amount of Notes issue) have voted for granting the waiver. The Notes owned by the Issuer and / or its Related Parties are not eligible to participate in the voting.

The Agent shall count the received votes and notify Noteholders of the results of the voting within one Business Day after the deadline for submitting the questionnaires and votes are counted and Noteholders identified accordingly by sending the relevant announcement to Noteholders directly or if Notes are included in First North, by publishing it via Nasdaq Riga information system.

If the accepted changes refer to specifications of the Notes and/or Coupon calculation method, as well as procedure of Coupon payments and/or repayment of the Nominal, the Issuer shall inform Nasdaq CSD on the mentioned changes according to the regulation determined in the Nasdaq CSD rules.

If the Issuer offers Noteholders a fee for approving the waiver and the waiver is granted, the Issuer transfers the fee amount to the account stated by a Noteholder in the questionnaire not later than twenty Business Days after the waiver comes into force.

5.7. Force majeure and limitation of liability

The Issuer shall be entitled to postpone the fulfilment of its obligations under the Terms of the Issue in case the performance is not possible due to continuous existence of any of the following circumstances (a “Force Majeure Event”).

a) action of any authorities, war or threat of war, rebellion or civil unrest;
b) disturbances in postal, telephone, or electronic communications which are due to circumstances beyond the reasonable control of the Issuer and that materially affect the operations of the Issuer;
c) any interruption of or delay in any functions of measures of the Issuer as a result of fire, frost or other similar disaster;
d) any industrial action, such as strike, lockout, boycott or blockade affecting materially the activities of the Issue, or

e) any other similar force majeure hindrance.

In case of occurrence of a Force Majeure Event, the Issuer's fulfilment of the obligations may be postponed for the period of the existence of such respective circumstances and shall be resumed immediately after such circumstances cease to exist, provided that the Issuer shall put all best efforts to limit the effect of the Force Majeure Event and to resume the fulfilment of its obligations as soon as possible.

6. Taxation

Prospective investors are advised to consult their own professional tax advisors as to the tax consequences relating to the investment in the Notes.

6.1. Withholding Tax

6.1.1. Non-resident Noteholders

According to the Estonian Income Tax Act ("EITA"), interest payments made by the Issuer to Estonian non-resident Noteholders (both corporate entities and natural persons) will not be subject to withholding tax in Estonia. The permanent establishments of non-residents in Estonia share the same tax treatment as resident corporate entities (see "Resident Noteholders" below).

6.1.2. Resident Noteholders

Pursuant to the EITA, interest payments made by the Issuer to Estonian resident **corporate** taxpayer or private entrepreneur Noteholders will not be subject to withholding tax in Estonia.

Withholding tax at the rate of 20 percent will be levied on the taxable interest payments made by the Issuer to Estonian resident **natural person** Noteholders. However, the Issuer will not withhold income tax if the Estonian resident natural person Holder has notified the Issuer that the income tax liability on the interest income has been postponed due to using an investment account regime by the Holder as specified in Article 17^2 of the EITA. No withholding tax is applicable to capital gains received by corporate and natural person residents of Estonia from the sale of the Notes.

6.2. Income Taxation

6.2.1. Non-resident Noteholders

According to the EITA, interest payments made by the Issuer to Estonian non-residents Noteholders (corporate entities and natural persons) is not subject to income tax in Estonia. The interest income and capital gains received by non-resident Noteholders may be subject to taxation in their country of residence.

As an exception from the above, income tax at the rate of 20 percent is charged on gains derived by a non-resident from a transfer of claim which is related to an immovable or a structure (building) as a movable, which is located in Estonia. As commonly interpreted, this does not include gains from selling an unsecured bond that has no direct relation to any single immovable in Estonia.

With regard to interest income received by a permanent establishment located in Estonia, see "Resident Noteholders" below.

6.2.2. Resident Noteholders

6.2.2.1. Corporate Residents

Interest income and capital gains received by resident legal entities and permanent establishments of non-residents is not subject to corporate income tax ("CIT") in Estonia upon receiving the income. Such income is included in the income of the resident or a permanent establishment but is not immediately taxed. CIT is levied upon profit distribution. Permanent establishments of non-residents of Estonia are taxed similarly resident corporate entities, with some special rules. Profit attributed to a permanent establishment is subject to CIT when it has been taken out of the permanent establishment in monetary or non-monetary form.

6.2.2.2. Resident Individuals

The interest income received by Estonian tax resident individual is subject to 20 percent personal income tax ("PIT") in Estonia, which is withheld by the Issuer. Interest income means all interest accrued from loans, leases and other debt obligations, as well as securities and deposits, including such amount calculated on the debt obligations by which the initial debt obligations are increased.

Capital gains earned by Estonian tax resident individuals from the sale or exchange of Notes is taxed as profit from the transfer of property, which is subject to PIT at the rate of 20 percent. Pursuant to Section 37 (1) of the EITA, gains or loss derived from the sale of Notes is the difference between the acquisition cost and the selling price of the Notes. The gain or loss derived from the transfer of Notes is the difference between the acquisition cost and the sale price of the Notes. The gains or loss derived from the exchange of property is the difference between the acquisition cost of the property subject to exchange and the market price of the property received as a result of the exchange. Additionally, the Holder has the right to deduct proved expenses directly related to the sale or exchange of property from the Holder's gain or to add such expenses to the Holder's loss.

Exclusively for natural person taxpayers, EITA enables postponement of the taxation of income derived from the publicly offered securities by using an investment account regime specified in Section 172 of the EITA. This special regime applies strictly to the securities referred to in section 17^1 of the EITA. The moment of taxation of the financial income held on an investment account is postponed until such income is withdrawn from the investment account (i.e., the amount withdrawn from the account exceeds the amount which had been previously paid into the account).

Taxation of Estonian tax resident private entrepreneur is different.

7. Terms of the Offering

7.1. Subscription to the Notes

7.1.1. Subscription period

The initial offering shall commence on 01 June 2021 at 10:00 and shall end on 11 June 2021 at 15:00.

7.1.2. Subscription terms

Subscription orders to the Notes can be submitted to the Arranger every Business Day during normal working hours. More detailed information on the submission of the subscription orders is available by phone +371 67 081 069.

Subscription orders can also be submitted to other Custodians, which in turn shall submit orders to the Arranger. The form of such subscription orders is regulated by contracts between Noteholders and Custodians and by the Legal acts.

The total Nominal value of subscribed Notes should be stated in the subscription order. Noteholders have the right to submit several subscription orders during the offering. Subscription orders to the Notes are irrevocable. The Arranger will register all submitted subscription orders according to legal requirements and internal procedures.

By submitting the subscription order the investor confirms that it (i) has read and understands the Terms of the Issue, (ii) agrees and commits to adhere to the Terms of the Issue.

Minimum subscription size for Notes is EUR 100,000 (one hundred thousand euro) with minimum step of EUR 1,000 (one thousand euro). Subscription size should adhere Settlement Unit Multiple.

7.1.3. Notes price

Notes purchase price can be equal to 100% (one hundred per cent) of the Nominal value.

All subscription orders that were aggregated during the subscription period with the First Settlement Date as of 18 June 2021 will be delivered without accrued interest.

7.1.4. Reduction of the Notes issue size

At any time the Issuer may decide to discontinue offering of the Notes. The total issue size is equal to the actual issue size of the Notes before such decision.

7.1.5. Allocation of the Notes to Noteholders

As a general principle, if the total number of Notes subscribed for is equal to or less than the number of the Notes, the Notes will be allotted based on subscription orders placed.

In case the total number of the Notes subscribed for is higher than the number of the Notes available, the proportionate reduction principle shall be applied to the extent possible.

Regardless of the subscription results, the Arranger and/or Issuer at its sole discretion has a right to refuse to allocate all of the subscribed Notes to any prospective investor, if Arranger and/or Issuer decides that it may bear increased AML and Sanctions compliance risk or other risks.

7.2. Settlement and delivery of the Notes

The First Settlement Date of Notes is 18 June 2021. All subscription orders that were aggregated during the subscription period with settlement date on18 June 2021 will be delivered without accrued interest.

The settlement date for the Notes can be any Business Day which is not earlier than the second Business Day and not later than the 20th Business Day after subscription order is duly submitted to the Arranger.

Settlement of the Notes will be executed through the Nasdaq CSD as DVP (delivery versus payment) transactions according to the applicable Nasdaq CSD rules and Operating Manual. The Custodians execute payments for the Notes based on the results of the subscription provided by the Arranger. The Notes will be transferred to investors' financial instrument accounts on the settlement date.

Settlement for the Notes can be executed according to other procedure, which is agreed to by the Arranger and prospective investor.

7.3. Pre-emptive rights

None of prospective investors have the rights of pre-emption in respect to acquisition of the Notes in the initial placement.

8. Including of the Notes on the market and trading regulations

The Issuer plans to request the admission to trading of the Notes on First North within 12 months after the Issue Date and submit Terms of the Issue and company description with Nasdaq Riga. The Issuer does not undertake to register the Notes prospectus with the FCMC, nor list the Notes on any regulated market.

The Issuer has not signed any agreement with any person for Notes liquidity maintenance on the secondary market.

9. Additional Information

9.1. Advisors involved in the Issue

The Issuer has concluded an agreement with the Arranger to organize the Notes issue, to communicate with the Nasdaq CSD, market it to prospective investors and conduct settlement during the subscription period. The Arranger may provide other services to the Issuer in the future and receive remuneration for it. The Arranger may invest its own funds in the Notes.

9.2. The external audit of the information included in the Terms of the Issue

The auditors have not verified the information included in the Terms of the Issue.

9.3. Statements or reports included in the Terms of the Issue

The Terms of the Issue does not contain any expert statements or reports.

9.4. Credit ratings

There is no credit rating assigned to the Issuer or to the Notes issue.

10. The Issuer

10.1. General Information on the Issuer

The Issuer is Summus Capital OÜ.

The Issuer's registration number is 12838783 and legal entity identifier is 2549003WOPH1RE2ID891.

Legal address and location of the management is Harju maakond, Tallinn, Kesklinna linnaosa, Tartu mnt 7-7, 10145, Estonia.

Legal form: A private limited liability company, legal status — legal person.

Country of location: Republic of Estonia.

The Issuer carries out its activities in accordance with the legal acts of the Republic of Estonia and the Legal acts.

10.2. A description of the Issuer's position within the Group

At the moment of signing the Terms of the Issue, the Issuer is an operating company and holds interest in the following Subsidiaries:

Table 1. – Subsidiaries of Summus Capital OÜ

Name of subsidiary	Country of incorporation	Ownership interest
Lepidus Invest OÜ	Estonia	99%
Votum Invest OÜ	Estonia	99%
Princepts Capital OÜ	Estonia	99%
Voluntas Invest OÜ	Estonia	99%
Veerenni Tervisekeskus OÜ	Estonia	99%
Procedo Capital OÜ	Estonia	99%
UAB Vikingu 3	Lithuania	89%
UAB Zenith Turto Valdymas	Lithuania	89%
Vikingi 2 SIA	Latvia	100%
SIA LSRF3 Riga Plaza	Latvia	44.50%[1]
SIA PLP	Latvia	100%

[1] Issuer owns 44.50% of SIA LSRF3 Riga Plaza as of 31.12.2020 and has committed to increase its ownership to 89% by 2022. Therefore, this entity has been included in the consolidation group of the Issuer as of 31.12.2020.

10.3. Auditor

The Issuer's financial auditor of the last audited annual report is KPMG Baltics OÜ (activity license of auditing company no. 17, registration number: 10096082, legal address: Harju maakond, Tallinn, Kesklinna linnaosa, Narva mnt 5, 10117).

11. Business of the Issuer

11.1. Brief summary

The Issuer was founded in 2013 and is a family owned real estate investment holding company that owns properties in three Baltic countries. The Group's headquarters are in Estonia.

Summus Capital's property portfolio consists of 11 cash flow generating commercial real estate properties in retail (shopping centers), office, logistics and medical segments. Total market value of portfolio exceeds EUR 300 million and it is diversified both in terms of countries and segments, as retail segment makes up 53% of the portfolio, offices 24%, while medical and industrial segment make up 12% and 11% of the portfolio value, respectively.

Boris Skvortsov is 100% shareholder of the Issuer. Skvortsov family has significant experience in real estate investments in the Baltics and Russia.

Strategic partner and asset manager of the Subsidiaries is Zenith, an independent wealth management company that specializes in cash flow-generating commercial property investments and their management.

11.2. Investment strategy

The Issuer's investment strategy bears the following requirements:

- Cash flow generating commercial real estate;
- Long-term investment horizon;
- Class A office buildings, shopping centers and big-box stores, class A warehouse and industrial properties;
- Sale-leaseback transactions;
- Sustainable buildings (BREEAM or LEED certifications);
- Value-add commercial real estate investments.

Portfolio requirements:

- Diversification: share of any sector should not significantly exceed 50% of the portfolio;
- Share of anchors in the portfolio's cash flow at least 50%;
- Minimum investment size EUR 10 million.

11.3. Real estate portfolio

The Issuer operates 11 cash flow generating real estate properties:

- DE LA GARDIE

  Sector: Retail
  Location: Tallinn Old Town, Estonia
  Acquisition year: 2014
  Key tenant(s): Lindex

De La Gardie shopping centre was constructed in 2000 and is situated in one the busiest retail streets in Tallinn's Old Town, which is very popular among tourists. Being located just 200 meters from the official centre of Tallinn - Viru Square - the property enjoys its location with the vicinity of dozens of hotels, shopping centers, and offices.

- Warehouse properties' portfolio

  Sector: Industrial

Location: Tallinn, Tartu, Estonia
Acquisition year: 2014
Key tenant(s): Mediq, Stora Enso, Hanza Mechanics

A portfolio of three industrial/warehouse properties: all of the properties are strategically well located, well-functioning, and well-known amongst industrial parks. The properties are fully leased to internationally well-known, strong tenants: Stora Enso Packaging AS, Hanza Mechanics Tartu AS and Mediq Eesti OÜ. All lease agreements are on triple-net conditions.

- Auriga Shopping Center

  Sector: Retail
  Location: Kuressaare, Estonia
  Acquisition year: 2015
  Key tenant(s): Rimi, K-Rauta DIY, H&M, Apollo

This is the largest shopping center in Saaremaa, located at the city's entrance at the most significant intersection in Saare County and which was opened to the public in October 2008. Tenants in the center are well known international and local brands. In 2018 a total of two million visitors came to the center, what was a record figure.

- PUNANE 56

  Sector: Industrial/stock-office

  Location: Tallinn, Estonia
  Acquisition year: 2015
  Key tenant(s): Clemco Baltic, Baltic Promotions

This multifunctional business complex has a stock-office, office, and retail premises and is situated on Punane Street, one of the most active business areas in Lasnamäe District (the most densely-populated district in Tallinn). The location is good for retail/ office/light industrial spaces, ie. specialised retail tenants.

- Nordika Shopping Center

  Sector: Retail
  Location: Vilnius, Lithuania
  Acquisition year: 2016
  Key tenant(s): Senukai, Rimi, Jysk, Elektromarkt

The NORDIKA shopping center (which opened at the end of 2015) is the only shopping mall in the southern area of Vilnius, with its own large parking area with 1,320 spaces. The shopping center has more than sixty retailers, services, and restaurants, generating an average of 13,000 visitors per day. This is the first shopping mall on the route from the borders of Belarus, and a number of customers come all the way from this country to visit the shopping center.

- BOD Group technology center

  Sector: Industrial
  Location: Vilnius, Lithuania
  Acquisition year: 2016
  Key tenant(s): BOD Group

The BOD Group High Technology Centre is located in the northern area of Vilnius, in Visoriai Information Technology Park. In 2013, when it was built, our factory building was classed as being the most energy-efficient industrial building in Europe by the German Chamber of Commerce. The BOD Group itself is the largest industrially recorded CD, DVD, and Blu-Ray manufacturer in the Baltic States. The group consists of several manufacturers.

- Veerenni 1 – Health center

  Sector: Medical
  Location: Tallinn, Estonia
  Acquisition year: 2017
  Key tenant(s): Synlab, Confido

Veerenni is the biggest private medical center in Estonia, one which brings together various health segment companies under one roof. This is the first part of a larger cluster which serves to bring together a variety of medical services, from occupational health to surgery. Good quality tenants and leases make it a high quality investment. It is a modern building, one which has been in operation since 2017 and which is located in the central district of Tallinn.

- PARK TOWN West Hill

  Sector: Office
  Location: Vilnius, Lithuania
  Acquisition year: 2018
  Key tenant(s): Alna, Tietoenator

The PARK TOWN West Hill business centre is located in the prime area of Vilnius CBD. It enjoys excellent views and accessibility, and a location in a prime neighborhood. The PARK TOWN WEST HILL property is a part of the PARK TOWN business center. This business center consists of seven floors of office space for modern businesses working in the modern world. Park Town is BREEAM certified.

- PARK TOWN East Hill

  Sector: Office
  Location: Vilnius, Lithuania
  Acquisition year: 2020
  Key tenant(s): Yara, Markmonitor

PARK TOWN East Hill, together with PARK TOWN West Hill comprise a single business center within the surrounding park area. The business center consists of two seven-story BREEAM certified office buildings and is one of the most advanced Class A offices in Vilnius with an exceptional environment and smart technical and engineering solutions. Buildings are fully-fitted for office purposes so that its tenants can fully enjoy the workspace.

- Riga Plaza Shopping Center

  Sector: Retail
  Location: Riga, Latvia
  Acquisition year: 2020
  Key tenant(s): Maxima, Apollo, Peek&Cloppenburg

Built in 2009 Riga Plaza is currently the fourth largest shopping center in Riga. Strategically located just 5 km from Riga Old Town in actively developing leisure and business district with excellent accessibility. Riga Plaza earned over the years a stable loyal customer base with ca. 5 million visitors p.a. Over 170 retail units with a strong mix of national and international anchor tenants and strong entertainment and food and beverage offer, with opportunity to enlarge and modernize the current entertainment areas.

- **Veerenni 2 – Health center**

  Sector: Medical
  Location: Tallinn, Estonia
  Acquisition year: 2021
  Key tenant(s): Confido, Semetron, Ortopeedia arstid

Veerenni 2 is the second phase of the Veerenni private medical center cluster which is located across the street from the first phase of the Veerenni project. Veerenni is the biggest private medical center in Estonia, one which brings together various health segment companies under one roof. The center is commissioned in autumn 2020.

Table 2. – The Issuer's real estate portfolio

Property name	Location	NLA, M^2	NOI 2020[1], EUR million	NOI 2021 expected[1], EUR million	Portfolio Value[2], EUR million
De La Gardie	Tallinn, Estonia	2,139	0.55	0.28	8.33
Warehouse portfolio	Estonia	15,434	0.84	0.84	10.66
Auriga	Kuressaare, Estonia	13,711	1.10	1.02	15.59
Punane 56	Tallinn, Estonia	4,693	0.33	0.33	4.27
Veerenni 1	Tallinn, Estonia	6,603	1.06	1.00	14.34
Nordika	Vilnius, Lithuania	35,631	3.65	3.47	53.34
BOD	Vilnius, Lithuania	22,609	1.82	1.82	22.34
Park Town West Hill	Vilnius, Lithuania	6,890	1.17	1.15	20.46
Park Town East Hill	Vilnius, Lithuania	15,086	1.24	2.59	46.37
Riga Plaza	Riga, Latvia	50,184	0.44	5.06	82.60
Veerenni 2[3]	Tallinn, Estonia	9,670	n.a.	1.48	21.50
TOTAL:		**182,650**	**12.20**	**19.02**	**299.80**

[1] The Issuer's attributable share of property net operating income.
[2] Attributable market value of the properties, based on assessment by independent real estate appraisers as of end 2020, with the exception of Riga Plaza that is valued at cost and will be revalued as of YE 2021.
[3] Veerenni 2 has been added to the portfolio only in January 2021.

Table 3. – Portfolio split by countries

Country	Property value split by country	NLA by country
Lithuania	47%	44%
Latvia	28%	27%
Estonia	25%	29%

Table 4. – Portfolio split by sector

Sector	Property value split by sector	NOI by sector (2021)
Retail	53%	52%
Office	24%	21%
Medical	12%	13%
Industrial	11%	14%

11.4. Tenants and occupancy

The Group has a diversified and stable tenant base with 323 total tenants. Anchor tenants are established regional names representing various sectors. Top 10 tenants take up 44% of the net leasable area, as the Group aims to own properties where anchor tenants generate more than 50% of the total cash flow. Nonetheless, no single tenant exceeds 11% of total rental income.

Long-term contracts with core tenants ensure stable and predictable cash flows. Weighted average unexpired lease term (WAULT) at the end of 2020 was 7.7 years for the whole portfolio, while top 10 tenants WAULT was 6.6 years.

11.5. Competition

The Group has grown into a sizeable player on the Baltic commercial real estate market and will strengthen its position further given the ambitious expansion plans.

Table 5. – Selected leading Baltic commercial real estate investment vehicles with capital markets presence

	Eastnine	Baltic Horizon	Summus Capital OÜ	Lords LB Baltic Fund IV	EfTEN Real Estate Fund III	Capitalica Fund I
Type	Public company	Public AIF with REIT structure	Private company	Closed AIF	Public closed AIF	Closed AIF
Portfolio value, EUR m	372	340	300	158	144	60
Key segments	Office	Retail, office	Retail, office, medical, industrial	Office, retail, hotel	Retail, office, industrial	Office, retail
Geographies[1]	Lithuania – 84% Latvia – 16%	Lithuania – 36% Latvia – 39% Estonia – 25%	Lithuania – 51% Latvia – 25% Estonia – 24%	Lithuania – 85% Estonia – 15%	Lithuania – 60% Latvia – 23% Estonia – 17%	Lithuania – 84% Latvia – 16%
Number of properties	10	16	11	7	15	4
Bonds	-	Holding level	Holding level	Single project	Single project	Fund level
Equity ratio	62%	38%	42%	na	48%	na

[1] *As % of last available portfolio value*

Sources: 2020 annual reports, fund fact sheets, bond offering presentations, and other publicly available information

11.6. Management of the Issuer

- Hannes Pihl (Member of the Board, Investment management)

Hannes is a co-founder and managing partner of Zenith Family Office OÜ (majority shareholder of Zenith). He has 25 years of professional experience in different segments of the Baltic real estate market, including commercial and residential real estate, preparing real estate concepts, asset and investment management, and management of real estate companies.

- Evaldas Cepulis (Member of Board, Asset management)

Evaldas has Bachelor of Arts at Applied Mathematics and Master degree in International business. His previous experience includes 13 years with SEB Bankas, AB (Lithuania) as Head of Venture Capital, Head of Foreign Exchange and in Capital Markets. Since 2014 he has been partner of DAO FAMILY, responsible for investment management.

- Aavo Koppel (Member of Board, Finance)

Aavo is a founding partner of Zenith Family Office OÜ (in 2011), responsible for corporate finance. Prior to that, Aavo has worked as strategy and management consultant in Capgemini Group and Director and Head of Corporate Finance in leading Baltic investment bank Suprema Securities.

11.7. Supervisory board of the Issuer

The supervisory board of Issuer consists of four members:

- Boris Skvortsov (Chairman of the Supervisory board)

Sole owner of Summus Capital OÜ. Boris holds a master's degree in Economics from Moscow State University of M.V. Lomonosov. He has headed, created, owned and also exited multiple real estate investment and development organizations in Russia and is an active private investor in many start-ups in Europe and Israel.

- Elliott Rowan Auckland (Member of the Supervisory board)

Elliot started his career at THS Partners, an asset manager with ca. USD 10 billion dollars AUM, as buy-side Equity Analyst from 2006-2015 (London/Moscow). Since 2015, he has been with International Investment Bank (Moscow/Budapest) in various managerial roles. Since 2017 he has been the Chief Economist and Head of Business Planning and Financial Modelling.

- Vykintas Misiunas (Member of the Supervisory board)

Vykintas started his professional career at SEB bank heading the Treasury and Capital Markets Department until 2007. From 2007 till 2009, Vykintas took the role of active Member of the Board at KRS Group responsible for restructuring of HIGEJA. In 2009, he was invited to become real estate Fund Manager in Lithuania at Lords LB Asset Management. In 2012, Vykintas together with partners established DAO FAMILY.

- Renats Lokomets (Member of the Supervisory board)

Specialist in business strategy, corporate finance and business planning. From 2002 to 2017 Renats has been with Rietumu Banka, as as Member of the Board. Since 2019, he has been the strategical partner at Venture Faculty, Venture HUB in Riga and continues to be on various management and Council position in international financial institutions (including INDEXO). Co-founder of the Latvian Startup association.

11.8. Shareholders of the Issuer

The Group was founded by Skvortsov family and is 100% owned by Boris Skvortsov. The family has extensive experience in real estate management and development, and have worked around the real estate sector their whole careers. Besides the real estate portfolio in the Baltics, Boris Skvortsov owns and manages multiple properties in Russia.

At the moment of signing the Terms of the Issue, the current structure of the Issuer's shareholders is as follows:

Table 6. - Issuer's shareholders structure

Name, surname	% of the total number
Boris Skvortsov	**100%**

At the moment of signing the Terms of the Issue, the Issuer has no information at its disposal regarding any agreements, the fulfilment of which might cause changes in the Issuer's control.

11.9. Financing structure of the Group

The Group maintains relationships with most leading banks in the Baltics, and currently has long-term loans from Luminor, SEB, and Šiauliai bank on Subsidiary level. These loans have been used to finance acquisition of investment properties. Bank loans are amortized and bear interest rates EURIBOR + 1.8-2.5%. Additionally, the Group uses interest rate swaps to fix the borrowing costs for a part of the loans.

Historically, the Group has financed the equity portion of acquisition financing with Loans from Shareholders. However, to strengthen the Equity base, as of 1 April 2021, Loans from Shareholders in the amount of EUR 78,913,462.25 have been converted into Equity as voluntary reserve, while the remaining part of Loans from Shareholders shall be subordinated to the Notes.

Historically, minority shareholders of the Group have issued loans to Subsidiaries to finance the acquisition of new investment properties. These loans rank *pari-passu* with the Notes; however, they do not have amortisation schedule and have maturities after the Maturity date of the Notes.

As of 31 December 2020, the Group had a structuring loan recorded as part of Other long-term liabilities in the amount of EUR 11,175,000.00 that is related to the Riga Plaza acquisition transaction. This loan, however, has an offsetting position on the asset side of the balance sheet recorded under Receivables and Prepayments (loans issued) and, thus, should not be considered as Financial Indebtedness.

Table 7. – Detailed breakdown of the Group's liability structure as of 31 December 2020 (EUR)

	Short-term	Long-term	Total
Unsecured bank loans[1]	2,000,000		2,000,000

Secured bank loans	6,855,586	154,355,815	161,211,400
Loans from minority shareholders of Subsidiaries		9,132,274	9,132,274
Structuring loans		11,175,000	11,175,000
Total external loan liabilities	**8,855,586**	**174,663,089**	**183,518,675**
Loans from Shareholders		98,595,846	98,595,846
Total loan liabilities	**8,855,586**	**273,258,935**	**282,114,521**
Interest rate swaps		3,440,235	3,440,235
Total loan obligations	**8,855,586**	**276,699,171**	**285,554,756**
Of those currently Senior to Notes	6,855,586	154,355,815	161,211,400
Of those currently *pari-passu* to Notes	-	9,132,274	9,132,274
Of those currently subordinated to Notes		20,455,000	20,455,000

[1] *Repaid in April 2021*

11.10. Legal proceedings and arbitrage

At the moment of signing the Terms of the Issue, the Issuer is not involved in any government interventions, lawsuits or arbitrage processes, which may significantly affect or have significantly affected the financial situation or profitability of the Issuer.

11.11. Substantial changes in financial situation of the Issuer

As of the publication of the last financial statement, the financial situation or performance of the Issuer has not worsened. The Issuer is unaware of any factors, claims, obligations, or events which would negatively affect the financial situation or performance of the Issuer in future.

11.12. Important agreements

The Issuer has no knowledge of any other important agreements or internal decisions that could have been concluded within the company or between the Issuer and any related company and that could affect the Issuer's capability to fulfil its liabilities due to Noteholders regarding the securities to be issued.

11.13. Significant recent and known trends

During 2020 and 2021 many economic sectors were affected by Covid-19 virus outbreak. For detailed information on risks see Section 2 "Risk factors".

At the moment of signing the Terms of the Issue, the Issuer has no information at its disposal regarding any known trends that have negatively affected the Issuer or the activity, apart from the aforementioned COVID-19 impact.

11.14. Documents available to the public

All the interested parties have the possibility to be acquainted with the following documents:

- Financial reports to be published via Issuer's website after the Issue Date on www.summus.ee;

- Financial reports, operating results and other information to be published by Issuer as stipulated by the regulations of Nasdaq Riga – after the Notes are listed on the First North.

Terms of the Issue are available upon request.

12. Financial information

The last reported and audited equity of the Group is EUR 42,302,137.

The Group does not provide pro forma financial information.

The profit/loss forecast has not been carried out.

Information, which is disclosed in this section of the Terms of the Issue, is taken from the Group's audited financial reports that are approved by the Issuer's management. The annual reports are prepared according to the Estonian Financial Reporting Standards.

Issuer's financial figures and reports will be available on the Issuer's website www.summus.ee after the Issue Date.

12.1. Income Statement

Table 8. – Group's consolidated income statement, 2019-2020, EUR

	2019 (audited)	2020 (audited)
Revenue	15 532 704	17 743 109
Other income	67 926	40 997
Raw materials and consumables used	(3 292 369)	(3 426 025)
Other operating expense	(1 225 308)	(2 581 788)
Employee expense	(198 425)	(263 840)
Depreciation and impairment loss (reversal)	(860 648)	(1 002 215)
Other expense	(5 830)	(5 100 525)
Operating profit	**10 018 050**	**5 409 713**
Profit (loss) from subsidiaries	0	26 393 456
Gain (loss) from financial investments	(10 400)	0
Interest income	151 802	277 670
Interest expenses	(8 454 213)	(9 350 961)
Other financial income and expense	(4 002)	235 302
Profit (loss) before tax	**1 701 237**	**22 965 180**
Income tax expense	(830 280)	(208 662)
Profit for the reporting year	**870 957**	**22 756 518**
Profit (loss) from shareholders and partners in parent company	616 511	22 605 489
Profit (loss) from minority interests	409 738	(151 028)

12.2. Balance sheet

Table 9. – Group's consolidated balance sheet, 2019-2020, EUR

	31.12.2019 (audited)	31.12.2020 (audited)
Non-current assets:		
Intangible assets	3 178 295	2 360 925
Property, plant and equipment	8 705	88 362
Investment property	164 870 000	311 412 080
Receivables and prepayments	819 575	12 128 653
Financial investments	0	1 964 743
TOTAL NON-CURRENT ASSETS:	**168 876 575**	**327 954 763**
Current assets:		
Inventories	8 645	2 844
Receivables and prepayments	4 154 134	5 798 017
Cash and cash equivalents	21 687 855	11 477 121

TOTAL CURRENT ASSETS:	**25 850 634**	**17 277 982**
TOTAL ASSETS:	**194 727 209**	**345 232 745**
Equity:		
Issued capital	67 500	67 500
Retained earnings	12 293 429	13 072 997
Profit for the reporting year	616 511	22 605 489
Total equity held by shareholders	**12 977 440**	**35 745 986**
Minority interests	2 181 243	6 556 151
TOTAL EQUITY:	**15 158 683**	**42 302 137**
Liabilities:		
Non-current liabilities:		
Loan liabilities to banks	83 803 490	157 796 050
Loan liabilities	70 205 323	118 903 120
Payables and prepayments	0	2 407 224
Provisions	6 874 124	7 075 816
TOTAL:	**160 882 937**	**286 182 210**
Current liabilities:		
Loan liabilities to banks	5 632 267	8 855 586
Payables and prepayments	13 053 322	7 892 812
TOTAL:	**18 685 589**	**16 748 398**
TOTAL LIABILITIES:	**179 568 526**	**286 182210**
TOTAL EQUITY AND LIABILITIES	**194 727 209**	**345 232 745**

12.3. Statement of cash flows

Table 10. – Group' s consolidated statement of cash flows, 2019-2020, EUR

	2019 (audited)	2020 (audited)
Cash flow from operating activities		
Operating profit (loss)	**10 018 050**	**5 409 713**
Adjustments for:		
a) Depreciation and impairment loss (reversal)	860 648	1 002 215
b) Profit (loss) from sale of non-current assets	(30 232)	0
c) Other adjustments	0	4 125 825
Operating cash flow before adjustments of working capital and short-term liabilities	**10 848 466**	**10 537 753**
Changes in receivables and prepayments related to operating activities	44 182	(1 542 409)
Changes in inventories	14 148	5 801
Changes in payables and prepayments related to operating activities	(19 148)	1 206 642
Other cash flows from operating activities	(23 619)	0
Net cash flows from operating activities	**10 864 029**	**10 207 787**
Cash flow from investing activities		
Purchase of investment property	(18 372)	(52 282 732)
Net cash flow from sales of subsidiaries and operating Activities	(25)	0
Other cash payments to acquire subsidiaries	0	(7 266 197)
Other cash receipts from sales of subsidiaries	19 702	0
Other cash receipts from sales of other financial Investments	509 600	0
Loans given	(3 634 575)	(11 175 000)
Repayments of loans given	0	102 500

Interest received	43 702	3 098
Net cash flow from investing activities	**(3 079 968)**	**(70 618 331)**
<u>Cash flow from financing activities</u>		
Loans received	11 731 136	115 558 707
Repayments of loans received	(3 602 520)	(61 754 819)
Repayments of finance lease liabilities	(3 104)	(182)
Interest paid	(2 262 116)	(3 377 886)
Dividends paid	(63 200)	(208 510)
Income tax refund (paid)	(12 500)	(17 500)
Other cash outflows from financing activities	(122 100)	0
Net cash flows from financing activities	**5 665 596**	**50 199 810**
Net cash flow of the reporting year	**13 449 657**	**-10 210 734**
Cash and cash equivalents at the beginning of reporting year	8 238 198	21 687 855
Cash and cash equivalents at the end of reporting year	21 687 855	11 477 121