

Ülemiste City

MAINOR ÜLEMISTE AS  
Company description

January 2018

# Important information



This Company Description has been drawn up by the Management Board of AS Mainor Ülemiste in connection with the admission to trading of the Company's bonds on First North. It has been created in accordance with the laws of the Republic of Estonia and the Rules of First North as adopted by NASDAQ Tallinn AS.

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# Management Board declaration



We declare that, to the best of our knowledge, the information provided in this Company Description is accurate and that, to the best of our knowledge, the Company Description is not subject to any omissions that may serve to distort the picture the Company Description is to provide, and that all relevant information in the minutes of board meetings, auditors' records and other internal documents is included in the Company Description.

**Margus Nõlvak**  
**Mainor Ülemiste AS**  
Chairman of the Management Board

**Rein Suurväli**  
**Mainor Ülemiste AS**  
Member of the Management Board

**Ursel Velve**  
**Mainor Ülemiste AS**  
Member of the Management Board

# Executive summary



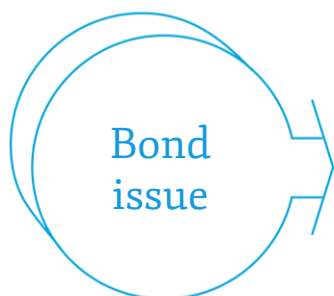
Ülemiste City, located in the heart of the most rapidly developing area of Tallinn, is the largest and the most prominent commercial real estate development project in the Baltics. Spread over 36 hectares of a former industrial area, it currently offers 230,000 m<sup>2</sup> of office and industrial premises. In total, the zoning allows 708,000 m<sup>2</sup> of buildings to be constructed.

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

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

The project is developed **Mainor Ülemiste AS** („Issuer“) and its joint-venture with a subsidiary of international real estate company Technopolis plc.

**Mainor Ülemiste AS is raising debt capital through a bond issue („Notes“) to finance development of Ülemiste City and refinance 5 M EUR of its existing bonds.**



Unsecured notes with a coupon rate of 5.5%, maturing in April 2023  
Issue size up to 10 M EUR



# Business model at a glance

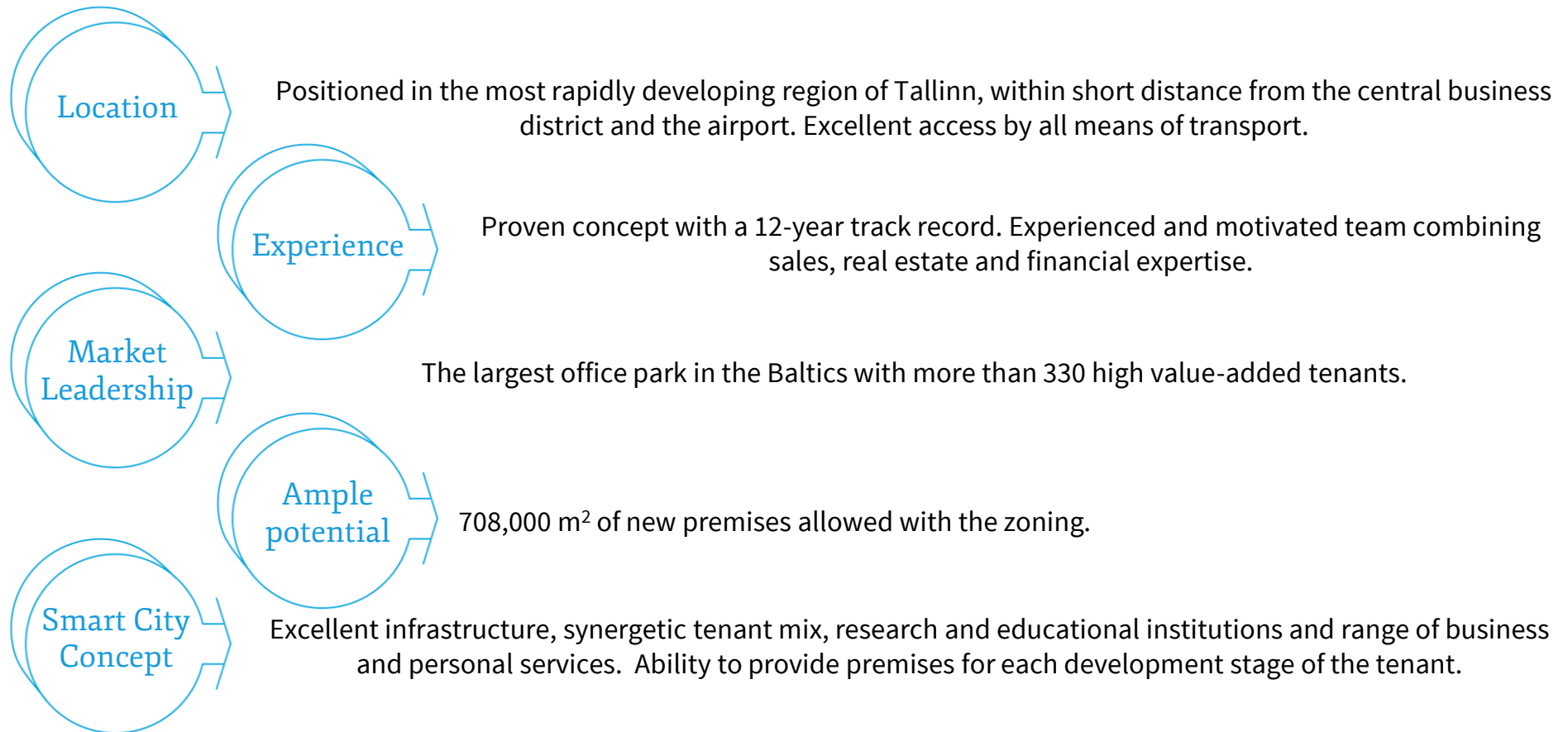


Building and  
renting commercial  
real estate

One project -  
Ülemiste City

Reconstructed and  
new multitenant  
buildings

# Key success factors



## Ülemiste City

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# Key facts



Ülemiste City was initiated in 2005 with a vision to transform the advantageously located former Dvigatel industrial territory into something exceptional. Today it is the largest and most prestigious new business district in the Baltics.

Ülemiste City has been a great success, recognized by numerous awards and becoming the favourite location for many knowledge-intensive enterprises, especially from IT and medical industries.

The district has been developed around „Smart City“ concept which aims to create an inspiring campus for innovative businesses, which does not offer only premises, but also many additional corporate and personal services:

- Conference rooms, office maintenance, electric car rental, receptionist etc.
- Fitness centre, gym, school, university, kindergarten, major shopping centre, grocery store, hotel are only few of the services located in Ülemiste City. A medical centre, with a GP, optometrist, physiotherapist, dentist is in the pipeline

Ülemiste City generated total of 19 M EUR of rental and service revenue in 2016, expected to reach nearly 30 M EUR by 2020 as several new buildings are due to be completed.

The rental rates in Ülemiste City are similar to those of the central business district and well above its competitors outside CBD, while the vacancy rates of office premises are around 2-3%. At least 1-3 new buildings have been built each year to keep up with the demand for office premises.



# Ülemiste city in figures



36	hectares of development area
708,000	square metres of building rights granted by the zoning
130,000	square metres of modern office premises
100,000	square metres of industrial and warehouse space
>97	percent financial occupancy
19	million EUR of annual revenues in 2016
211	million EUR evaluated Colliers to be the value of the project as of end of FY2016
330	tenants, 21% of which are foreign companies
>8,000	employees working in Ülemiste City, including 10% from 50 foreign countries
2,200	students and pupils studying in educational institutions at Ülemiste City

# Prominent tenant base



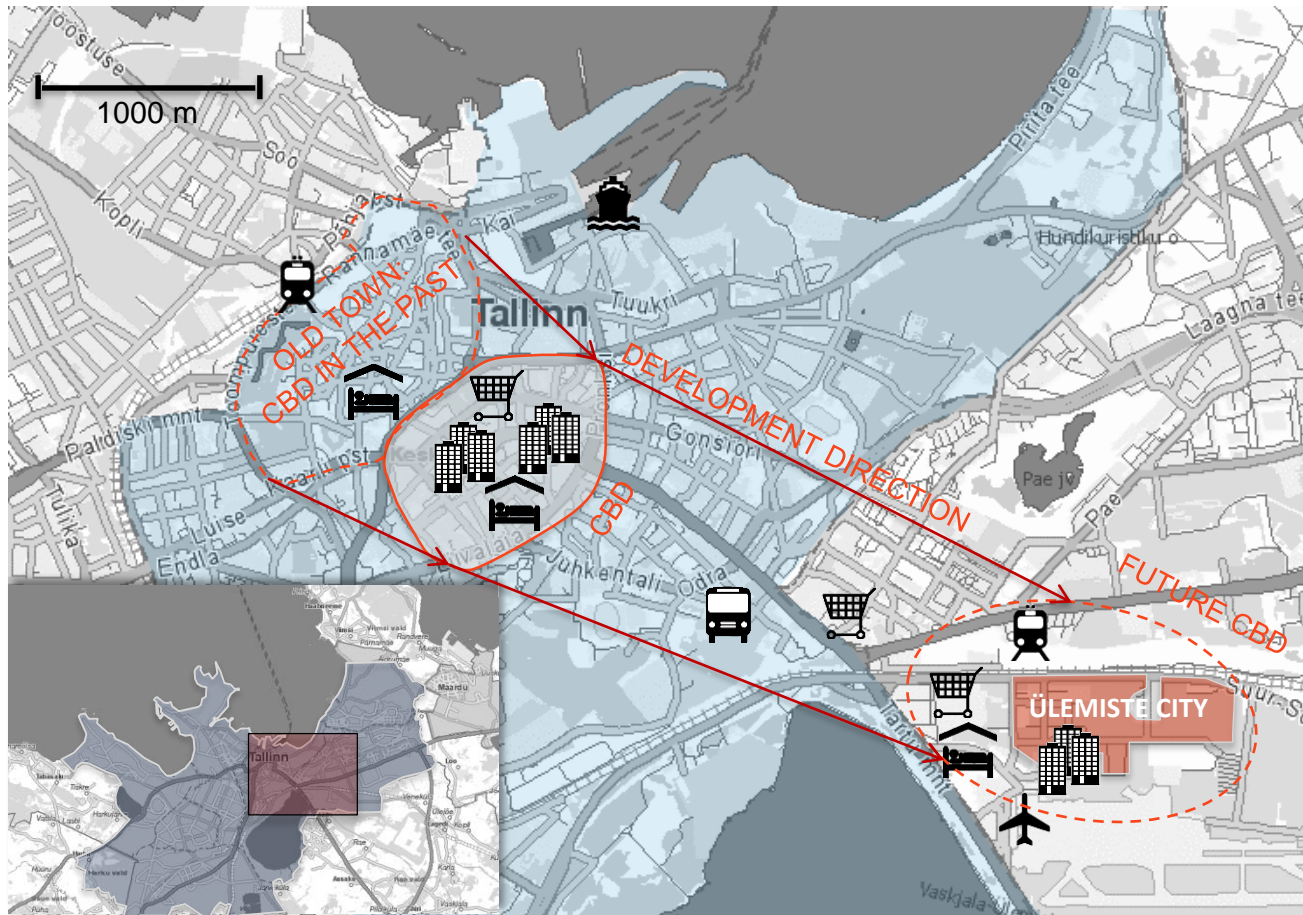
Ülemiste City has a strong international tenant base of more than 330 smart organisations, including all major IT companies in Estonia, numerous subsidiaries of international corporations as well as several public sector institutions. **Selected tenants:**



# Location of Ülemiste City



Ülemiste City is located close to the city centre as well as the airport with easy access by car and public transport



## EXCELLENT LOCATION

- International airport: 500 m
- Central business district: 2 km
- Old-town: 4 km
- Intercity bus terminal: 2 km
- Sea-port: 4 km
- Train-terminal: 100 m

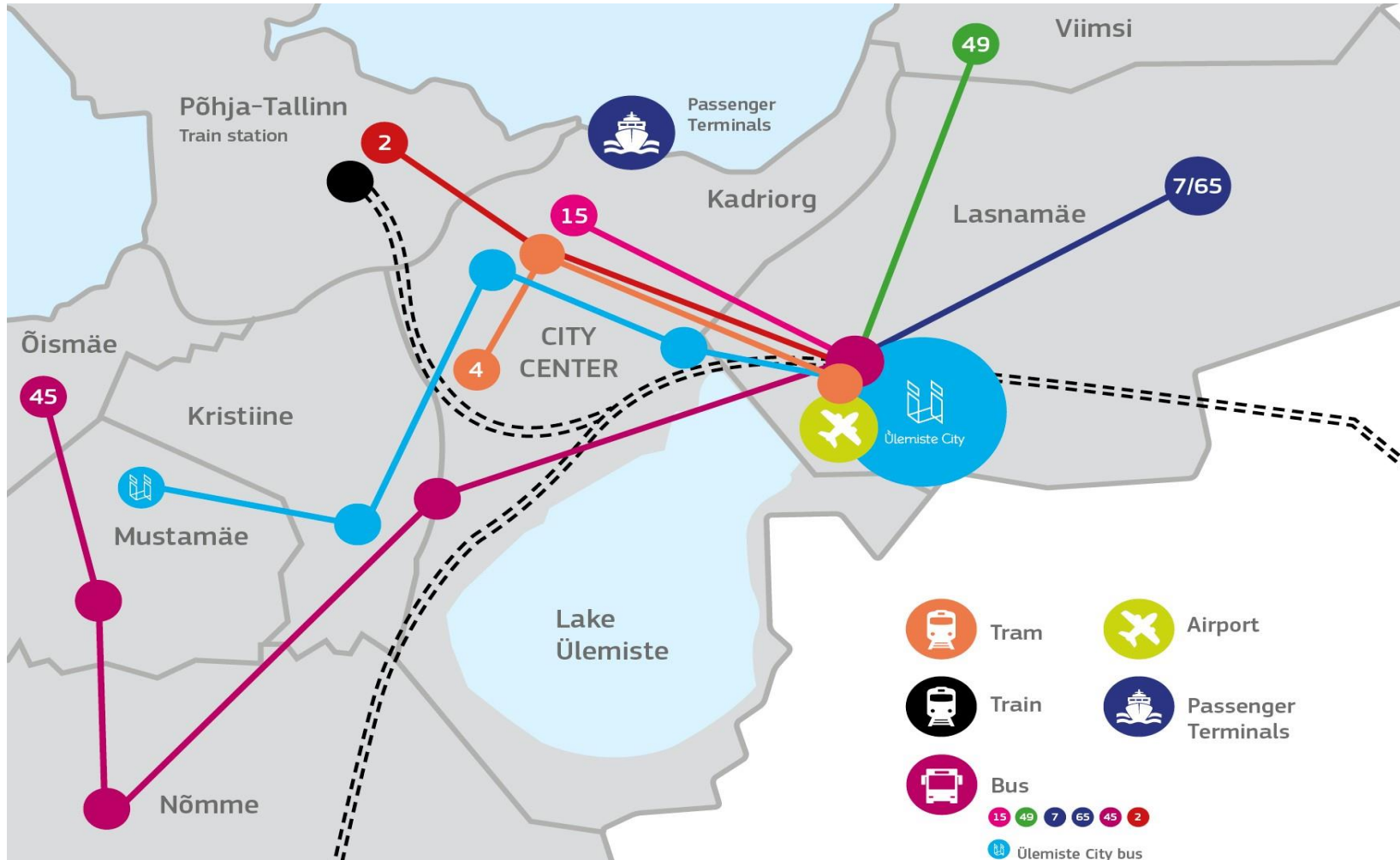
## EASY ACCESS

- The area is next to **Ülemiste intersection** - the main transport hub of Tallinn joining the three largest highways of Estonia
- **Several bus lines** run through the campus
- Ülemiste City is one hundred metres from the closest **train stop**, to be developed into Tallinn Rail Baltic terminal
- Extension to Tallinn **tram network** to the airport, completed in 2017, runs through Ülemiste City
- Ülemiste City is adjacent to planned **Ülemiste Public Transport Terminal** connecting intra-city, national and international transport lines
- Ample parking space

City Centre (municipal district)
  Central business district (CBD)
  Future CBD (forecast)
  **Ülemiste City**



# Easy access by public transport



# Dynamic development of Ülemiste area



Ülemiste area has become the most rapidly developing area in Tallinn in recent years, outlined by numerous large-scale infrastructure and real estate development projects

**OBJECT: FAHLE MAJA**  
DEVELOPMENT: 2006, KOGER & PARTNERID

**OBJECT: ÜLEMISTE TRAFFIC JUNCTION**  
DEVELOPMENT: 2011-2013, CITY OF TALLINN

**OBJECT: CENTRAL PUBLIC TRANSPORT TERMINAL AND T1 SHOPPING CENTER**  
DEVELOPMENT: 2014-...

**OBJECT : ÜLEMISTE CITY**  
DEVELOPMENT: 2005 -

**OBJECT: AVALA KVARTAL**  
DEVELOPMENT: ZONING APPROVED, SCHEDULE UNKNOWN, KAAMOS KINNISVARA

**OBJECT: ÜLEMISTE SHOPPING CENTER**  
DEVELOPMENT: 2004, ENLARGEMENT IN 2014

**OBJECT: ÜLEMISTE HOTEL**  
DEVELOPMENT: 2004

**OBJECT: TALLINN AIRPORT**  
DEVELOPMENT: PASSENGER TERMINAL 2006-2008, RUNWAY EXTENSION 2015-2017

Ülemiste City

[Development plan](#)

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# Ülemiste City 2025



## Objectives

- Ülemiste City, while still being developed in 2025, will be a multifunctional and vibrant international community for working, living and playing.
- Ülemiste City, then the part of the central business district in Tallinn, will be the largest knowledge based economic district in the Northern Europe.
- The district comprises a total of 310,000 m<sup>2</sup> of office and residential premises.
- There will be 20,000 people working and living in Ülemiste City.
- Ülemiste City provides full range of work and private life services including sports and entertainment facilities, parks and cafes within walking distance.

## Ample potential

- Current zoning allows construction of 708,000 m<sup>2</sup> of new premises.
- Tallinn office stock per capita is 4-5 times lower than in Nordic capitals. It takes additional 2 million square metres of new premises to reach that level.
- The market is not constrained by Estonian enterprises only as the sales team of Ülemiste City has successful track record of attracting certain functions of multinational companies to Estonia and Ülemiste City.



# Ülemiste City 2025



*Master architectural concept of Ülemiste City has been developed by Tengbom Eriksson Architects, one of the largest architectural firms in Finland. The design is based on the values of community, energy efficiency, sustainability and a creative approach to building a modern urban environment*



Buildings highlighted on the plan have already been completed or are currently under construction.

# Öpik project



Major part of the proceeds of the bond issue will be used to finance the development of the Öpik project, which includes two 13-storey office buildings, a fitness centre, a parking house, a residential building and several other buildings with the total area of nearly 80,000 m<sup>2</sup>.

The first office building, a fitness centre and a restaurant were opened in 2016 and are currently fully occupied. The second office building will be completed in August 2018. The whole project will be completed in 2019.

Total of 35 M EUR have been invested to Öpik project as of 31.12.2017. The total investment will amount to 82 M EUR.



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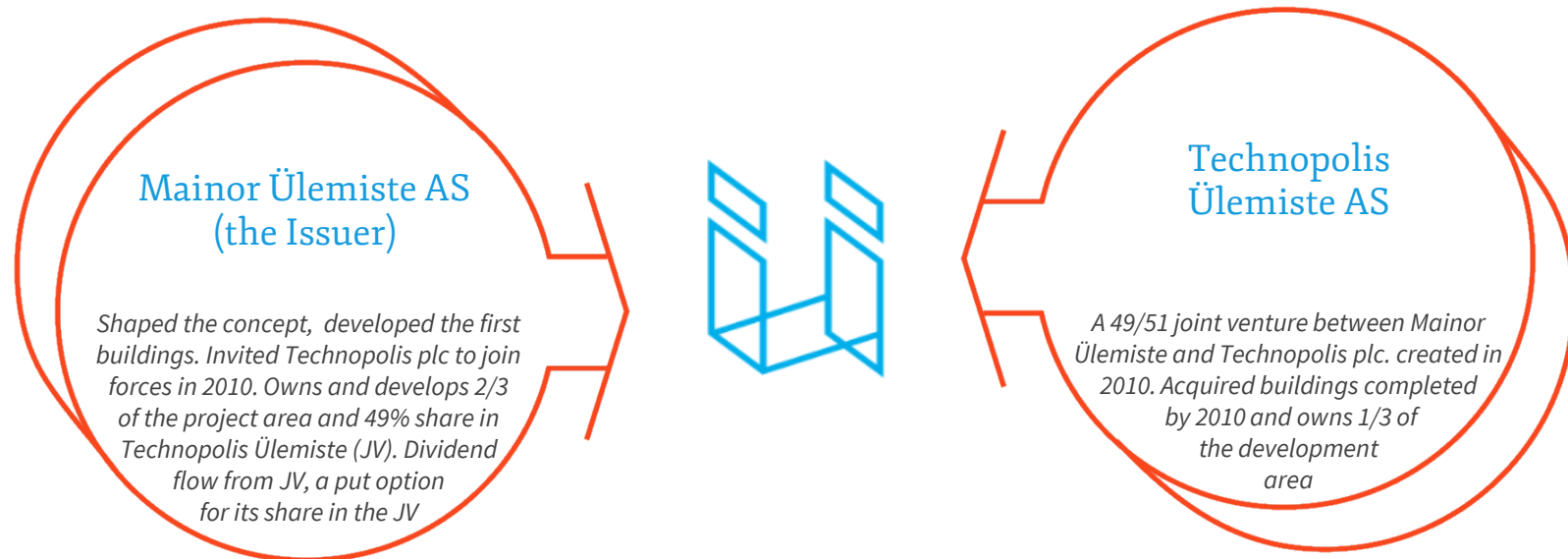
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# Cooperation with Technopolis plc

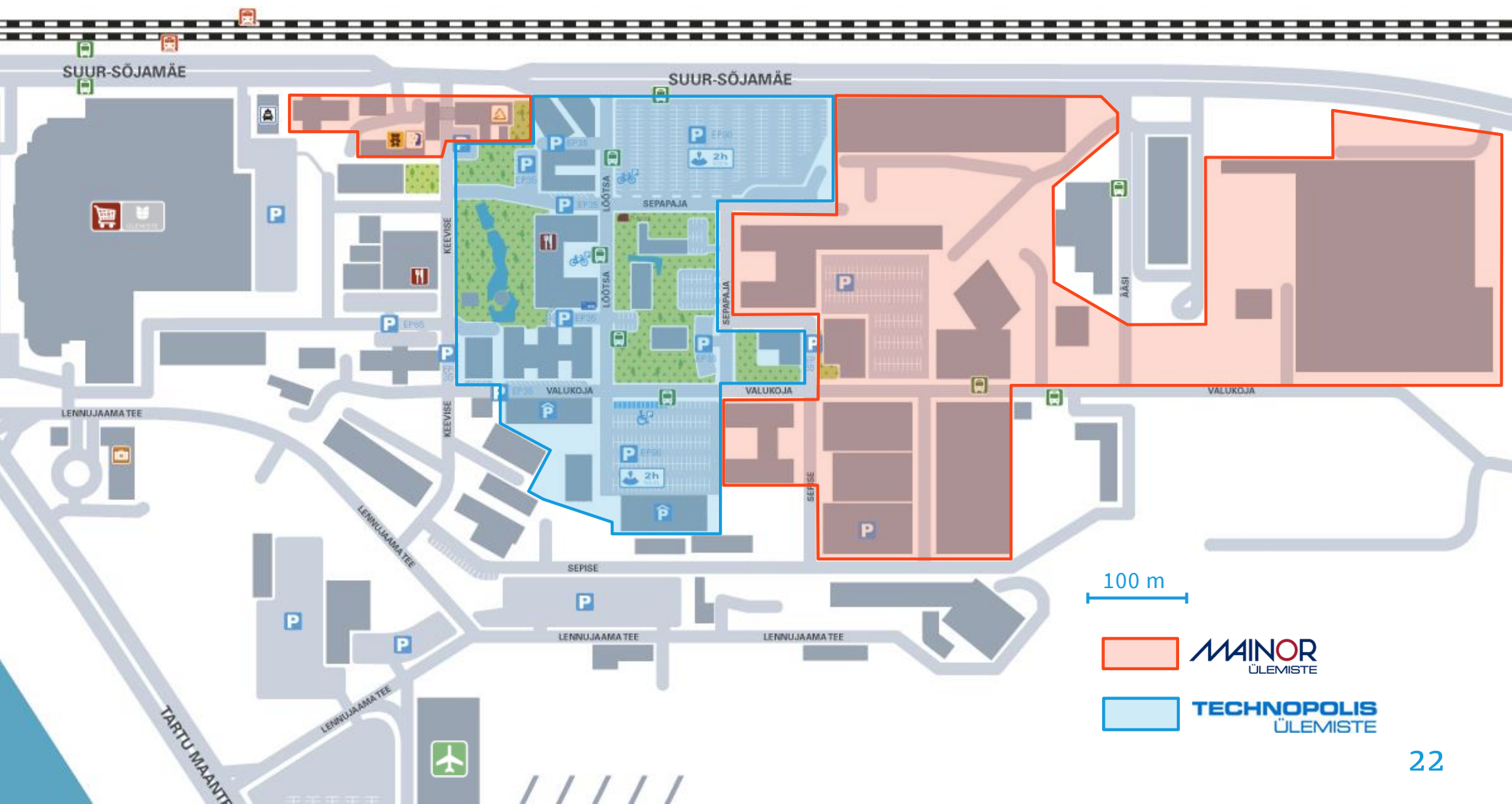


Development of Ülemiste City is carried out by two developers, **Mainor Ülemiste AS** and **Technopolis Ülemiste AS**, under a common concept and trademark



Parties coordinate their plans and share knowledge. The cooperation is regulated by a shareholder agreement.

# Division of the development area



# Technopolis - a strong partner



Technopolis is a Finnish real estate company. It develops, owns and operates a chain of 20 smart business parks in 6 countries that combine services with flexible and modern office space.

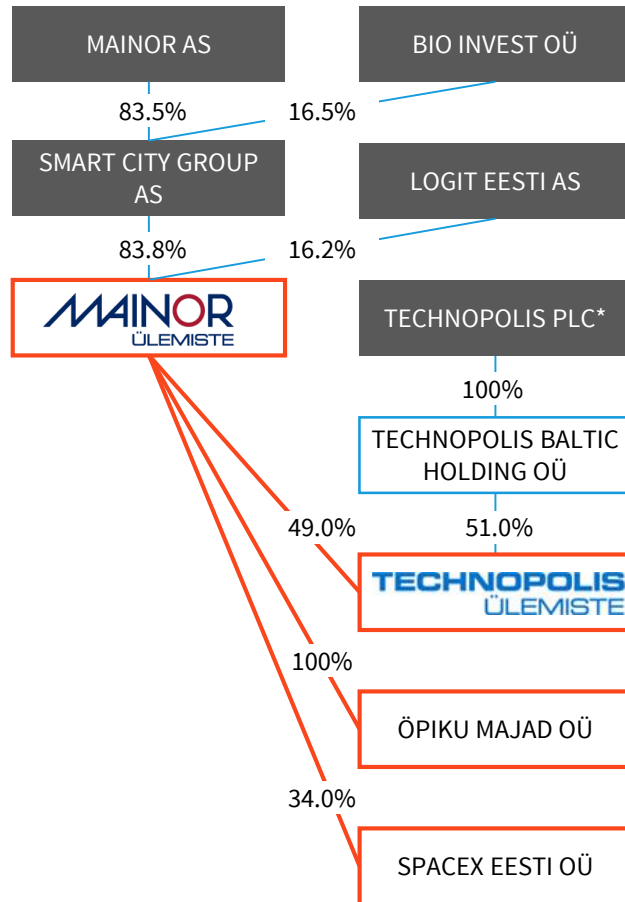
The company has 1,700 customers and 49,000 people work on its premises. The aggregate area of its business parks, 750,000 m<sup>2</sup>, generates 170 M EUR of annual revenue.

Ülemiste City is an important project for Technopolis. Being its first project in the Baltics, it is currently its second-largest business park in terms of the building area.

The Technopolis share (TPS1V) is listed on Nasdaq Helsinki stock Exchange with the market capitalisation of 630 M EUR. Varma and Ilmarinen pension funds are the largest shareholders of the company with aggregate holding of nearly 35%.



# Legal structure



**Mainor Ülemiste AS** – the initiator of Ülemiste City project. Owns majority of the development area and 49% of the shares in the other developer, Technopolis Ülemiste AS

**Technopolis Ülemiste AS**, a joint-venture of Mainor Ülemiste AS and Technopolis plc for development of part of the Ülemiste City project

**Technopolis Plc** – a leading commercial property developer in the Nordic countries with 20 business parks in 6 countries

**Mainor AS** – a financial holding company with interests in education, wood and metal processing and energetics

**Smart City Group AS** – a holding company for Mainor Ülemiste AS, no independent operations. Likely to be merged with Mainor Ülemiste in the future

**Bio Invest OÜ** – an investment company owned by two Estonian private investors

**LOGiT Eesti AS** – an investment company owned by a German financial investor. Passive minority shareholder of the project since 1995 when Mainor AS privatised the industrial giant Dvigatel AS, former occupant of the current Ülemiste City area

**Öpiku Majad OÜ** – a SPV for Öpiku development project

**Spacex Eesti OÜ** – an operator of a 1,000 m<sup>2</sup> conference room in Ülemiste City



# Shareholders



Mainor Ülemiste AS has two shareholders:

- AS Logit Eesti (16.16%)
- AS Smart City Group (83.84%)

The largest beneficiaries of the Issuer are:

- Guido Pärnits (13.05%)
- Toomas Saal (7.87%)
- Andrus Kaldalu (6.93%)
- Heldur Meerits (6.93%)
- Signe Suurväli (6.50%)

None of the other beneficiaries has more than 5% of the indirect shareholding in the Issuer

# Management



## Supervisory Board

Guido Pärnits, Andrus Kaldalu, Ants Pilving, Kristo Siig, Raivo Vare, Sten Pärnits, Toomas Saal

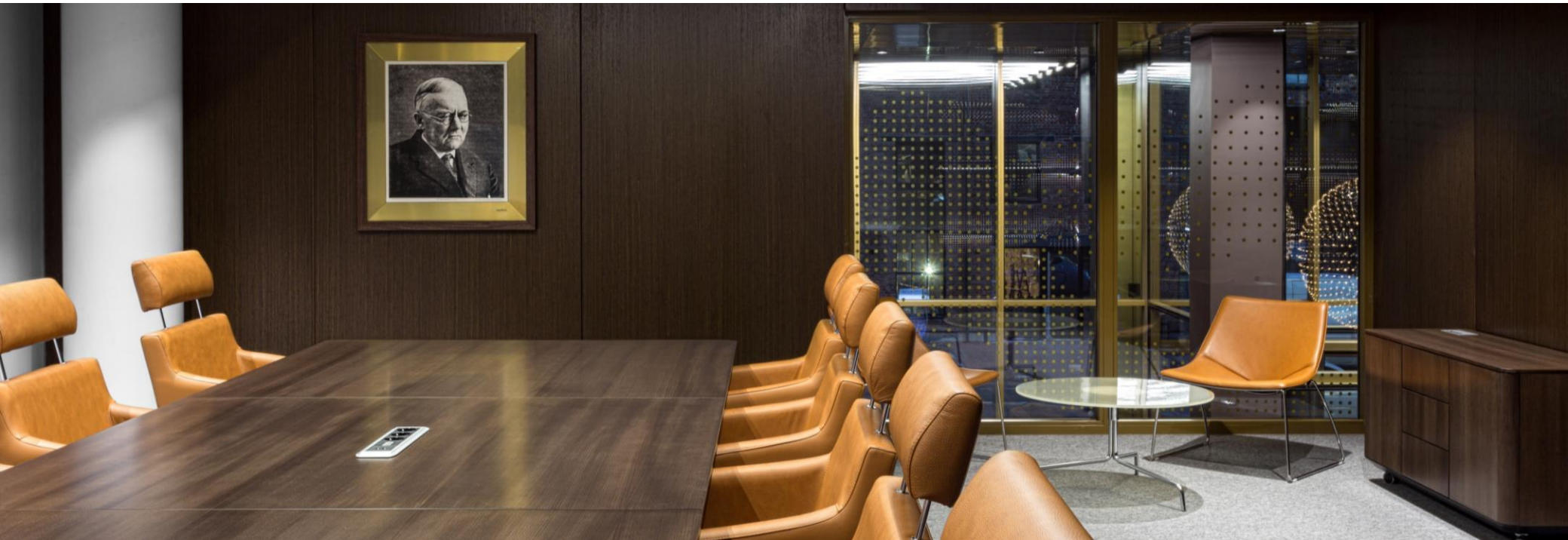
## Management Board

Margus Nõlvak, Rein Suurväli, Ursel Velve

## Other key members of the team

Aare Paloots, Andrey Strizhalov, Gert Jostov, Teet Raudsepp

Three members of the Supervisory board have indirect holding in the share capital of the Issuer – Guido Pärnits (13.05%), Toomas Saal (7.87%) and Andrus Kaldalu (6.3%).



# Key members of the team



**Margus Nõlvak**

**Responsibilities:** CEO of Mainor Ülemiste AS, general management and development of Ülemiste City area

**Experience:** Margus was as a member of Management Board and the CEO of Doranova Baltic, a successful environmental management company, for 4 years before taking the role of CEO in Mainor Ülemiste in 2014.



**Ursel Velve**

**Responsibilities:** Member of the Management Board of Mainor Ülemiste, Sales Director

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



**Andrey Strizhalov**

**Responsibilities:** CFO of Mainor Ülemiste AS, financial management of Mainor Ülemiste AS

**Experience:** Andrey has extensive experience from various investment projects in Ülemiste City. He has been a board member in several companies, such as Mainor Energy Solutions, Dvigatel Regital and others.



**Gert Jostov**

**Responsibilities:** CEO of Technopolis Ülemiste, general management and development of the Ülemiste City area

**Experience:** Gert has extensive experience from various industrial and business services companies like KPMG Estonia, BLM Estonia, Põlva Külkhoone etc.



**Rein Suurväli**

**Responsibilities:** Member of the Management Board of Mainor Ülemiste

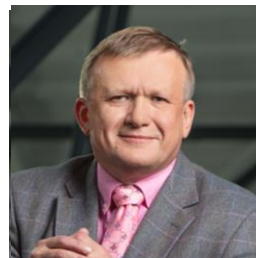
**Experience:** Rein has held top management positions in several high value-added smart enterprises, including Doranova Baltic, Proxmaster, Nordic Payment Service, Dvigatel Energeetika and Salalux.



**Teet Raudsep**

**Responsibilities:** Sales Director in Mainor Ülemiste

**Experience:** with 16 years of sales and management experience from telecom industry in Telia and Telefonica (NL) Teet knows international (tech) companies, the most important target segment of Mainor Ülemiste, inside out. Joined Mainor Ülemiste in 2015.



**Aare Paloots**

**Responsibilities:** CFO of Mainor AS, Supervisory Board Member in Technopolis Ülemiste

**Experience:** Aare had a successful career in Tarmel, the largest producer of mattresses, couches and beds in Estonia. Worked his way up from Deputy Plant Manager to the CEO, the position he held for 13 years before moving to the Supervisory Board in 2012.

# Supervisory Board



**Guido Pärnits**

Guido has been in Mainor since 1990. Besides being a member of the Supervisory Board in Mainor, Technopolis Ülemiste and Mainor Ülemiste, he is also the CEO in Ülemiste Keskus AS, the largest shopping centre in Estonia, located adjacent to the Ülemiste City.



**Toomas Saal**

Toomas has been in Mainor since 1990. He is a member of the Supervisory Board in Mainor, founder of Eesti Ettevõtluskõrgkool Mainor (Estonian Entrepreneurship University of Applied Sciences) and a professor in entrepreneurship.



**Andrus Kaldalu**

Andrus has extensive management consulting track-record having advised leading Estonian and Scandinavian companies as a partner of his own consulting company and as a member McKinsey's Helsinki office. Andrus has also been the CEO of biotechnology company Asper Biotech and Mainor.



**Sten Pärnits**

Sten has been a member of the Supervisory Board in Mainor Ülemiste since 2017.



**Ants Pilving**

Ants has several decades of management experience from top positions in Dvigatel, one of the largest industrial groups of Estonia, and Mainor.

Member of City Council of Tallinn 2009-2017.



**Raivo Vare**

Raivo, a former minister and respected economic expert, has held various top executive positions during his career - CEO in Pakterminal, Director in Tallinna Pank, Development Director in Eesti Raudtee, Minister of Transport and Communications, etc. His long list of council positions includes Estonian Business School, Estonian Cooperation Assembly, Estonian Development Fund, President's Academic Advisory Board etc.



**Kristo Siig**

Kristo has been a member of the Supervisory Board in Mainor Ülemiste since 2013.

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# Consolidated financials: Mainor Ülemiste



## Balance sheet

	th EUR	12.2013	12.2014	12.2015	12.2016	9.2017
<b>Current assets</b>		<b>29,748</b>	<b>36,512</b>	<b>41,456</b>	<b>45,531</b>	<b>50,084</b>
Cash and equivalents		3,818	4,385	5,878	6,989	8,234
Receivables and prepayments <sup>1</sup>		8,109	9,636	10,583	10,913	11,352
Financial assets <sup>2</sup>		17,815	22,491	24,995	27,629	30,498
Inventory		6	0	0	0	0
<b>Non-current assets</b>		<b>51,210</b>	<b>58,155</b>	<b>67,236</b>	<b>84,921</b>	<b>95,841</b>
Investment property <sup>3</sup>		50,930	58,110	67,130	84,810	95,748
Other		280	45	106	111	93
<b>TOTAL ASSETS</b>		<b>80,958</b>	<b>94,667</b>	<b>108,692</b>	<b>130,452</b>	<b>145,925</b>
		<b>12.2013</b>	<b>12.2014</b>	<b>12.2015</b>	<b>12.2016</b>	<b>9.2017</b>
<b>Liabilities</b>		<b>13,269</b>	<b>20,777</b>	<b>30,063</b>	<b>46,197</b>	<b>58,431</b>
Payables and prepayments		793	1,206	1,936	3,076	2,683
Borrowings		12,408	19,134	27,659	42,693	55,217
Other liabilities		428	437	468	428	531
<b>Equity</b>		<b>67,329</b>	<b>73,890</b>	<b>78,629</b>	<b>84,255</b>	<b>87,494</b>
Share capital		19,200	19,200	19,200	19,200	19,200
Reserves		1,000	1,920	1,920	1,920	1,920
Retained earnings		47,129	52,770	57,509	63,135	66,374
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>80,958</b>	<b>94,667</b>	<b>108,692</b>	<b>130,452</b>	<b>145,925</b>

## Income statement

	th EUR	2013	2014	2015	2016	9m-17
<b>Sales revenue</b>		<b>2,731</b>	<b>4,460</b>	<b>5,084</b>	<b>5,729</b>	<b>5,651</b>
Other operating income <sup>4</sup>		56	444	846	1,765	16
Cost of sales		-228	-1,327	-1,592	-1,932	-1,743
Administrative expenses		-1,010	-1,335	-1,560	-1,837	-1,369
Depreciation		-15	-14	-30	-54	-45
Income from affiliates <sup>5</sup>		2,109	5,141	3,205	3,502	2,869
Other operating expenses		-2	-10	-17	-9	-5
<b>Operating profit</b>		<b>3,641</b>	<b>7,359</b>	<b>5,936</b>	<b>7,164</b>	<b>5,374</b>
Financial income (-expenses)		361	-70	-448	-747	-1,106
Income tax <sup>6</sup>		-64	-55	-10	0	-190
<b>Net profit</b>		<b>3,938</b>	<b>7,234</b>	<b>5,487</b>	<b>6,417</b>	<b>4,078</b>

<sup>1</sup> Includes intra-group claim against Smart City Group (8.1 M EUR as of 31.12.2016).

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

<sup>3</sup> Valuation by Colliers International Advisors OÜ

<sup>4</sup> Revaluation of property

<sup>5</sup> Includes revaluation of holding in Technopolis Ülemiste AS

<sup>6</sup> Dividend policy - 1% of the total net assets are to be distributed as dividends annually

# Financials: Technopolis Ülemiste<sup>1</sup>



## Balance sheet

	th EUR	12.2013	12.2014	12.2015	12.2016
<b>Current assets</b>		<b>3,142</b>	<b>942</b>	<b>1,161</b>	<b>2,970</b>
Cash and equivalents		2,306	129	511	2,037
Receivables and prepayments		837	813	651	933
<b>Non-current assets</b>		<b>96,355</b>	<b>110,860</b>	<b>122,647</b>	<b>125,752</b>
Investment property		96,165	110,747	122,573	125,715
Other		190	113	75	37
<b>TOTAL ASSETS</b>		<b>99,498</b>	<b>111,803</b>	<b>123,809</b>	<b>128,723</b>

	12.2013	12.2014	12.2015	12.2016
<b>Liabilities</b>	<b>63,139</b>	<b>65,903</b>	<b>72,798</b>	<b>72,336</b>
Payables and prepayments	1,401	1,338	1,214	1,242
Short-term borrowings	1,735	17,436	47,861	12,551
Long term borrowings	59,372	46,352	22,658	57,361
Other liabilities	631	776	1,066	1,183
<b>Equity<sup>2</sup></b>	<b>36,358</b>	<b>45,900</b>	<b>51,010</b>	<b>56,386</b>
Share capital	28,247	28,247	28,247	28,247
Reserves	385	600	1,125	1,452
Retained earnings	7,726	17,053	21,638	26,687
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>99,498</b>	<b>111,803</b>	<b>123,809</b>	<b>128,723</b>

## Income statement

	th EUR	2013	2014	2015	2016
<b>Sales</b>		<b>6,838</b>	<b>9,674</b>	<b>10,986</b>	<b>12,854</b>
Other operating income <sup>3</sup>		1,342	6,057	1,024	297
Cost of sales		-1,618	-2,200	-2,233	-2,282
Administrative expenses		-643	-912	-1,020	-1,269
Personnel expenses		-467	-514	-698	-749
Depreciation		-68	-60	-48	-51
Other operating expenses		-12	-40	-8	-4
<b>Operating profit</b>		<b>5,372</b>	<b>12,006</b>	<b>8,003</b>	<b>8,796</b>
Financial costs		-873	-1,260	-1,102	-1,206
Income tax		-194	-253	-358	-443
<b>Net profit</b>		<b>4,304</b>	<b>10,493</b>	<b>6,543</b>	<b>7,147</b>

<sup>1</sup> Interim reports not disclosed as Technopolis Ülemiste is a subsidiary of a public (i.e. stock-exchange listed) company Technopolis plc

<sup>2</sup> Mainor Ülemiste owns 49% of share in Technopolis Ülemiste AS

<sup>3</sup> Includes profit from revaluation of property

# Financing: Mainor Ülemiste



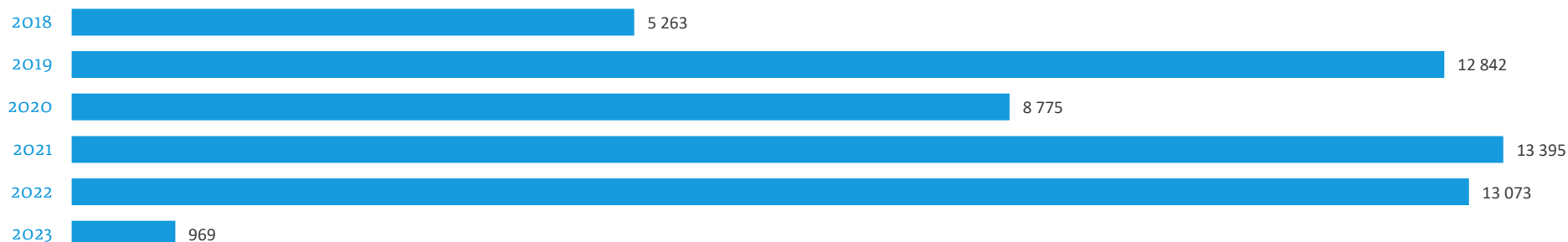
Mainor Ülemiste has financed development of Ülemiste City with equity and loan financing. Its book equity position was 87.5 M EUR and loan balance 54.3 M EUR as of 30.09.2017. The weighted average interest rate of the loans was 3.65%

The debt financing base is well diversified with multiple banks, instruments, maturities, long payment schedules and low interest rates. In addition to the existing loans, Mainor Ülemiste has 19 M EUR of unused credit limits.

## Loan financing structure as of 30.09.2017 (th EUR):

<b>Creditor:</b>	Luminor 23,905	LHV 12,040	OP 7,988	Bonds 5,000	COOP 2,754	Other; 2,650
<b>Interest rate:</b>	<3% 27,437	3.01%-4% 7,189	4.01%-5%; 12,040	5.01%-6%; 2,650	6.01%-7%; 5,000	

## Loan maturity structure as of 30.09.2017 (th EUR):





# Financial forecast: Mainor Ülemiste



th EUR	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Sales revenue</b>	<b>2,731</b>	<b>4,460</b>	<b>5,084</b>	<b>5,729</b>	<b>7,606</b>	<b>8,333</b>	<b>10,589</b>	<b>11,961</b>	<b>13,237</b>
Other operating income	56	444	846	1,765	0	0	0	0	0
Cost of sales	-228	-1,327	-1,592	-1,932	-2,354	-2,770	-3,009	-3,168	-3,320
Administrative expenses	-1,010	-1,335	-1,560	-1,837	-1,918	-2,128	-2,172	-2,252	-2,334
Depreciation	-15	-14	-30	-54	0	0	0	0	0
Income from affiliates	2,109	5,141	3,205	3,502	3,800	3,920	4,165	4,410	4,655
Other operating expenses	-2	-10	-17	-9	-6	-6	-6	-6	-6
<b>Operating profit</b>	<b>3,641</b>	<b>7,359</b>	<b>5,936</b>	<b>7,164</b>	<b>7,128</b>	<b>7,349</b>	<b>9,567</b>	<b>10,946</b>	<b>12,232</b>
Financial income (-expenses)	361	-70	-448	-747	-2,094	-3,026	-3,236	-3,241	-3,444
Income tax	-64	-55	-10	0	-191	0	0	0	0
<b>Net profit</b>	<b>3,938</b>	<b>7,234</b>	<b>5,487</b>	<b>6,417</b>	<b>4,843</b>	<b>4,323</b>	<b>6,331</b>	<b>7,704</b>	<b>8,788</b>
Investments	7,235	6,427	6,883	13,642	15,398	17,124	9,767	11,550	11,589
Loan balance	12,408	19,134	27,659	42,693	61,896	84,964	89,303	91,344	99,498
DSCR					1.98	1.74	1.78	2.01	2.04

## Key assumptions

The forecast has been prepared by the Management Board of the Issuer forecasting separately cash flows from each of the existing and new building.

Development schedule of new buildings includes only the buildings which are currently under construction or in immediate pipeline.

Rent levels of new buildings are derived from other buildings in Ülemiste City. Revenues from existing buildings have been projected according to the outstanding rental agreements, assuming that they are extended once they expire.

Vacancy is assumed to stay at current level, the new buildings are assumed to be 95% let within 12 months from completion.

Investments are financed with bank loans, the current bond issue and own funds i.e. income from existing buildings and Technopolis Ülemiste.

The forward-looking statements are based on current expectations and projections about future events, which are in turn made on the basis of the best judgment of the Management Board of the Issuer. The forward-looking statements are subject to risks, uncertainties and assumptions about the future operations of the Issuer, the macro-economic environment and other similar factors.

As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances, and the Issuer is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements whether as a result of such changes, new information, subsequent events or otherwise. The validity and accuracy of any forward-looking statements is affected by the fact that the Issuer operates in a competitive business. This business is affected by changes in domestic and foreign laws and regulations (including those of the European Union), taxes, developments in competition, economic, strategic, political and social conditions and other factors.

The Company's actual results may differ materially from the expectations of the Management of the Company because of changes in such factors. Other factors and risks could adversely affect the operations, business or financial results of the Company (please see "Key risks" for a discussion of the risks which are identifiable and deemed material at the date hereof).

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# Key risks



The Issuer's risk management focuses on the following main categories of risks, any of which could materially adversely affect the Issuer's business, results of operations and financial condition:

## Macroeconomic risk

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

## Dependency on construction contractors

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

## Concentration risk

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

## Appraisal risk

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

## Dependency on discretionary decisions of public authorities

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

# Key risks (2)



## Interest rate risk

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

## Competitive market risk

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

## Financing risk

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

# Transactions with related parties



## BALANCES

TH EUR	30.09.2017		31.12.2016	
	Receivables	Liabilities	Receivables	Liabilities
Parent company	8,944	0	8,701	0
Mainor consolidation group	735	307	1,019	167
Affiliated companies	92	3	95	7
Senior management	7	4	36	4

Related Parties shall mean the following persons:

**Parent company:** Mainor AS

Other entities belonging to the **Mainor consolidation group:** Eesti Ettevõtlikõrgkool Mainor AS, Dvigatel-Energeetika AS, Mairenestal OÜ, Rekman OÜ, Doranova Baltic OÜ, Tallinn International School OÜ

**Affiliated companies:** AS Technopolis Ülemiste, Spacex Eesti OÜ

**Senior Management,** their family members and entities controlled by them: persons listed on slides 27-28, Kristosten OÜ, Nets OÜ, OÜ RVVE Grupp OÜ, Disain Pluss OÜ, RS Büroo OÜ, Flennert OÜ, Lasteharidus OÜ

## TRANSACTIONS

TH EUR	9m-2017	
	Purchases	Sales
Parent company	0	243
Mainor consolidation group	1,845	390
Affiliated companies	67	131
Senior management	65	79

# Significant contracts



Mainor Ülemiste AS is a party in two outstanding significant contracts<sup>1</sup>

- 1) Design and construction agreement with Merko Ehitus Eesti AS for Öpik building – 15.4 M EUR
- 2) Shareholders' agreement in Technopolis Ülemiste AS

Shareholders agreement between Technopolis Baltic Holding OÜ and Mainor Ülemiste AS sets governance principles for Technopolis Ülemiste AS, including dividend policy and put option for the shares owned by Mainor Ülemiste AS.

Under the Shareholders Agreement Mainor Ülemiste AS has the right to demand that Technopolis plc. purchases the shares held by Mainor Ülemiste for fair price. The agreement sets the procedure for determining the fair value as well as the minimum level for such value, which is the highest of the following two values: (a) Book value of owners' equity as of 31.12.2016, adjusted for any profits and losses, dividends and share capital increases up to the date of valuation; (b) The latest quarterly interim fair value of the Technopolis Ülemiste property under IAS. **According to the latest annual valuation (31.12.2016) the fair value of 49% of the shares in Technopolis Ülemiste is 29,545 th EUR**

<sup>1</sup> value of the agreement exceeds 10% of consolidated owner's equity of the Issuer (86,025 th EUR)

# Other statements



## Legal proceedings

The Issuer is not involved as a defendant in any ongoing civil court proceeding. The Issuer is involved in one civil court proceeding as a 3rd party. In insolvency proceeding of one of its major tenants, E-Profiil, another creditor has contested the Issuer's right of security. The potential negative financial impact from the proceedings is up to 600 th EUR.

There are no insolvency applications nor instituted insolvency proceedings against the Issuer.

Management of the Issuer is not aware of any legal proceedings in connection with fraud or other economic violations in which Management Board Members or Supervisory Board Members or other employees of the Issuer have been involved.

## Share incentive programmes

There are no share-based incentive programmes or extraordinary bonus programs in place in the Issuer.

## Significant patents and subsidiaries

The Issuer does not hold any patents.

Öpiku Majad OÜ is a significant subsidiary of the Issuer. Öpiku Majad OÜ is a SPV responsible for development of Öpik project at Ülemiste City. The Issuer also owns 49% of Technopolis Ülemiste AS, however, the Issuer does not have full control over it and the Issuer does not consolidate it.

<sup>1</sup> total assets, sales or net profit/loss according to the latest annual report exceeds 10% of the consolidated total assets (140,707 th EUR), sales (5,729 th EUR) or net profit (6,417) of the Issuer

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# Key terms of the notes<sup>1</sup>



Issuer	Mainor Ülemiste AS
Arranger	Mainor Ülemiste AS
Paying agent	Nasdaq CSD SE
Securities	Unsecured Notes
Initial and additional issue dates	8 November 2017; April 2018
Currency of denomination	EUR
Nominal value of a note	100 EUR
Maximum aggregate value	10,000,000 EUR
Interest rate	5.5% per annum, 30E/360
Interest payment dates	Semi-annual
Maturity date	5 April 2023
Early redemption date (call)	Full or partial redemption on every Interest Payment Date starting from 05.04.2021, one month notice
Early redemption price	Nominal + call premium of EUR 1.00. The premium is decreased by EUR 0.25 after each 6 months following the Early Redemption Date (e.g. the premium will be EUR 0.75 after 5 October 2021, EUR 0.50 after 5 April 2022; etc)
Collateral	None
Listing / admittance to trading	First North after the Primary Offering; Possible listing on Nasdaq Baltic Bond list after supplementary offering
Use of proceeds	Property development, different projects at Ülemiste City, including Öpik buildings, refinancing of existing 5 M EUR bond issue

<sup>1</sup> For full overview please refer to the Terms and Conditions and Final Terms of the Notes Issue

# Key risks related to the bonds



Price risk	Losses stemming from adverse movement in the market price of the Notes
Regulatory risk	Losses stemming from changes in the current legislation, e.g. changes in tax rates or imposing extra costs to Investors, thus altering Investor's potential total returns
Early redemption risk	Risk the Notes will be redeemed before maturity in a falling rate environment, as a result the Investors might have to reinvest the proceeds at a lower rate of return
Liquidity risk	The risk that the Investor will not be able to find a buyer for its bonds, or will have to sell it at a substantial discount to attract a buyer
Interest rate risk	Potential decrease in investment's value due to a change in the market level of interest rates
Credit risk	Potential loss in case the Issuer is unable to make the required payments on its debt obligations

# Investor rights in case of breach of terms<sup>1</sup>



Investor has the right to demand immediate redemption of the Notes upon occurrence of any of the following circumstances:

- the Issuer has not paid the interest payments in full amount for longer more than 5 (five) Banking Days from the respective Interest Payment Date;
- an insolvency claim has been submitted (in Estonian: pankrotiavaldu) by the Issuer or by a third party in respect of the Issuer to the competent court of Estonia or a claim in effect similar to insolvency claim has been submitted, which provides interim relieve procedure from the claims of Issuer's creditors, such as the application for the reorganisation of the Issuer (in Estonian: saneerimisavaldu) and such claim is not withdrawn or proceedings not terminated by the respective court within 45 (forty five) Banking Days;
- the Issuer breaches any of the covenants set forth in Section 3.4 unless the breach is not cured within 14 (fourteen) Banking Days and the Issuer provides clear proof to the Investors that the breach has been cured in due time;
- the Issuer has filed an application for liquidation with the Estonian Commercial Register (äriregister);
- The Issuer fails to fulfil any of its obligations under any loan, credit, guarantee or capital/finance lease agreement or under any bond, letter of credit or any other instrument issued by a bank or financial institution when due nor within any originally applicable grace period (cross-default clause);
- The Issuer has failed to provide a quarterly report or annual report to the Investors pursuant to the Terms and the breach is not cured within 7 (seven) Banking Days.

\* The slide presents a short and fractional summary of certain sections of the Terms and Conditions of the bond issue. For full overview please refer to the Terms and Conditions

# Certified adviser



Redgate Capital acts as the First North Certified Adviser for Mainor Ülemiste AS

- Official name: Redgate Capital AS
- Registration number: 11532616
- Main field of activity: financial advisory
- Address: Pärnu mnt 10, Tallinn 10148, Estonia
- Web page: [www.redgatecapital.eu](http://www.redgatecapital.eu)

Duration of the agreement with the Certified Advisor: until 30 November 2018

Representative:



Mr Aare Tammemäe

E-mail: [aare.tammemae@redgatecapital.eu](mailto:aare.tammemae@redgatecapital.eu)

Phone: +372 666 8200

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# Contact information

## Mainor Ülemiste AS

Ülemiste City

Õpik building, Valukoja 8

Phone: +372 5304 6992

E-mail: [info@mainorulemiste.ee](mailto:info@mainorulemiste.ee)

