

BALTIC BOND MARKET

Raising growth capital for expansion via
bond issues

January 2018



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Redgate Capital

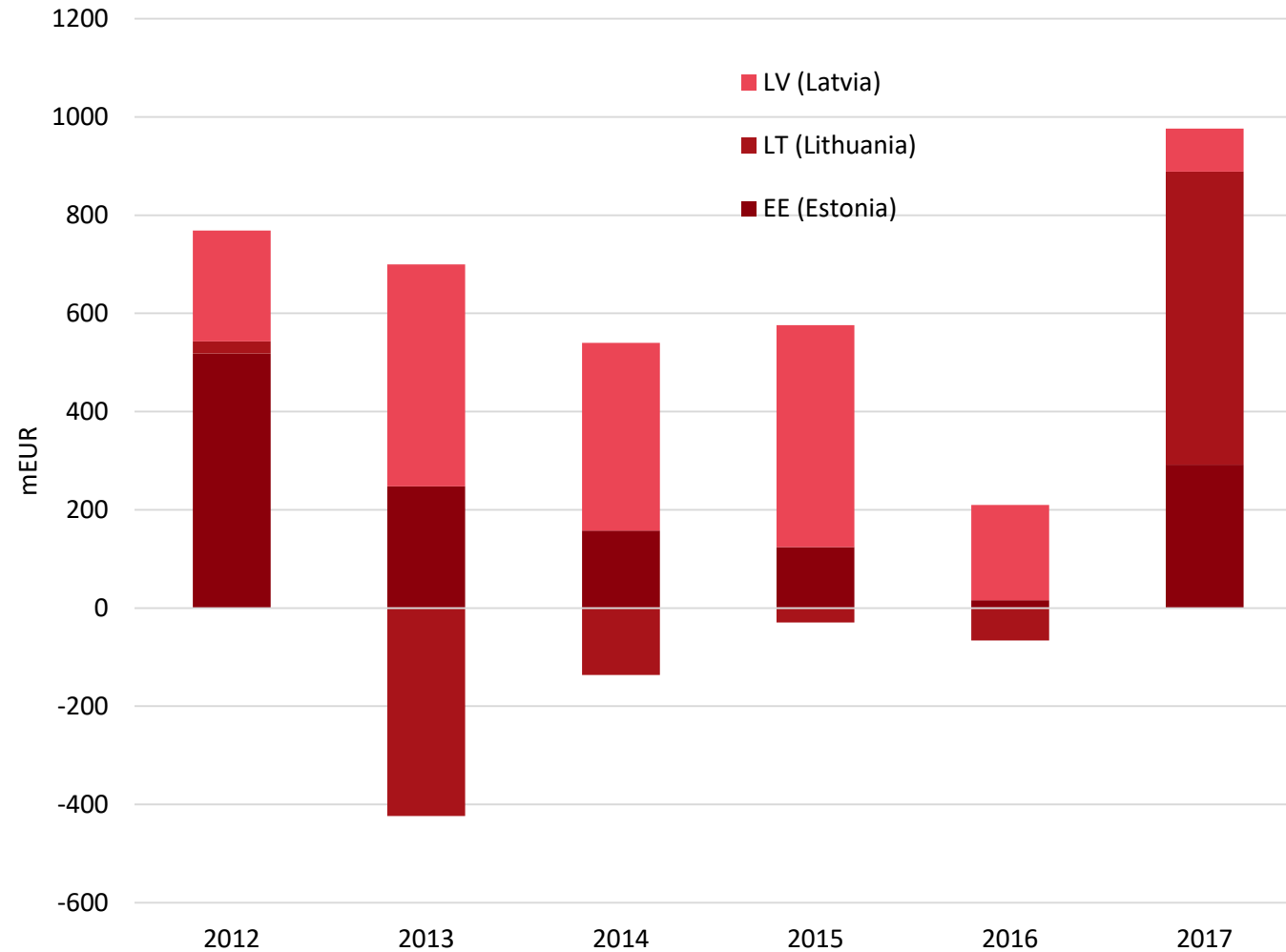
Redgate Capital is an independent investment banking company that offers a wide range of financial advisory services, including commercial real estate, M&A and capital raising primarily to Baltic medium-sized companies.

Your partners for growth



Baltic Corporate Bond Market Volumes

NET NEW BOND ISSUES IN BALTICS 2012-2017 (CORP BONDS)

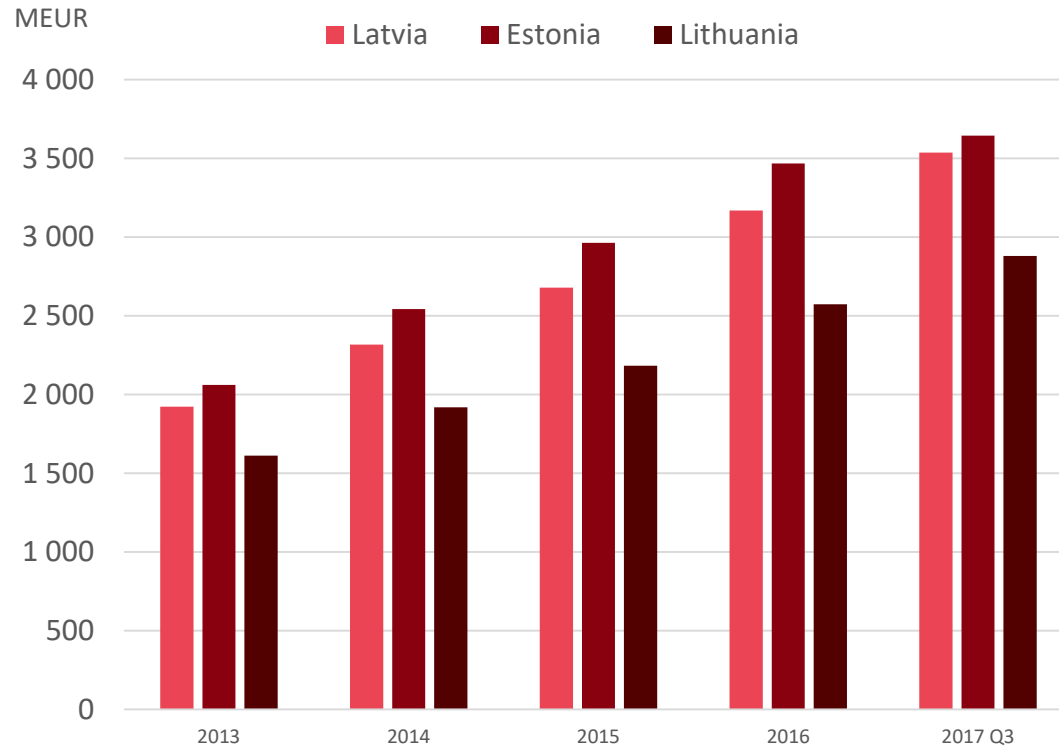


SUMMARY

- Volume of new bond issues has increased
- In 2017, market sentiment has been mostly driven by LV banking sector:
 - ABLV
 - BlueOrange
 - Norvik
 - Rietumu
- Pension funds entering bond market in Estonia

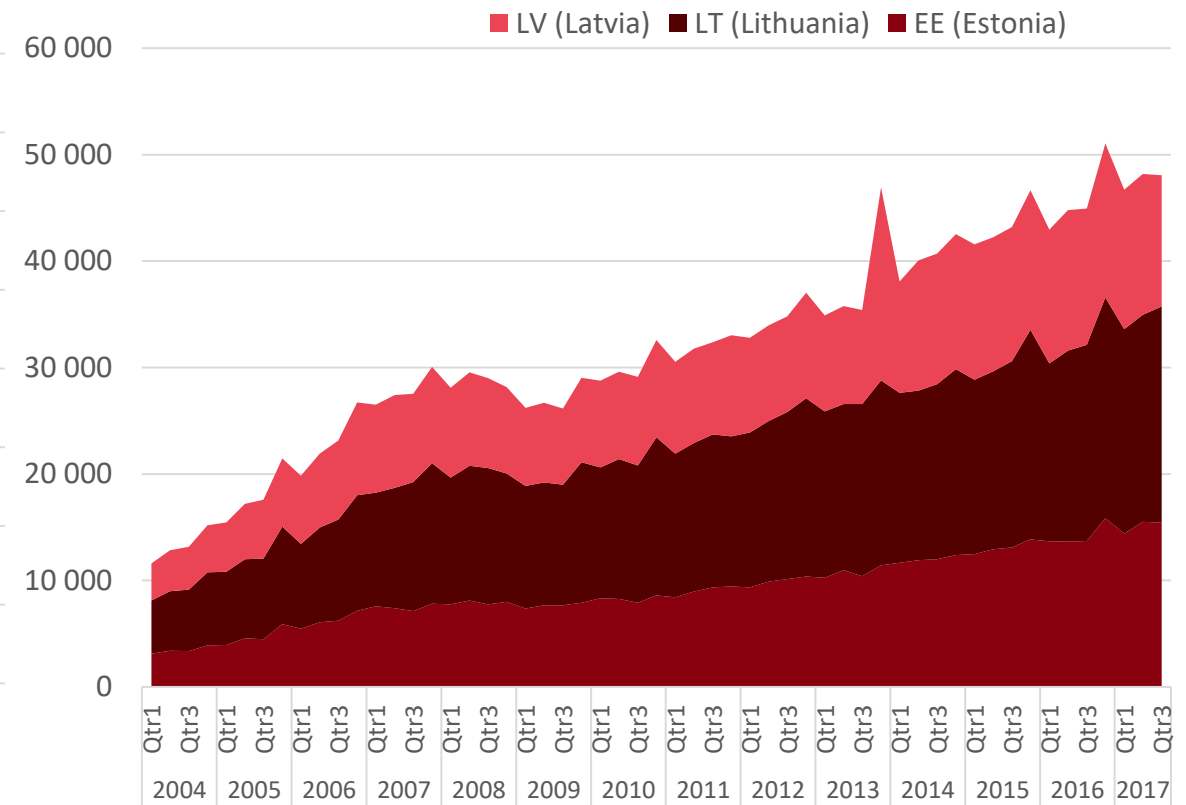
Baltic Corporate Bond Market Volumes

2014-2018 AUM OF BALTIC PENSION FUNDS



2014-2017 TERM DEPOSIT VOLUMES IN THE BALTICS (MEUR)

Households and non-financial corporations



„Demand side of the market remains strong“

Baltic Corporate Bond Market Volumes

2017 TOP 15

ESTONIA	
Issuer	Nominal value
Riigi Kinnisvara Aktsiaselts	45,000,000
FMLA OÜ	30,500,000
Exwise Oy	30,000,000
Osaühing Transpordi Varahaldus	23,750,000
auto24 AS	16,155,050
Creditstar International OÜ	10,500,000
AS luteCredit Europe	7,500,000
Aktsiaselts PlusPlus Capital	7,000,000
Vega Residents OÜ	6,500,000
UPP Olaines OÜ	6,215,000
UPP & CO KAUNO 53 OÜ	4,700,000
Loanstream SV1 OÜ	3,000,000
AS Baltika	2,778,125
Mainor Ülemiste AS	2,650,000

„LHV“

LATVIA	
Issuer	Nominal value
ABLV Bank AS	205,000,000
BlueOrange Bank AS	53,200,000
BBG AS	33,128,000
Leonor Invest LP	24,500,000
NORVIK BANKA AS	24,300,000
AS Attīstības finanšu institūcija Altum	20,000,000
Mogo AS	20,000,000
TWINO SIA	17,710,000
European Lingerie Group AS	11,000,000
AgroCredit Latvia SIA	10,000,000
New Hanza Capital AS	10,000,000
Rietumu Banka AS	10,000,000
Storent Investments AS	10,000,000
ELKO GRUPA AS	8,000,000

„Banks“

LITHUANIA	
Issuer	Nominal value
UAB"EBV FINANCE"	8,664,400
UAB'SME FINANCE'	3,960,000
AB "BALTIC MILL"	3,000,000
UAB'BROLIS SEMICONDUCTORS' UTIISIB "PROSPERUS STARTEGIC RE FUND"	2,721,804
UAB'SUTELKTINIO FINANSVIMO FONDAS'	2,140,000
BNP FINANCE, AB	2,015,000
UAB DEBITUM FORI	1,900,000
UAB "PILAITĖS TERSOS II"	1,336,400
UAB'INVESTICIJŲ VALDYMAS"PROSPERUS"	1,030,000
UAB'ĮMOKA LEGVAI"	1,000,000
UAB "Polenera"	988,800
UAB "Polenera"	967,600
AB SEB BANKAS	538,215
AB'UKMERGĖS GELŽBETONIS'	376,506

„Consumer Credit“

Mainor Ülemiste - a commercial real estate development project



COMPANY OVERVIEW

- Mainor Ülemiste is the initiator of Ülemiste City project, owning majority of the development area and 49% of the shares in the Technopolis Ülemiste AS
- Ülemiste City generated **total of EUR 19 M of rental and service revenue** in 2016, expected to reach nearly EUR 30 M by 2020
- **The district has been developed around „Smart City“** concept aiming to create an inspiring campus for innovative and service businesses
- Today it is **the largest** and most prestigious new **business district in the Baltics** with **total rentable area of 165,072 m²** and **vacancy rate 1-2%**. At least 1-3 new buildings have been built each year to keep up with the demand for office premises
- Prominent tenant base: **Nortal, Ramirent, Ericsson, Konecranes, Fortum, ABB, Plumb, Johnson&Johnson, Elcogen, IF, Playtech, Helmes etc**

INFORMATION ABOUT THE SECURITIES

Securities	Unsecured bonds	
Issue size	EUR 10 million	
Interest rate	Maturity	Collateral
5.5%	05.04.2023	Unsecured

Bonds have quarterly payments (30E/360)

TO FINANCE DIFFERENT PROPERTY DEVELOPMENTS IN ÜLEMISTE CITY AND REFINANCING ALREADY EXISTING BONDS

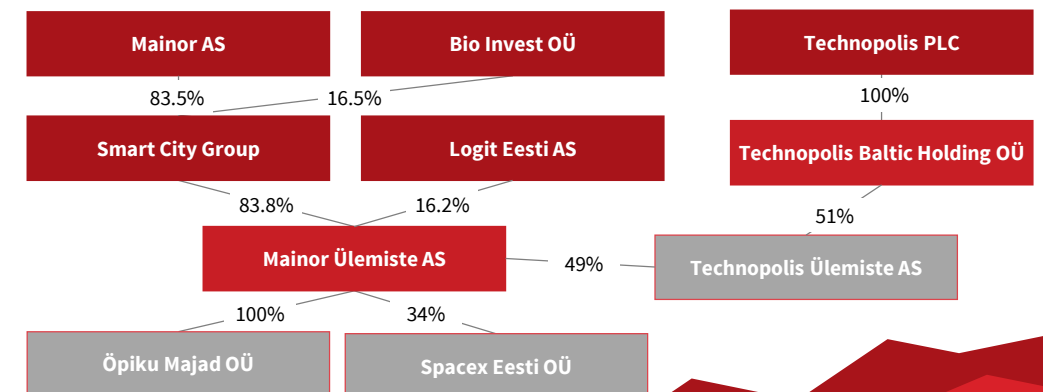
FINANCIAL OVERVIEW OF MAINOR ÜLEMISTE

(TH EUR)	2013	2014	2015	2016	9M 2016	9M 2017
Sales revenue	2,731	4,460	5,084	5,729	4,069	5,651
<i>Growth, y-o-y %</i>	<i>n/a</i>	<i>63%</i>	<i>14%</i>	<i>13%</i>	<i>n/a</i>	<i>39%</i>
EBITDA	3,656	7,373	5,966	7,218	3,870	5,419
Net profit	3,938	7,234	5,487	6,417	3,179	4,078
Total assets	80,958	94,667	108,692	130,452	122,953	145,925
Total liabilities	13,269	20,777	30,063	46,197	41,938	58,431
Total equity	67,329	73,890	78,629	84,255	81,015	87,494

FINANCIAL OVERVIEW OF TECHNOPOLIS ÜLEMISTE

(TH EUR)	2013	2014	2015	2016
Sales revenue	6,838	9,674	10,986	12,854
EBITDA	5,440	12,066	8,051	8,877
Net profit	4,304	10,493	6,543	7,147
Total assets	99,498	111,803	123,809	128,723
Total liabilities	63,139	65,903	72,798	72,336
Total equity	36,358	45,900	51,010	56,386

LEGAL STRUCTURE



Vega Residents - a real estate development project

ENDOVER
KINNISVARA



COMPANY OVERVIEW

- Vega Residents OÜ is a SPV owned by residential property developer Endover KVB OÜ, raising capital through a bond issue for its development project
- **Endover KVB is the largest residential property developers in Estonia**
- The project foresees transformation of the former main building of Estonian Maritime Academy at Mustakivi 25, Tallinn into a landmark **residential building housing total of 297 apartments, GBA 16,816 m²**
- Partial demolition and other preparatory works started in 2016. The construction started in April 2017 and **will be completed in Q1 2018**
- The project is **expected to generate total of 24.2 (without VAT) M EUR of revenues** from sale of apartments, parking spaces and storage rooms

INFORMATION ABOUT THE SECURITIES

Securities	Secured bonds
Issue size	EUR 6.5 million
Maturity	May, 30 2019
Early redemption	Issuer's early redemption in partial or full amount by giving 10 business days preliminary notice
Interest rate	11% p.a (30E/360) with quarterly payments
Collateral	1 st rank mortgage on Mustakivi 25, Tallinn, maximum Loan-to-Cost ratio 75%

TO FINANCE DEVELOPMENT OF VEGA DWELLING PROJECT

VEGA DEVELOPMENT PROJECT

297
No. of apartments

55 m²
Average apartment

91,980€
Average price



FINANCIAL OVERVIEW OF ENDOVER KVB

(TH EUR)	2016	2017E	2018E	2019E
Revenue	26,000	48,000	70,000	81,000
<i>Revenue growth, y-o-y %</i>	49%	82%	46%	16%
EBITDA	8,000	13,000	20,000	26,000
<i>EBITDA margin, %</i>	30%	27%	28%	32%
Net profit	7,000	12,000	18,000	25,000
<i>Net profit margin, %</i>	27%	24%	25%	31%
Total assets	33,000	49,000	71,000	119,000
Total liabilities	19,000	23,000	27,000	50,000
Total equity	14,000	26,000	43,000	68,000

50+
Projects completed

1,100
Units in development

„Public Offerings“

„Prospectus Directive“

2018

„Strong institutional demand“

„Privatizations“



About the Company



Financial Advisory

- M&A- mergers, acquisitions and divestures
- Capital Raising- equity and debt issues, mezzanine and hybrid solutions
- Commercial real estate transactions advisory



Investment Management

- Private Equity – investments into Baltic SME companies with high growth potential
- Property Investments- commercial property development projects in top locations



Estonia, Latvia and Lithuania

Collaboration with the leading Nordic investment bank Carnegie Investment Bank



Partners have nearly 100 years of experience in finance

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