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The new real estate developer is announcing its intention to list on the main list of the Tallinn Stock Exchange



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Real estate development company

One of the major market players

Green thinking

Profitable

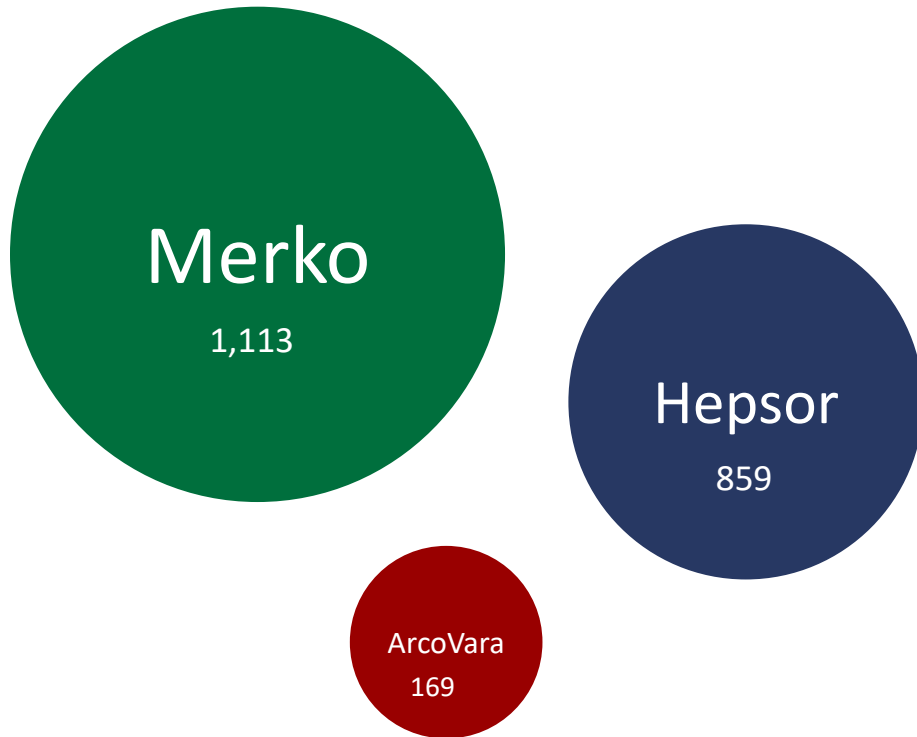
We develop both residential and commercial real estate

Domestic markets Estonia and Latvia

Large player

New apartments sold in Estonia, 2017-2020

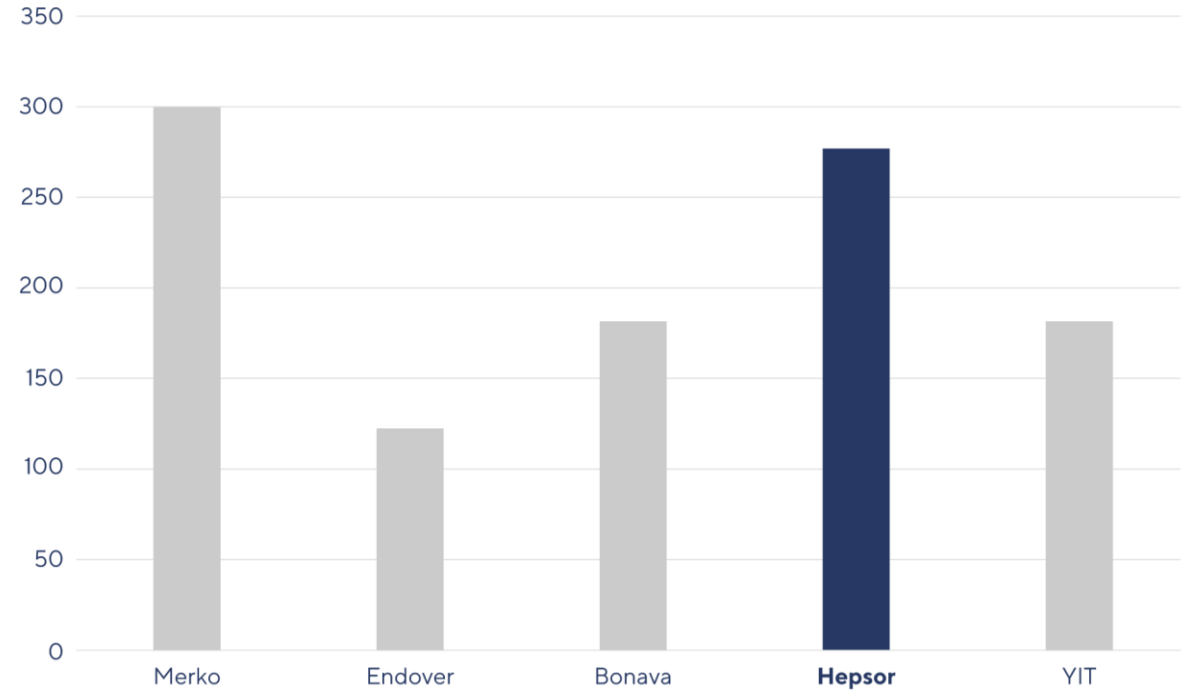
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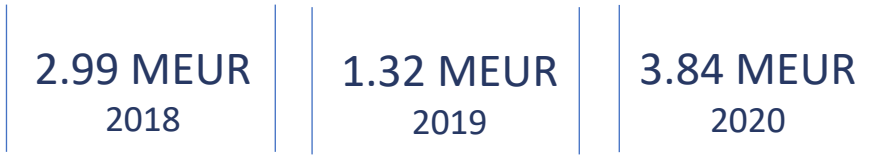


hepsor

New apartments sold in 2020, TOP5 market participants in Estonia

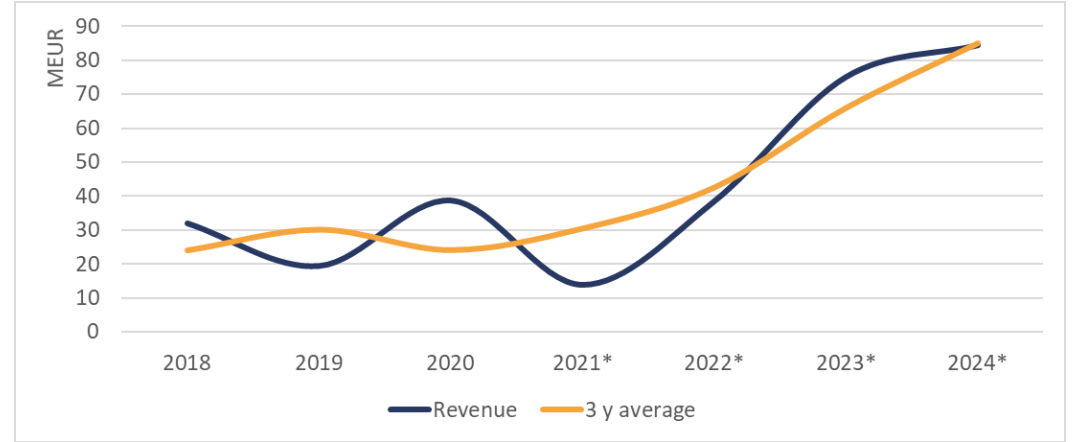
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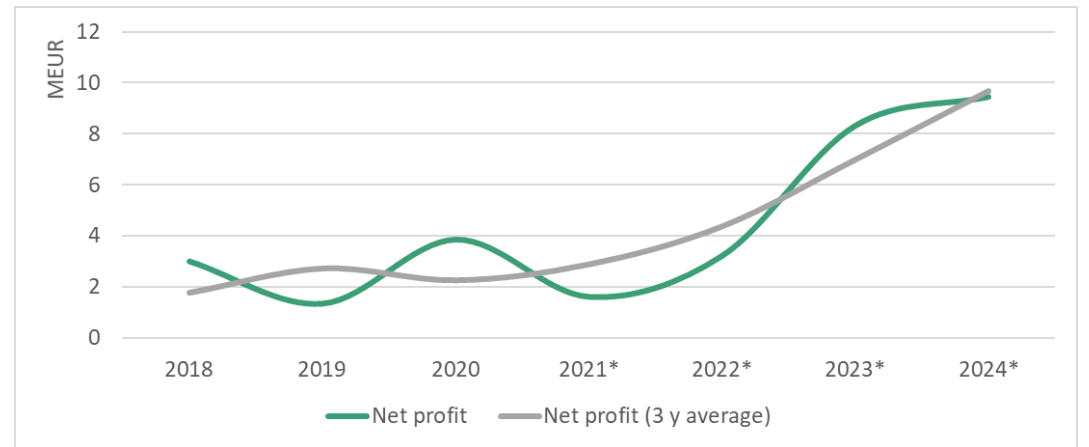


* Includes minority interest.

Revenue from development projects managed by Hepsor Group, 2018 – 2024**



Net profit, 2018 - 2024



* Forecast

** Includes associated companies

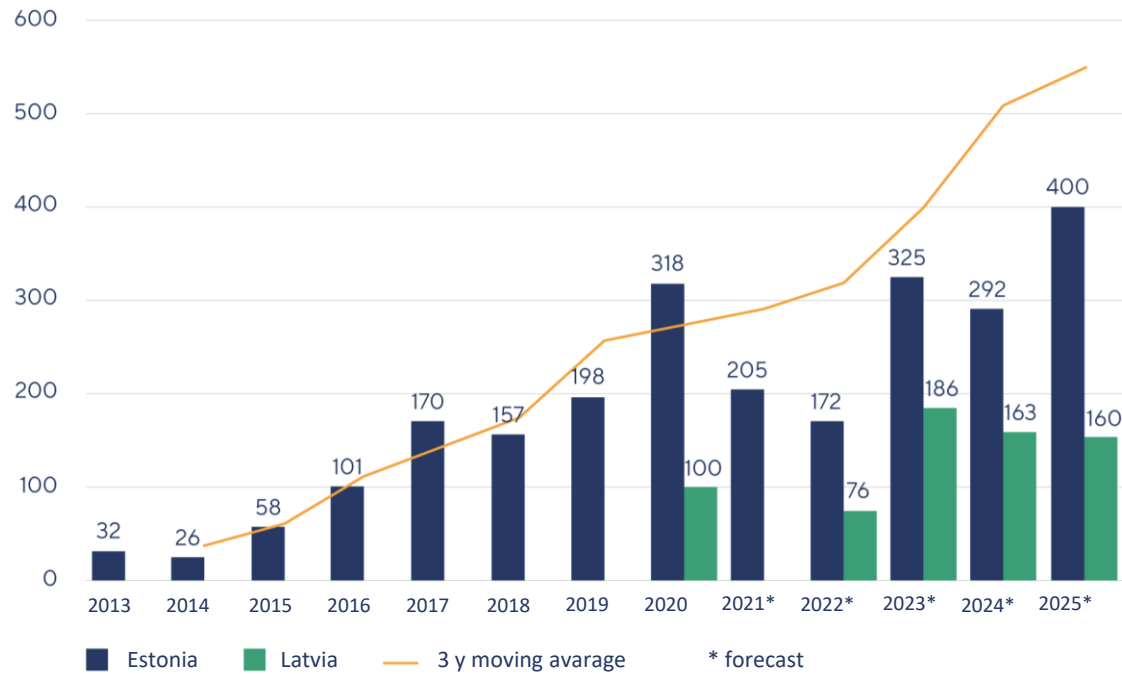
22
Different projects

ca **1 600**
New apartments

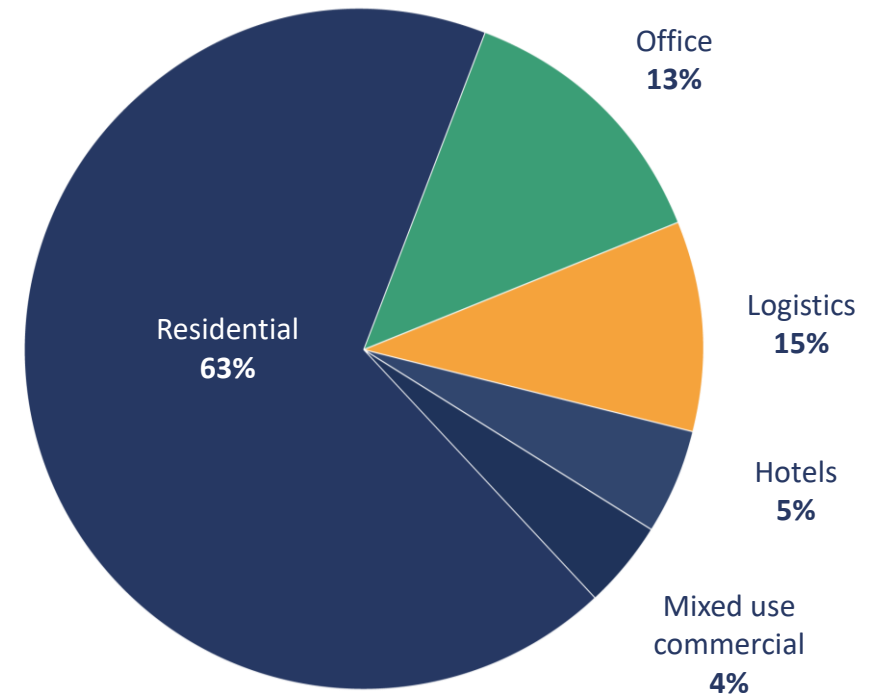
140 000 m²
Total sellable area

320 MEUR
Total sale from pipeline projects

New apartments completed



Pipeline projects by property type, 2022-2025



This is not a dividend stock. We are looking for growth.

10%
Minimum net profit
margin on project
level*

20%
Average ROE**%

1
Debt/equity ratio***

To look for growth and further extend geographically

To be in the front-line of implementing innovative **green technologies**

To become top 3 most valued development brand in home markets

To become top 3 most desired employer in our industry

* If acquisition analyses shows lower than 10% NPM, project is not acquired and will not be included in pipeline

** 36-months floating average, development-cycle neutral for period 2022 – 2026 (based on existing pipeline)

*** If D/E falls below 0,3 and minimum project NPM is not achievable then management will consider dividends

First green office building in 2011. Brand "House of Green Mindset"

„Green thinking“ is not a buzzword for us

Innovation Academy - an in-house innovation platform for implementing green ideas

Autonomous heating and cooling system. We do not depend on the city heating system.

We use geothermal energy for heating and cooling.

Energy piles or horizontal collectors. We use these for heating and cooling.

Thermoactive suspended ceilings. The concrete mass keeps the temperature in the room stable all year round.

We do not have radiators or active cooling systems - there is no need for them.

We collect rainwater and groundwater and use it for example in toilets.

We are actively looking for solutions to create water recycling and reuse systems.

The development of reusable waste systems is important to us.

We would like to list Hepsor on the main list of the Tallinn Stock Exchange in the autumn-winter of 2021.

We plan to raise up to 10 MEUR of new equity.

Raised capital will be invested into development of existing pipeline projects in Tallinn and Riga.

We expect to develop more in the coming 3-4 years than in previous 10 years in total.

Current owners plan to increase their shareholding by subscribing new IPO shares.

Financials

Group structure and shareholder break-down

Management

Cooperation with the construction company
Mitt&Perlebach

Selected examples of our projects

| INCOME STATEMENT | 2018 | 2019 | 2020 |
|------------------------------|--------|--------|--------|
| Revenue | 32 068 | 19 535 | 38 771 |
| Cost of sales | 27 820 | 17 447 | 34 493 |
| Gross Profit | 4 248 | 2 088 | 4 278 |
| Marketing expenses | 14 | 52 | 93 |
| Administrative expenses | 514 | 652 | 627 |
| Amortisation | 90 | 133 | 161 |
| Other operating income | 269 | 146 | 51 |
| Other operating expenses | 37 | 99 | 37 |
| Operating Profit of the year | 3 862 | 1 298 | 3 411 |
| EBITDA | 3 952 | 1 431 | 3 572 |
| Financial income | 53 | 22 | 917 |
| Financial expenses | 584 | 295 | 364 |
| Profit before taxes | 3 331 | 1 025 | 3 964 |
| Current income tax | 69 | 2 | 59 |
| Deferred income tax | 273 | 305 | 60 |
| Net Profit for the year | 2 989 | 1 328 | 3 845 |
| Gross Margin | 13,2% | 10,7% | 11,0% |
| Operating Margin | 12,0% | 6,6% | 8,8% |
| EBITDA Margin | 12,3% | 7,3% | 9,2% |
| Net Margin | 9,3% | 6,8% | 9,9% |

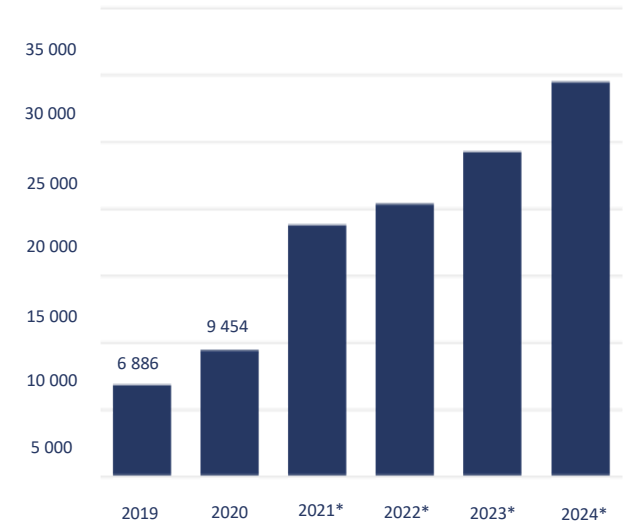
| BALANCE SHEET | 2018 | 2019 | 2020 |
|--------------------------------------|---------------|---------------|--------------|
| Current Assets | 27 842 | 36 126 | 28 460 |
| Cash and cash equivalents | 5 701 | 2 667 | 4 207 |
| Trade receivables | 280 | 840 | 574 |
| Current loan receivables | 238 | 1 120 | 776 |
| Inventories | 21 623 | 31 499 | 22 903 |
| Non-Current Assets | 168 | 861 | 1 973 |
| Property, plant and equipment | 168 | 666 | 492 |
| Investments in associates | 0 | 1 | 2 |
| Non-current loan receivables | 0 | 124 | 1 371 |
| Other non-current receivables | 0 | 70 | 108 |
| Total Assets | 28 010 | 36 987 | 30 433 |
| Current Liabilities | 20 500 | 16 308 | 8 063 |
| Loans and borrowings | 6 075 | 10 405 | 4 038 |
| Current lease liabilities | 39 | 133 | 174 |
| Prepayments from customers | 11 362 | 2 347 | 769 |
| Trade and other payables | 3 024 | 3 423 | 3 082 |
| Non-current liabilities | 4 608 | 13 957 | 12 851 |
| Loans and borrowings | 3 632 | 13 034 | 12 122 |
| Non-current lease liabilities | 47 | 430 | 267 |
| Other non-current liabilities | 624 | 493 | 402 |
| Deferred income tax liability | 305 | 0 | 60 |
| Total Liabilities | 25 108 | 30 265 | 20 914 |
| Equity | 2 902 | 6 722 | 9 519 |
| Share capital | 3 | 6 | 6 |
| Share premium | | 3 211 | 3 211 |
| Reserves | 100 | 0 | 0 |
| Retained earnings | 2 775 | 3 669 | 6 237 |
| Total equity to owners of the parent | 2 878 | 6 886 | 9 454 |
| Non-controlling interest | 24 | -164 | 65 |
| Total Liabilities and Equity | 28 010 | 36 987 | 30 433 |

The entire real estate portfolio is stated at cost.

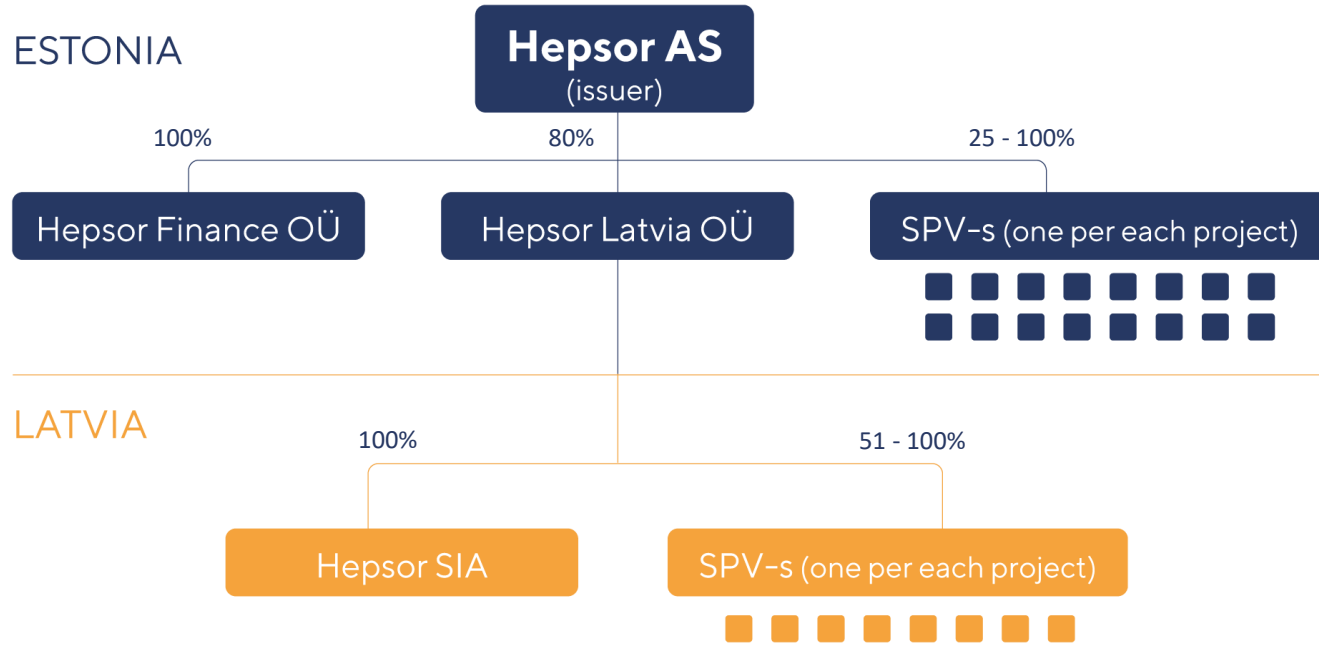
The property has never been revalued.

According to the management, the Group's equity when using market prices for acquired land plots would be 25 - 29 million € (currently the equity in the balance sheet is approx. 10 million €).

Management assessment of accumulated equity*

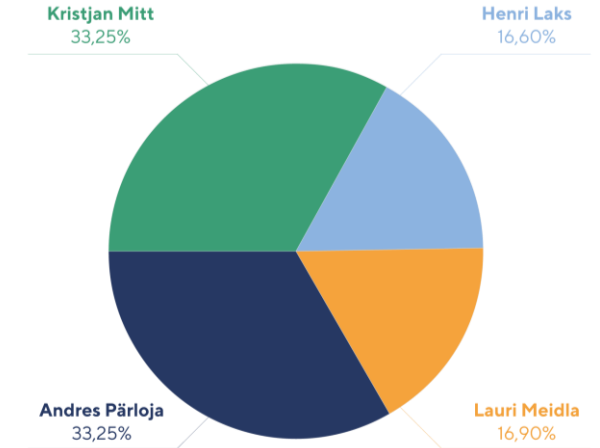


* Assuming additional capital is raised in 2021



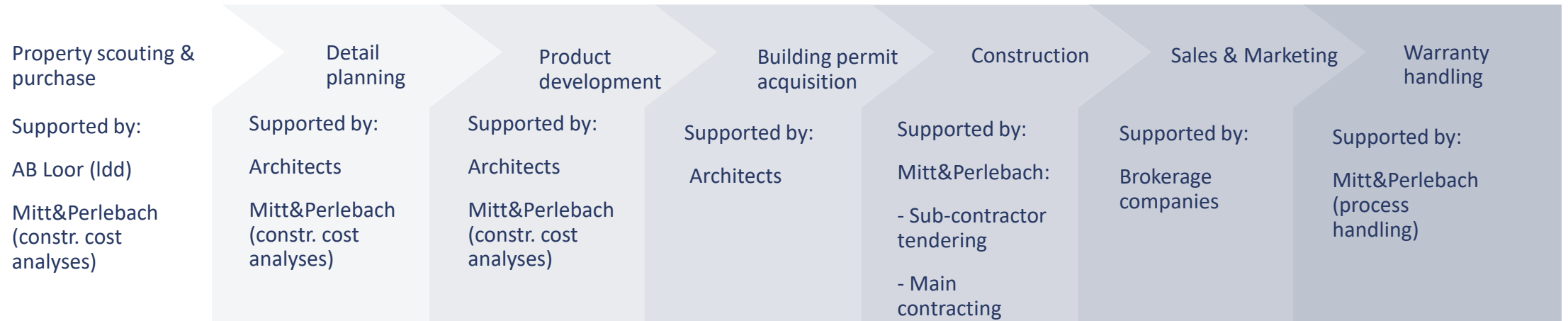
- Hepsor AS (issuer) is the Group`s a holding company.
- People and know-how are in Hepsor Finance (Estonia) and Hepsor SIA (Latvia)
- Every single development is managed in separate legal entity (SPV)
- SPV is merged with Hepsor Finance or Hepsor SIA after project is completed

Hepsor AS ownership



- All current owners will stay in
- Current owners plan to increase their shareholding by subscribing new IPO shares.

Strategic cooperation with a construction company provides competitive advantage



Construction company Mitt&Perlebach integrated into most of parts of the process. This gives Hepsor competitive edge: better cost-control, faster tendering process, smarter technical solutions, smaller risks.

The two members of Hepsor's Supervisory Board are also the owners of the construction company Mitt & Perlebach (Andres Pärloja and Kristjan Mitt).

In order to avoid any possible conflict of interest there is a framework agreement between Hepsor and Mitt&Perlebach:

- The construction company's margin is limited and can not in any case be higher than 6% (but may be lower).
- Open sub-contractor tendering process (at least 3 offers from independent providers)
- Option for regular third party cost and process audit
- The members of the supervisory board related to the construction company do not have the right to vote on the construction contracts to be concluded by Hepsori.

**Henri Laks**

Member of the Management Board

2021–... Hepsor AS, member of the management board
2013–2021 Hepsor OÜ, member of the management board. A member of the management boards of the Group subsidiaries since 2011.
2009–2012 Tallinn University, development project manager
2006–2009 Kapitel AS, development project manager
2004–2006 Kapitel AS, development project engineer

**Kristjan Mitt**

Member of Supervisory board

2021–... Hepsor AS, member of the supervisory board
2011–2021 Hepsor OÜ, member of the management board
2010–... Mitt & Perlebach OÜ, member of the management board
2008–2011 Koger & Partners SIA, Latvia, CEO
2004–2007 Koger & Partnerid AS, project manager, site manager.

**Andres Pärloja**

Head of Supervisory board

2021–... Hepsor AS, chairman of the supervisory board
2011–2021 Hepsor OÜ, member of the management board
2010–... Mitt & Perlebach OÜ, member of the management board
2006–... StoryRent OOD, Bulgaria, member of the supervisory board
2007–2010 Koger & Partners AS, Koger Kinnisvara OÜ, CEO
2006–2011 Euroclean OOD, Bulgaria, member of the supervisory board
2005–2007 Koger & Partnerd OOD, Bulgaria, CEO
2004–2005 Parex Bank Estonia, member of the management board

**Lauri Meidla**

2021–... Hepsor AS, member of the supervisory board
2021–... Saunum Group AS, member of the supervisory board
2017–... Inclusion OÜ, member of the supervisory board
2020–... Sa.fa.dog OÜ, member of the supervisory board

Historical factory building in Tallinn

260 apartments have already been completed in the first phase

Ca 400 apartments will be added in next two stages

6,000 m² of boutiques and small offices

Development in phases

Expected completion of next two stages 2024 - 2025



Innovative green office in Tallinn

Office

Ca 4,000 m² of leasable area

100% of the GLA is covered with tenants

Green concept

Expected completion 2022



Multifunctional development area in Tallinn

Apartments and commercial premises near new Tallinn Hospital

Ca 450 apartments and commercial premises

Development in phases

The construction of first phase has already started (Paevälja pst 11)



Stock-office project in Riga

Stock-office development

Ca 3,800m² of leasable area

72% of the GLA is covered with tenants

Expected completion 2022



Office and retail complex in Riga

Multifunctional commercial complex

Ca 70,000m² of rentable area

Development in phases

Expected start of construction 2023



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