

Conditions of a public written auction “Sale of Kalaranna 28, Kalaranna 30 and Vesilennuki 4 in Tallinn (hereinafter the Conditions of Sale)”

Confirmed by the resolution of the management board of Riigi Kinnisvara AS YLD-3/2019-562

A purpose of this public written auction is to find a purchaser for the Patarei Sea Fortress area, who is ready and able to renovate the Patarei Sea Fortress as a significant monument and develop the said area as a district of great importance and integrated environment for the city of Tallinn and Kalamaja. Obligations, restrictions, encumbrances and sanctions to be established with regard to the purchaser by the Conditions of Sale and a contract of sale, shall be targeted only on achievement of the before specified purposes and shall be deleted upon completion of the obligations. Riigi Kinnisvara AS aims to fully support the future owner of Patarei in the course of restoration and development. Imposing of sanctions is prescribed only as a last resort.

Riigi Kinnisvara AS highlights that a building of the Patarei Sea Fortress has been a subject to a high level of public interest and, for instance, according to the assessment of the Eesti Muinsuskaitse Selts, the monument threatened with collapse. Riigi Kinnisvara AS also highlights that Section 38 of the Heritage Conservation Act stipulates that if the owner of the monument fails to fulfil the obligations determined by this Act and preservation of the monument is in danger and it is impossible to ensure the preservation of the monument by other means then the monument can be expropriated.

1. OBJECT OF SALE AND MAIN CONDITIONS OF THE TRANSACTION

1.1. Object of sale

1.1.1. Riigi Kinnisvara AS (hereinafter RKAS) sells on a public written auction the following three registered immovables as one object of sale with a total starting price of **4 500 000 (four million five hundred thousand) euros (exclusive of the value added tax)** (hereinafter the Object of Sale):

1.1.1.1. Registered immovable, located in **Harju County, in the city of Tallinn, at Kalaranna 28** (register part No. 26431401);

1.1.1.2. Registered immovable, located in **Harju County, in the city of Tallinn, at Kalaranna 30** (register part No. 26431501);

1.1.1.3. Registered immovable, located in **Harju County, in the city of Tallinn, at Vesilennuki 4** (register part No. 26431801).

1.1.2. The conditions of sale of the Object of Sale are in a substantial part stipulated in the draft Contract of Sale as specified in **ANNEX 1** to these Conditions of Sale (hereinafter the **Contract of Sale**). RKAS shall have a right to demand from the successful tenderer conclusion of the Contract of Sale under conditions stipulated in the ANNEX 1, also with amendments, which RKAS deems necessary and which do not affect the essential conditions stipulated in the Contract of Sale, including amendments resulted by land readjustment activities. The Contract of Sale shall comprise the contract of sale of the Object of Sale under the law of obligations with establishment of encumbrances, as well as a real right agreement required for transfer of the ownership (the contract of sale and the real right agreement shall be concluded at the same time).

1.2. Detailed plan and changes in a set-up of the Object of Sale

1.2.1. Detailed plans effective with regard to the Object of Sale:

1.2.1.1. “Detailed Plan of a Patarei and Lennusadam District” established on 25/08/2011 by the Tallinn City Council (DP030970) (hereinafter the **Old Detailed Plan**);

1.2.1.2. “Detailed Plan of a registered immovable at Kalaranna str. 28 and Vesilennuki str. 4” established on 16/05/2018 by the Tallinn City Council (DP037880) (hereinafter the **Detailed Plan**); of which the latest concerns the two registered immovables constituting a part of the Object of Sale – Kalaranna 28 and Vesilennuki 4. By establishment of the Detailed Plan, the Old Detailed Plan became invalid in part, with regard to which the new conditions were established by the Detailed Plan. With respect to other part, including the registered immovable at Kalaranna 30, the Old Detailed Plan shall be effective.

1.2.2. According to the Detailed Plan, the before referred Kalaranna str. 28 registered immovable and the Vesilennuki str. 4 registered immovable can be divided into 3 to 4 registered immovables. RKAS shall organize at its own cost formation of cadastral units as specified in the Detail Plan and entry of the registered immovables of new compositions in the land register as follows:

1.2.2.1. Registered immovable with an approximate area of 26 625 m² (designated as positions 1 and 4 on the Detailed plan; with a proposed address Kalaranna str. 28 and 26) residential land and commercial land and/or public land with an intended use (hereinafter the Registered Immovable 1) where the Patarei fort (Patarei kaitsekasarmu) is located;

1.2.2.2. Registered immovable with an approximate area of 6 427 m² (designated as a position 2 on the Detailed Plan; with a proposed address Vesilennuki str. 2) commercial land and residential land with an intended use (hereinafter the Registered Immovable 2), where a building stock can be established;

1.2.2.3. Registered immovable with an approximate are of 3 487 m² (designated as a position 3 on the Detailed Plan; with a proposed address Kalaranna 36) commercial land and/or public land with an intended use (hereinafter the Registered Immovable 3) where the building of musicians brigade (muusikakomando) is located;

1.2.3. RKAS assumes an obligation to carry out the operations specified in Clause 1.2.2. by the date of conclusion of the Contract of Sale at the latest (see **ANNEX 1**). The situation where the operations are not completed by the date of conclusion of the Contract of Sale, shall grant to the purchaser no right to refuse to conclude the Contract of Sale. In such case the purchaser shall decide, on the date of conclusion of the Contract of Sale, whether the purchaser issues to RKAS a necessary authorization document allowing RKAS to complete the referred operations within a reasonable period of time or completes the operations itself, at its own cost.

1.3. Restrictions and additional requirements

1.3.1. Obligation to tolerate. Encumbrances entered in the land register, including different personal rights of use, notations for the benefit of the city of Tallinn ensuring memorial stone and public road. Notarial agreements concluded with the city of Tallinn No. 1101 (13/05/2010), No. 1091 (23/05/2011) and No. 492 (07/02/2018). It is important to keep in mind that upon establishment of the Detailed Plan the area of personal rights of use to be established for the benefit of the city of Tallinn has extended. There is additionally an obligation to tolerate restrictions entered on the map of the Land Board.

1.3.2. Obligation to build roads and green zones.

- 1.3.2.1. On 18/11/2010 a contract No. 2-6/200 has been concluded with the city of Tallinn, establishing an obligation to build public roads (including a promenade), green zones, outside lighting and rainwater sewerage system complying with the detailed planning. The Purchaser shall take over all obligations of the owner of the registered immovable as specified in the contract No. 2-6/200 concluded on 18/11/2010 and in a contract amending the said contract, at the terms and conditions stipulated in the Contract of Sale.
- 1.3.2.2. On 28/01/2016 a contract No. 3-7/17 has been concluded with the city of Tallinn establishing an obligation to build public roads and public green zones, outside lighting and technical infrastructure complying with the detailed planning. The Purchaser shall take over all obligations of the owner of the registered immovable as specified in the contract No. 3-7/17 concluded on 28/01/2016 at the terms and conditions stipulated in the Contract of Sale.
- 1.3.3. Obligations arising from the detailed plans. All obligations of the registered immovable arising from the Old Detailed Plan and the Detailed Plan, shall be transferred to the Purchaser, including organization of architectural competition, building of utility networks, building of embankment protection, building of rooms for public use on the first floors of the building, etc. The Purchaser shall base its activities on the effective detailed plans and refrain from amendment or invalidation thereof, until the obligations of renovation of the historic building are fulfilled. Thereat the following, arising from the Detailed Plan, shall be ensured:
- 1.3.3.1. Special conditions of heritage conservation. Special conditions of heritage conservation shall be prepared with regard to repair and restoration works of the Patarei fort (Patarei kaitsekasarmu) and a mortar fort (mortiirpatarei), as well as for adaption thereof in accordance with their new function and thereat it is necessary to take into account the special conditions "Special conditions of heritage conservation for restoration of east wing of the Gorge Building of the Kalaranna Patarei fort as prepared by EENSALU @ PIHEL in 2018, Work No. 21-18.;
- 1.3.3.2. General architectural requirements. For planning of the new building stock on the Object of Sale and upon restoration and reconstruction of the Patarei Sea Fortress a public architectural competition and/or contest shall be organized in each occasion, in compliance with the provisions of the Detailed Plan. Upon preparation of the conditions of the architectural competition and organization thereof the Tallinn City Planning Department shall be involved. In addition to the content of the Detailed Plan, the Purchaser shall add a task to solve a question of exhibiting a history of the Patarei complex before World War I for free examination by all visitors of the complex to the conditions of the architectural competition. The Purchaser shall exhibit the previous history of Patarei Sea Fortress publicly and carry out of the mentioned solution. The conditions specified in the special conditions of heritage conservation shall be taken into account with respect to both: planning of new buildings and restoration of the existing ones. In the course of preparation of the building design documentation, also solve a design of public spaces, including access points to the sea fortress from the promenade, as well as a lighting of the public spaces. No new fences are planned, except renovation of a fence between the existing prison wall and the building of individual chambers for fencing of the territory of the prison museum. A design of the fence shall be specifically specified in a separate plan.
- 1.3.3.3. Environmental requirements. According to the pollution study presented in Annex 5 to the Detailed Plan, the extent of the pollution shall be additionally studied before commencement of the construction works and a plan for liquidation of the pollution shall be prepared and presented to the Waste Management Department of the Tallinn Environmental Board for review if more extensive earthworks are planned nearby the

polluted locations. The pollution studies have been previously (2006) carried out on the Object of Sale, but RKAS shall not take liability for comprehensiveness and timeliness of the pollution studies.

- 1.3.4. Obligations of the owner of an object of value in terms of heritage conservation. The Purchaser shall perform the owner's obligations as stipulated in the Heritage Conservation Act (MuKS), including the obligation to maintain, preserve and repair the monument (i.e. maintain a technical status of the building that does not cause changing of an appearance or details of the monument or a building located in the heritage conservation area), if it is necessary for ensuring preservation of the monument; adhere to the limitations arising from MuKS as far as the National Heritage Board has not granted a permission for a specific activity, immediately notify the National Heritage Board and the city of Tallinn about changes that adversely affect the monument, allow an official of a body managing the heritage conservation or a person authorized by the National Heritage Board to inspect the monument and preserve and keep in good order of a sign of the monument.
- 1.3.5. Obligation to make available for use of a space that is necessary for operation of the museum. Based on public interest, the Detailed Plan and the Special conditions of heritage conservation, the Purchaser shall have an obligation to provide an area and premises with a museum function on the Registered Immovable 1 for RKAS or a person designated by the latter. For this:
- 1.3.5.1. The Purchaser shall divide the Registered Immovable 1 into apartment ownerships in a manner that the area specified as "museum" on plans provided for in ANNEX 2, constitutes a separate apartment ownership (hereinafter the Museum KO). The area, constituting the Museum KO, shall comply with the technical requirements specified in the ANNEX 3 (Technical requirements on the area of the museum). The Museum KO (or a space thereof) shall comply with the conditions specified in the ANNEX 2 and ANNEX 3 and a possession thereof shall be transferred to RKAS (for use on the basis of the personal right of use, see Clause 1.3.5.2) by the Closing Date as stipulated in Clause 1.3.10.3. The agreement for establishment of the apartment ownerships shall include a right of exclusive use, according to which a territory outside the building, within the borders of the IKÕ area, shall remain in the exclusive use of the Museum KO.
- 1.3.5.2. Upon conclusion of the Contract of Sale, a chargeable personal right of use for an unspecified period shall be established with respect to the Registered Immovable 1 for the benefit of RKAS within the borders of Museum KO (hereinafter IKÕ). RKAS shall have a right to transfer IKÕ or rent the area subject to IKÕ to third parties.
- 1.3.5.3. The Contract of Sale shall include an agreement regarding acquisition of Museum KO by RKAS, based on which the acquirer shall transfer the Museum KO to RKAS under conditions stipulated in ANNEX 1. A preliminary notation shall be made with regard to the agreement for the benefit of RKAS. RKAS shall maintain a right to withdraw from the subject agreement, whereas no sanctions shall be imposed if the withdrawal is carried out in compliance with the conditions and time limits specified in ANNEX 1.
- 1.3.6. Obligation to ensure parking. The Purchaser shall take into account that the planned parking house of the Registered Immovable 2 shall be in the public chargeable cross-use to cover a parking need of all registered immovables in the district to the extent of at least 170 parking positions, for instance by the visitors of Lennusadam or the Museum (hereinafter the Public Car Park). The Purchaser shall additionally ensure making available for exclusive use of 10 parking positions in the parking house for the Museum KO for payment. Conditions for use of the Public Car Park shall not significantly differ from the conditions of other public car parking spaces in the same district (including a parking fee) and shall be sufficiently flexible allowing use thereof

by the visitors of the district. The Registered Immovable 2 shall be encumbered with a servitude for the benefit of the registered immovable at Vesilennuki 6//8 in Tallinn for use of the Public Car Park and ensuring access to the Public Car Park and the Registered Immovable 2 shall be encumbered with a servitude for making 10 parking positions available for use of Museum KO. The Public Car Park shall be made available for use not later than within 2 years after termination of the repurchase right as stipulated in the Contract of Sale.

1.3.7. In addition to the Object of Sale, also movable property that is located on the Object of Sale and which is not deposited in the area of IKÕ, deposited elsewhere or designated as a display item of the museum (the foregoing items belong to the museum) shall be transferred. Pursuant to the inventory carried out by SA Eesti Vabaõhumuuseum (inventory of movable property of Patarei prison prepared on 15/08/2017) and the special conditions of heritage conservation, part of the movable property to be transferred has an historic value. Part of the movable property mentioned in the inventory has been deposited elsewhere before the sale and part is deposited in the area of IKÕ of the Museum and part of it is located on the Registered Immovable 1, outside the IKÕ area. The Purchaser shall, from the acceptance of possession of the registered immovables, act with respect to the movable property in a prudent manner and by taking into account their historic value.

1.3.8. Obligations in the course of performance of design works:

1.3.8.1. The Purchaser shall prepare building design documentation for conservation or restoration/reconstruction of all buildings belonging within the Object of Sale and protected as monuments (hereinafter the Project). In any case, the Purchaser shall ensure the Project for restoration/reconstruction of the Museum KO, ensuring compliance thereof with the technical requirements as specified in ANNEX 3.

1.3.8.2. The Project shall concern at least the following with regard to the buildings:

- i. Load bearing structures;
- ii. Roofs;
- iii. Facades, including building closures;
- iv. Utility systems and -networks inside and outside the buildings pursuant to the technical needs, ensuring preservation and safety of the building, including, but not limited to: rainwater systems, heating and ventilation systems, lightning protection systems, drainage systems, fire safety systems, security and access control systems.

1.3.8.3. It is not required that the Project provides a future use of all the buildings, except the Museum KO, but it is required that the Project specifies all works that are necessary for ensuring constructive and technical renovation of the historic buildings and a long-term preservation of value of the buildings and reconstruction of Museum KO in accordance with the conditions in ANNEX 3.

1.3.8.4. The Purchaser shall coordinate the Project with all the required local government and state authorities and obtain permissions for performance of the works specified in the Project.

1.3.8.5. The Project shall be previously presented to RKAS for coordination. A representative of RKAS shall be involved in the design works of Museum KO.

1.3.9. Obligations upon performance of construction works:

1.3.9.1. The Purchaser shall, within 72 months from the date of conclusion of the Contract of Sale (hereinafter **the Closure Date**) at the latest:

- (a) Perform all works covered by the Project as approved by RKAS;
- (b) Renovate a territory surrounding the buildings covered by the Project in a manner that a city maintenance and availability for use of those areas would be ensured;

(c) Perform all obligations of the owner of all registered immovables (including the registered immovable regarding the promenade) (including the obligations arising from the Old Detailed Plan, as well as from agreements concluded with the city of Tallinn). The Patarei seafront promenade and the roads within the registered immovable shall be opened for public use at the latest by the Closing Date, including removal of all temporary fences and other barriers. Later it is allowed to restrict public access only temporarily for necessary construction works, in compliance with a normal procedure, subject to the permission of local government.

1.3.9.2. The works shall be performed in compliance with the procedure and by persons prescribed in the legislation and be inspected and accepted by the respective supervisory bodies (including owner supervision and heritage conservation. If the legislation prescribes an obligation to apply and obtain a use and occupancy permit, use and occupancy notice or any other document having a comparable function for the works to be performed pursuant to the Project or an obligation to submit the mentioned documents, the respective permit must have received or a notice submitted by the Closing Date.

1.3.10. Time limits:

1.3.10.1. Intermediate Time Limit I – the Purchaser shall organise an architectural competition for reconstruction of the Patarei fort (Patarei kaitsekasarm) in accordance with the Detailed Plan, Conditions of Sale and the Contract of Sale, within 18 months from the date of conclusion of the Contract of Sale at the latest;

1.3.10.2. Intermediate Time Limit II – the Purchaser shall present the Project to RKAS for coordination within 36 months from the date of conclusion of the Contract of Sale at the latest;

1.3.10.3. Final Time Limit – the Purchaser shall perform the obligations stipulated in Clause 1.3.9. Within 72 months from the date of conclusion of the Contract of Sale at the latest.

1.4. Consequences of breach

- 1.4.1. The Contract of Sale as provided in ANNEX 1 shall specify sanctions to be imposed in the case of failure to perform the obligations, among other things contractual penalties and a partial repurchase right of RKAS in the case of material breach of the contract shall be stipulated. The financial obligations of the acquirer towards RKAS arising from the Contract of Sale shall be secured by mortgages, which shall be established on the Registered Immovable 1, the Registered Immovable 2 and the Registered Immovable 3. A failure to perform the works to be performed by the Intermediate Time Limit I, the Intermediate Time Limit II or the Final time limit, without a good reason, or a failure to transfer the Museum IKÕ or a territory belonging to the latter to the possession of RKAS in the required state shall, among other things, constitute the material breach of the contract. Among other things, exceeding the Intermediate Time Limit I, Intermediate Time Limit II or the Final time limit, failure to perform the works specified in the Project, breaches related to the Public Car Park, breach of other obligations stipulated in the Old Detailed Plan and in the Detailed Plan, etc., shall be sanctioned by the contractual penalty.
- 1.4.2. In the case of exceeding the Intermediate Time Limit I, Intermediate Time Limit II or the Final time limit, RKAS shall have a right to demand retransfer of the Registered Immovable 1, Registered Immovable 3 and the registered immovable located at Kalaranna 30 (repurchase right). In order to secure the repurchase right, a preliminary notation regarding the conclusion of the Contract of Sale shall be made with regard to the Registered Immovable 1, Registered Immovable 3 and the registered immovable located at Kalaranna 30. RKAS shall purchase the before mentioned registered immovables back for the price of four hundred fifty thousand (450 000) EUR and shall not compensate for investments made and expenses incurred in the meantime. If the delay is caused by circumstances beyond the control of the Purchaser then RKAS has a right to grant a reasonable extension of time limit for the performance of obligations based on the written request of the Purchaser.

2. CONDUCTING OF THE AUCTION

Taking into consideration the significant public interest related to the registered immovables of the Patarei Sea Fortress which is the object of sale and the stringent requirements established for the preservation and reconstruction thereof and ensuring of the partial public access thereto (incl. a museum), RKAS intends to make sure that the buyer is able to comply with the requirements. Thus, the bidders must first qualify for submission of bids. The applicants who are not compliant with the selection criteria will not participate in the auction.

2.1. The selection criteria applicable to the bidders

The bidders will comply with the following selection criteria. A bidder may comply with the selection criteria specified in subsections 2.1.7-2.1.9 based on the characteristics and indicators of the majority shareholder (at least 50% of the shareholding) thereof:

- 2.1.1. The bidder will be lawfully registered in the commercial register of the country where the bidder is established;
- 2.1.2. The bidder may not have any state or local tax arrears;
- 2.1.3. The bidder, as well as the majority shareholder thereof and a person with dominant control over the bidder for the purposes of subsection 2 (4) of the Competition Act (if applicable) will be solvent, with no liquidation proceedings, bankruptcy proceedings, or other such proceedings initiated against them pursuant to the legislation of the country whether the bidder is established;
- 2.1.4. The bidder, the bidder's legal representative, or the bidder's majority shareholder or a person with dominant control over the bidder for the purposes of subsection 2 (4) of the Competition Act (if applicable) may not have been convicted by final judgment for participating a criminal group, violating the duty of integrity, corrupt practice, fraud, terrorist act, other criminal offence linked to terrorist activities or inciting or aiding or abetting or attempting to commit an offence, money laundering offence, or terrorist financing;
- 2.1.5. The bidder or the final beneficiaries thereof may not be included in the list of persons sanctionable by the Republic of Estonia, the European Union, or the United States of America.
- 2.1.6. The bidder must have a compliant and realistic action plan (business plan and vision) for development of the registered immovables.
- 2.1.7. The bidder must have operated in the field of property development for at least 5 years;
- 2.1.8. The bidder must have developed at least two (2) independent objects used for commercial purposes (except industry and transportation) with at least 5,000 m² of indoor surface area each.
- 2.1.9. The bidder's total sales revenue from the property sector in the least 5 financial years and/or the value of the property investments in the same period will exceed 25,000,000 euros.

2.2. The bidder will submit the following documents for verification of their compliance (all documents will be in Estonian or English language or equipped with a translation, and the translations will be verified by a sworn translator, notary, or auditor):

- 2.2.1. Brief description of the bid, including description of the structures of the owners of the bidder who are legal persons, up to the description of the structures of actual beneficiaries and subsidiaries and affiliated undertakings of the bidder,

- incl. description of the person who has dominant control over the bidder for the purposes of subsection 2 (4) of the Competition Act;
- 2.2.2. The registration and valid data of a legal person bidder from the Republic of Estonia is verified by the organiser from the commercial register and it will not be necessary to submit a respective document. The legal person who are registered in the commercial registers of foreign countries will submit an excerpt with the details of the respective legal person issued by the competent registrar and the translation thereof;
 - 2.2.3. Proof of the lack of tax arrears: a certificate issued by the local municipality government of a legal person registered in the Republic of Estonia which will have been issued no more than one (1) week before the closing date for submission of bids. In the case of foreign legal persons, certificates from the respective authorities in the country where the person is established confirming the lack of state and local tax arrears which are issued no more one (1) month before the closing date for submission of bids;
 - 2.2.4. An auditors confirmation of the bidder's compliance with the selection criteria specified in subsections 2.1.7, 2.1.8, and 2.1.9;**
 - 2.2.5. Assurances of the bidder, the majority shareholder, and the person with dominant interest over the bidder for the purposes of subsection 2 (4) of the Competition Act (if applicable) concerning compliance with the requirements specified in subsections 2.1.2-2.1.5 on the form provided in **ANNEX 6** to the terms and conditions of sale;
 - 2.2.6. The annual reports of the last five years of a bidder who is registered in Estonia or in the European Union, and the auditor's conclusions if auditing is required pursuant to the law or articles of association. The seller will accept auditing companies which are included in an international group with a good reputation;
 - 2.2.7. Bidders from third countries may submit income statements and balance sheets covering the same period and the auditor's conclusions about the annual reports instead of the annual reports. The seller will accept auditing companies which are included in an international group with a good reputation.
 - 2.2.8. Details of the reference objects developed by the bidder which are compliant with the criteria specified in subsection 2.18 (name, location, surface area, year of completion, photographs).
 - 2.2.9. **The business plan (action plan)** covering the works to be completed on the object of sale, including the schedule of the project. Business plans will be evaluated based on the feasibility thereof. The minimum composition of a business plan:
 - a. an overview of the business plan;
 - b. general management of the project;
 - c. description of the project, incl. description of the process of designing and construction and a schedule which covers all significant stages of the project (incl. organising of expert assessments and competitions, designing, construction works);
 - d. the schedule for preservation and fixing of the heritage protected buildings, based on the completion dates specified in subsection 1.3.10;
 - e. financial forecasts concerning investments and financing (except the purchase price), incl. the strategy for funding the project, the risks related to funding the project;
 - f. analysis and management of the risks of the project;
 - g. if necessary, explanations and complementation of the vision based on the terms and conditions of sale.
 - 2.2.10. **The urban planning/architectural/functional vision** based on the terms and conditions of sale, legislation, the general design and detailed plans,

requirements of the local municipality government, and heritage protection requirements. *RKAS may publish the vision submitted by the winner of the auction and use it freely, referencing the name of the bidder and the author(s) of the vision.*

The minimum composition of the vision:

- a. the letter of explanation and surface areas of the buildings;
- b. the layout plan;
- c. the intended purposes of the buildings, presented on the layouts of the floors;
- d. the most important views and cross-sections of the buildings (in the case of existing buildings, the views will suffice, unless significant extensions are planned);
- e. the 3D visualisations illustrating the buildings (the view from the sea, the view from Kalaranna Street, the aerial view covering the entire territory).

2.3. Registration to participate in the auction and further information and explanations

- 2.3.1. Information about the object of sale can be found at www.patarei.eu. In order to gain access to detailed information about the auction and the documents of the object of sale, a respective application should be e-mailed to patarei@rkas.ee. In the application, the interested party will specify the name of the interested commercial undertaking, the name, contact telephone, and e-mail address of the company's authorised representative. The registration will not be a prerequisite for participation in the auction.
- 2.3.2. The full texts of the documents which are referred to in the terms and conditions of sale and in the sales contract and other data about the sold property (the documents) can be accessed after registration pursuant to subsection 2.3.7. All documents concerning the object of sale are accessible electronically with the required access passwords sent by the seller to all persons who have registered.
- 2.3.3. RKAS will provide an opportunity for interested parties to get acquainted with the property sold. If the interested party deems it necessary to conduct further analyses, expert assessments, etc., these will be performed at the expense of the person who is interested in acquiring the object. RKAS will not restrict performance of analyses, expert assessments, and other operations by interested parties. In order to inspect the object and perform any required operations, an appointment will be made in advance with the Sales Manager of RKAS (Märt Mäe, telephone: +372 6063407, +372 5133745 or e-mail patarei@rkas.ee). Any questions about the object of sale or the terms and conditions of sale should be e-mailed to patarei@rkas.ee pursuant to subsection 2.3.10 of the terms and conditions of sale.
- 2.3.4. Any interested parties who have registered will be able to e-mail further questions to patarei@rkas.ee. RKAS will collect all questions sent to the above-mentioned e-mail account and respond to all interested parties by e-mail as soon as possible, but not later than within 2 weeks. All registered parties will also be notified by e-mail about any new information or changes in the information about the object of sale or the auction.

2.4. Submission of the bid

- 2.4.1. Bids will be submitted to the address of RKAS: Lelle 24, 11318 Tallinn.
- 2.4.2. The closing date and time for submission of bids will be 19th of November 2019, at 14:00.
- 2.4.3. The bids will be submitted in three envelopes. On the outermost envelope, the recipient's (RKAS) details will be specified. All envelopes will include the name of the bidder. The outermost envelope will contain two sealed envelopes:
 - 2.4.3.1. Envelope 1 will contain the qualification documents and will be labelled as follows **"Kvalifitseerimisdokumentid Kalaranna 28, Kalaranna 30 ja Vesilennuki 4; mitte avada enne 19.11.2019. a kell 14.15"** ("Qualification documents Kalaranna 28, Kalaranna 30, and Vesilennuki 4; do not open before 14:00 on 19 November 2019").
 - 2.4.3.2. Envelope 2 will contain the bid and the document confirming provision of the security and will be labelled as follows: **"Hinnapakumused Kalaranna 28, Kalaranna 30 ja Vesilennuki 4"** ("The bid for Kalaranna 28, Kalaranna 30, and Vesilennuki 4").
- 2.4.4. The bid will remain in force at least until 12 February 2020.
- 2.4.5. The bidder will receive a confirmation about submission of the bid.

2.5. The requirements for the format and content of the bid

- 2.5.1. The bids will be drawn up in Estonian or English, other documents will be drawn up in Estonian or English or submitted together with the respective verified translation.
- 2.5.2. The bid will include the cost of the object of sale before value added tax (if value added tax will be added to the purchase price). The price will be specified in words as well as numbers. The price will be provided in euros.
- 2.5.3. The bid will be signed by a person with signatory rights and will include the following details:
 - 2.5.3.1. the bid for purchasing the property sold based on the form provided in **ANNEX 4**;
 - 2.5.3.2. the proof of the existence of a security of the bid provided in one of the following manners:
 - a. a copy of the payment order confirming payment of the deposit;
 - b. the original of a letter of guarantee issued by a credit institution operating in the Republic of Estonia (the bank guarantee) based on the form provided in **ANNEX 5**; *in the case of a digitally signed letter of guarantee, the printout should be enclosed in the envelope and the digitally signed letter of guarantee should be sent to info@rkas.ee no later than by the date and time of opening the bids.*
 - c. the original of a letter of guarantee issued by the Estonian branch of a foreign credit institution (the bank guarantee) based on the form provided in **ANNEX 5**.
 - 2.5.3.3. a power of attorney of the right of representation of the person representing a legal person does not arise from the law;
 - 2.5.3.4. a power of attorney in the case of representing a natural person.

2.6. The security of the bid

- 2.6.1. The amount of the security of the auction (the security of the bid) will be **225,000 (two hundred and twenty-five thousand) euros. The deposit will be paid to the bank account of RKAS no later than on 18th of November 2019.**
- 2.6.2. The security of the bid will be provided by using one of the following methods:
 - a. Payment of the deposit to the bank account no. EE742200221027006138 of 1.1.1. Riigi Kinnisvara AS in Swedbank with the following explanation: *"Deposit for Kalaranna 28, Kalaranna 30, and Vesilennuki 4"*;

- b. Submission of a bank guarantee on the form provided in **ANNEX 5**, taking into consideration the requirements specified in 2.5.3.2.
- 2.6.3. The deposit will not be refunded, or the bank guarantee will be realized if:
 - a. the bidder withdraws the bid during the period of validity thereof (a respective application is submitted by the buyer which will be signed by a person with rights of representation);
 - b. the is not entered into within the period of time specified in the terms and conditions of sale due to circumstances arising from the winner of the auction.
- 2.6.4. The funds deposited on the bank account of RKAS by the winner of the auction will be set off against the purchase price paid based on the sales contract (in the form of prepayment). Taking into consideration the fact that the object of sale will be sold as a set (all registered immovables together), the deposit will be deemed paid as part of the purchase price of the registered immovables as a set and will not be deemed paid for one single registered immovable. If it is necessary to divide the deposit between different registered immovables, this will be performed proportionally based on the ratio of the surface area of the registered immovables sold to the surface area of the object of sale as a whole.

2.7. Opening of the bids

- 2.7.1. The qualification documents of the bids will be opened at the office of RKAS at 24 Lelle in Tallinn on 19th of November 2019, at 14:15.
- 2.7.2. A committee will draw up reports on opening the qualification documents and bids within 3 (three) working days after opening and send the reports to the bidders. The report of opening the bids will only be sent to the bidders who comply with the selection criteria.
- 2.7.3. The bids of the bidders who comply with the selection criteria and are deemed qualified will be opened at the office of RKAS at 24 Lelle St. in Tallinn within a reasonable period of time after making the decisions on the qualification of the bidders. RKAS will specify the time of opening the bids in the decision on qualification.
- 2.7.4. Only the representatives of the bidders and members of the committee for assessment of bids (hereinafter referred to as the **committee**) appointed by the Management Board of RKAS (hereinafter referred to as the **Management Board**) may attend opening of the qualification documents. Only representatives of the bidders who complied with the qualification criteria and the committee members may attend opening of the bids.
- 2.7.5. In order to attend opening of the bids, the bidder's representative will present a respective power of attorney or another document which proves their right of representation which will be checked by RKAS prior to opening of the bids.

2.8. Verification of the bidders' qualifications and assessment of the compliance of the bids

- 2.8.1. The committee will inspect the compliance of the bidders with the selection criteria and draw up a report of assessment of the compliance with the selection criteria. This will include the following:
 - a. The committee will assess the feasibility of the business submitted by the bidders in cooperation with external independent consultants selected by

RKAS. They will assess the schedule submitted, the estimated investments, and the feasibility of the funding solution.
 - b. The committee will assess the bidders' visions in cooperation with experts selected by RKAS. Compliance of the visions will all publicly available requirements and restrictions will be assessed.

- 2.8.2. The committee will make the decision on qualification of the bidders within 3 (three) weeks after opening of the qualification documents and will notify the bidders of the decision. The committee may request further information from the bidders for specification, explanation, or delimitation of the information submitted.
- 2.8.3. The committee will open the bids of the bidders who are compliant with the selection criteria, assess the compliance thereof with the terms and conditions specified, and draw up a report on the assessment of the compliance of the bids. The committee may request further information from the bidders for explanation, specification, or delimitation of the information provided in the bids. If the amount provided in numbers and the amount specified in words in the bid, differ, the amount specified in words will be deemed correct.
- 2.8.4. Any bids which are not received by the closing date for submission of bids, are lower than the starting price, or are not compliant with the terms and conditions of the auction (incl. if the deposit has not been paid) will be eliminated from the auction. The bids of the parties which did not qualify for the auction will also be eliminated and will be returned to the bidder unopened. Any bids which are received after the closing date will be returned to the bidder unopened. In the case of the bids which were received before the closing date but were noncompliant, the reasons for elimination of the bid from the auction will be specified in the respective report of the auction.

2.9. Approval of the results of the auction

- 2.9.1. The Management Board will approve the results of the auction within 5 (five) working days after signature of the report on assessment of the compliance of the bids by the members of the committee. The Management Board will approve entry into the sales contract based on the highest bid.
- 2.9.2. If several bidders submit equal highest bids in the auction, RKAS will give all bidders and opportunity to change their bids. The new bid may not be lower than the original highest bid or noncompliant with the terms and conditions of the auction. In this case, the periods of assessment of the compliance of the bids and approval of the results of the auction will be extended by the duration of the extension provided for the bidders for changing their bids.
- 2.9.3. All bidders will be notified of the final results of the auction within seven (7) working days after approval of the results of the auction by the Management Board. The name of the winner of the auction and the amount of the highest bid will be disclosed.
- 2.9.4. RKAS will guarantee full refunding of the deposits of the bidders who are found noncompliant with the selection criteria to the same bank accounts which were used to pay the deposits within 10 (ten) working days after the decision of the committee on qualification of the bidders; in the event of having received a digital letter of guarantee, RKAS will send a respective notice. RKAS will return the bank guarantees of the bidders whose bids were not the highest by post (or send a respective notice in the case of a digital letter of guarantee) or refund the deposit fully within 10 (ten) working days after approval of the results of the auction by the Management Board. RKAS will not refund to the bidders the expenses related to preparation of the bids.

2.10. Conclusion of the transaction

- 2.10.1. The sales contract will be entered into with the winner of the auction in the office of a notary selected by RKAS within 60 (sixty) days after approval of the results of the auction. The sales contract will be entered into in the format in which it is annexed to the terms and conditions of sale (see ANNEX 1, taking into consideration the provisions of subsection 1.1.3). The sales contract will be entered into in Estonian language. If necessary, the buyer

will ensure the presence of a translator at conclusion of the transaction and translation of the document.

- 2.10.2. If the winner of the auction expresses an intention to enter into a sales contract through a commercial undertaking to be registered in the Estonian commercial register or through an existing commercial undertaking (a subsidiary), RKAS's prior consent will be required. Transfer of the rights and obligations arising from the terms and conditions of sale to the subsidiary will be ensured, thereat, the subsidiary will be required to comply with all selection criteria specified in the terms and conditions of sale.
- 2.10.3. All expenses related to entry into the sales contract (incl. establishing of encumbrances) will be covered by the buyer.
- 2.10.4. The entire amount of purchase price will be paid by the date of entry into the sales contract (making sure that the purchase price will be received prior to entry into the sales contract) either to 1.1.1. Riigi Kinnisvara AS bank account no. EE742200221027006138 at Swedbank or to the notary's deposit account.
- 2.10.5. As an exception to the provisions of the previous subsection, in the event of the winner of the auction using the services of a credit institution for payment of the purchase price and participating in the transaction as a mortgagee, the winner of the auction will, no later than by the time of entry into the sales contract submit to RKAS:
 - a. confirmation of entry into the respective agreement between the buyer and the credit institution, based on which RKAS may rely on full payment of the purchase price in the entire amount of the obligation; and
 - b. confirmation of the credit institution that the buyer has issued a payment order to the credit institution for execution in the amount of the purchase price (or in the amount which is not covered by self-financing) on the basis of which the credit institution will make the respective transfer to RKAS within 3 (three) working days after the date of entry into the notarised sales contract.
- 2.10.6. If the bidder whose bid has been approved for entry into the sales contract fails to enter into the sales contract within 60 (sixty) days after approval of the results of the auction or withdraws the bid during the period of validity thereof, the Management Board may declare the auction failed. In this case, RKAS may organise a repeat auction for all bidders who were qualified and submitted compliant bids with a new 10-day period for submission of bids. By the new closing date for submission of bids, the bidders will be required to pay the deposit pursuant to subsection 2.6. The bids will be inspected and assessed, and the results approved pursuant to the procedure laid down in subsections 2.7, 2.8.3, and 2.9.
- 2.10.7. In addition to the grounds laid down in the legislation, RKAS may declare the auction failed and reject the results of the auction or cancel the results of the auction and refuse to enter into the sales contract if entry into the sales contract is prevented due to circumstances which are out of the buyer's control (e.g. a court ruling or a decision with legal power which prevents entry into the transaction within the prescribed period of time), as well as due to

national security considerations. If any circumstances arise concerning the winner of the auction after qualification and prior to entry into the sales contract as a result of which the bidder would no longer be qualified, RKAS may refuse to enter into the sales contract.

- 2.10.8. RKAS would like to highlight that the mortgage to be established on the registered immovable of Vesilennuki 2 (the registered immovable formed after the land readjustment activities) in the favour of RKAS will be listed first in the fourth division of the land register. If the obligations specified in subsection 1.3.2-1.3.9 of the terms and conditions of sale are fulfilled by the buyer in a timely manner and the works are

performed based on the schedule, the buyer may submit an application to RKAS for establishing a mortgage on the registered immovable of Vesilennuki 2 in the favour of the bank (for funding the construction works) at the same level with RKAS. Thereat, the amount of the mortgage to be established may not exceed 20 million euros. RKAS may assess the application, reject it, or submit a proposal for reduction of the amount of the mortgage to be established, if establishment of the mortgage would significantly increase the risks of RKAS in the opinion of RKAS.

2.10.9. With respect to the registered immovables of Kalaranna 28 and Kalaranna 36 (the registered immovable formed after the land readjustment activities) it will be possible to agree with RKAS that one mortgage which will be placed above the mortgage to be established in the favour of RKAS may be established in the favour of the bank for payment of the purchase price of the registered immovable and/or for funding the construction works and the mortgage established in the favour of mortgage will be established in the favour of the bank will be ranked second after the mortgage established in the favour of the bank.

2.11. The terms and conditions of sale and the annexes thereto are drawn up in Estonian language and will be partially translated into English. In the event of discrepancies, the terms and conditions of the Estonian language text will prevail.

Annexes:

- 1) ANNEX 1 The sales contract and real right contract for the registered immovable
- 2) ANNEX 2 The layout of the museum
- 3) ANNEX 3 The technical specification to be established for the museum area
- 4) ANNEX 4 The form for submission of the bid (in Estonian and English)
- 5) ANNEX 5 The form of the letter of guarantee
- 6) ANNEX 6 The form of the bidder's assurances