



Pillar Capital, AS

Group and Company Condensed Interim Report
for the six month period ended 30 June 2020
(unaudited)

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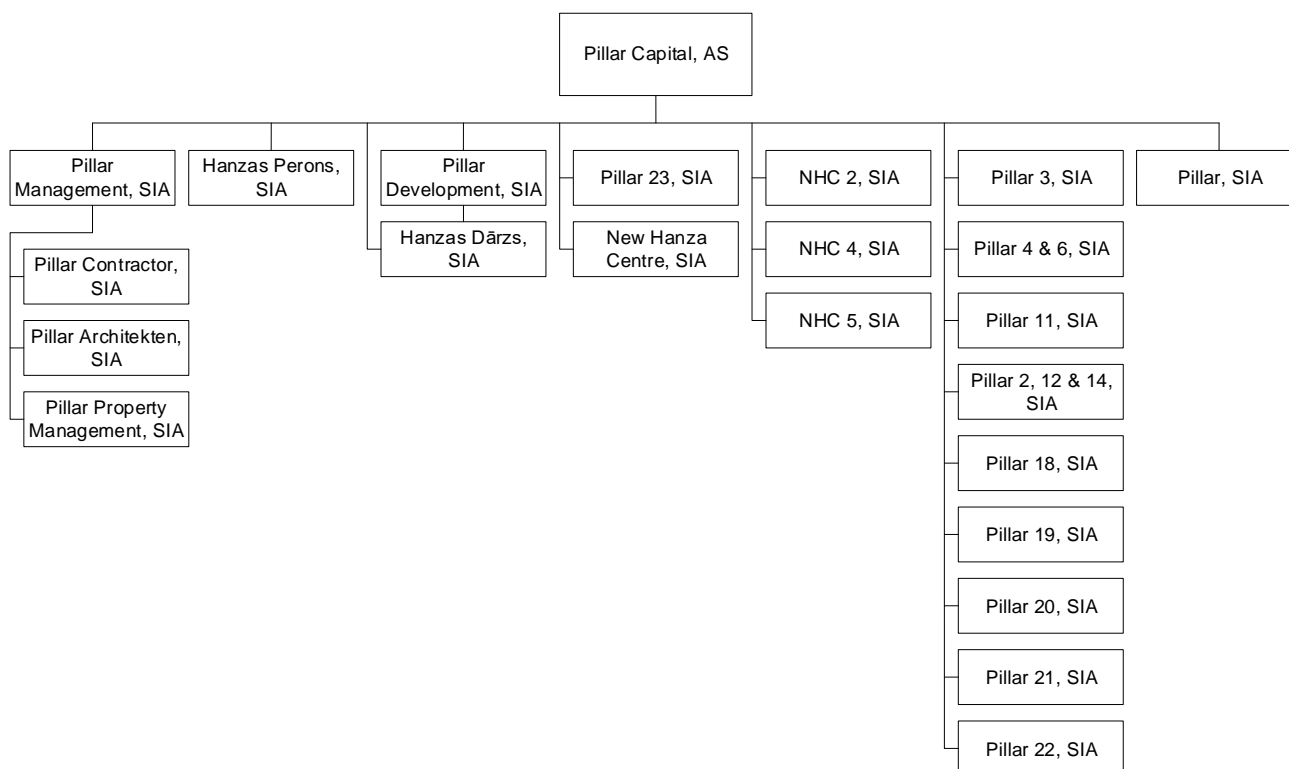
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Disclaimer

This report was prepared in Latvian and English. In the event of any discrepancies between the Latvian and the English reports, the Latvian version of the reports shall prevail.

General information

Company name	Pillar Capital, AS
Legal status of the company	Joint Stock Company
Registration No, place and date	50003831571, Riga, 6 June 2006
Legal address	Pulkveža Brieža iela 28A, Riga, LV-1045, Latvia
Postal address	Pulkveža Brieža iela 28A, Riga, LV-1045, Latvia
NACE code, Type of primary activity	6420 Activities of holding companies 6820 Renting and operating of own or leased real estate 6910 Provision of legal services 6920 Accounting, bookkeeping and auditing activities; tax consultancy 7112 Engineering activities and related technical consultancy
Members of the Board and their positions	<u>From 11 December 2019</u> Edgars Miļūns, Chairman of the Board Aija Hermane-Sabule, Member of the Board Arnolds Romeiko, Member of the Board Pēteris Guļāns, Member of the Board Inga Vēvere, Member of the Board
Members of the Council and their positions	<u>From 3 December 2019</u> Ernests Bernis, Chairman of the Council Edgars Pavlovičs, Deputy Chairperson of the Council Māris Kannenieks, Member of the Council Kaspars Bajārs, Member of the Council Ivans Marjasovs, Member of the Council
Reporting period	1 January 2020 – 30 June 2020
Group structure	



Group Management Report

Pillar Capital, AS, (hereinafter – the Company or PCA) is a company founded in 2006. The Company has been investing in commercial properties since 2015. Pillar Capital, AS and its subsidiaries (hereinafter – the Group) focus on acquiring cash generating commercial properties with future income potential. The business objective of the Company is to invest funds in commercial properties, sustainably increase rental income and promote long-term property value and capital growth.

The Group specializes in the acquisition of office buildings, warehouses and logistic centers. Our priority is to invest in already existing and operating commercial properties. At the same time, part of investments are intended to be made in various property construction and development projects. The investment strategy entails direct acquisition of real estate, as well as purchase of equity interest in companies holding the respective properties.

As the result of merge with Pillar Group companies at the end of 2019, the Group can offer a full cycle of real estate development, starting from generating an idea, drafting a business plan and attracting financing, and up to project design, management of the construction cycle, property management, attraction of tenants and sale of properties.

Group key financial and property performance indicators

The Group income for the reporting period amounts to a EUR 10 860 624. The Company closed the reporting period with a pre-tax profit of EUR 3 091 420. The Group and Company results for the reporting period is in line with management expectations. Despite the Group subsidiaries operating activities in the reporting period differ, the Group management following industry practice focusses on analysing only the consolidated results of the Group. Table below summarizes Group operating indicators selected and monitored by the Group management based on industry standards.

Group profit indicators	Unit	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019	01.01.2018 - 31.06.2018
Income	EUR	10 860 624	1 845 404	1 906 135
Adjusted EBITDA	EUR	1 576 156	685 781	790 578
Profit before tax	EUR	(253 535)	258 699	526 226
Cash flows from operating activities	EUR	1 815 849	877 210	213 447
Group balance sheet indicators	Unit	30.06.2020	31.12.2019	31.12.2018
Gross asset value (GAV)	EUR	187 815 392	196 866 451	56 079 789
<i>incl. Investment property</i>	EUR	88 483 851	104 866 774	39 108 000
<i>incl. construction in progress</i>	EUR	3 045 840	937 597	279 146
<i>incl. current assets</i>	EUR	69 736 731	64 738 213	16 308 182
Liabilities	EUR	42 857 452	44 383 673	21 458 834
<i>incl. current liabilities</i>	EUR	23 276 770	18 308 893	2 459 407
Net asset value (NAV)	EUR	144 957 940	152 482 778	34 620 955
Total liquidity ratio	coef.	3.00	3.54	6.63

Group financial ratios	Unit	01.07.2019 - 30.06.2020	01.07.2018 - 30.06.2019	01.07.2017 - 30.06.2018
Adjusted EBITDA margin	%	19.30%	38.26%	31.13%
Net profit margin	%	29.46%	37.01%	284.12%
Equity ratio	coef.	0.72	0.58	0.66
Return on equity	%	4.88%	4.09%	28.51%
Return on assets	%	3.51%	2.37%	18.72%

Group investment property indicators	Unit	30.06.2020	31.12.2019	31.12.2018
Number of investment properties	pcs.	28	30	9
Investment property market value	EUR	88 483 851	104 866 774	39 108 000
Leasable area	m ²	60 249	79 827	72 992
Annual contractual rent fee	EUR	1 357 677	3 211 519	2 890 062
Return on investment properties at market value	%	1.53%	3.06%	7.39%
WALE	years	2.24	3.38	2.33
Average rent	EUR/m ² p.m.	2.79	4.44	4.31
Occupancy	%	69%	77%	77%

Explanation of indicators and ratios

Adjusted EBITDA = earnings before interest, tax, depreciation and amortization, gains and losses from investment property revaluation

Adjusted EBITDA margin = adjusted EBITDA (in a 12 month period) / revenue (in a 12 month period) * 100%

Net profit margin = net profit (in a 12 month period) / revenue (in a 12 month period) * 100%

Equity ratio = (1/2 * value of equity at the beginning of the 12 month period + 1/2 * value of equity at the end of the 12 month period) / (1/2 * value of assets at the beginning of the 12 month period + 1/2 * value of assets at the end of the 12 month period)

Return on equity (ROE) = net income (in a 12 month period) / (1/2 * value of equity at the beginning of the 12 month period + 1/2 * value of equity at the end of the 12 month period) * 100%

Return on assets (ROA) = net income (in a 12 month period) / (1/2 * value of assets at the beginning of the 12 month period + 1/2 * value of assets at the end of the 12 month period) * 100%

Total liquidity ratio = current assets at the reporting date / current liabilities at the reporting date

Return on investment properties at market value = annual rent defined in the agreements / market value of investment properties

WALE = area (m²) weighted average unexpired lease term at the given date

Weighted average rental rate = area (m²) weighted average rental rate at the given date, EUR/m² p.m.

Occupancy = occupied area (m²) of the investment properties at the given date expressed as a percentage of the total property leasable area

Key events in the six months of 2020

Sale of Company's subsidiaries NHC 1, SIA, and NHC 3, SIA, and real estate objects owned by them

On 10 January 2020 the Company concluded agreements with EfTEN Real Estate Fund III, AS (reg. No. in the Republic of Estonia: 12864036) of about selling 100% of shares of NHC 1, SIA and office buildings belonging to it at Tehnikas iela 3, Riga Airport, Mārupes District, and 100% of shares of NHC 3, SIA, and warehouse building owned by it at "Piepilsētas", Krustkalni, Ķekavas District. The total amount of the transaction constituted roughly EUR 15,800,000. Under these share sale transactions there were also the loans issued by the Company to NHC 1, SIA and NHC 3, SIA returned.

As soon as all the terms and conditions of the share sale agreements were met, on 11 March 2020 the amendments in the register of the participants of NHC 1, SIA and NHC 3, SIA were registered in the Register of Enterprises.

On 11 March 2020, members of the Board of NHC 1, SIA and NHC 3, SIA, Arnolds Romeiko and Pēteris Guļāns resigned from the positions of the members of the board in the said companies.

Ensuring Company's support functions for all the companies of the Group

In accordance with the plan of the Group of Companies, starting from 1 March 2020, the Company shall ensure all the basic functions previously ensured by the subsidiary Pillar Management, SIA, i.e., the support services (accounting, legal and project management services) to the companies of the Group, which essentially means starting a new type of operation for the Company. In order to execute this plan, the Company carried out personnel rotation from its subsidiary Pillar Management, SIA, to the Company.

The Company bought its bonds on the secondary market

In March 2020, the board of the Company made a decision by 30 April 2020 to buy from the bondholders on the secondary market the own issued bonds (issue series: NHC FXD EUR 161022, ISIN: LV0000802312), which are listed in Nasdaq Baltic Bond List. In accordance with the decision made, by 30 April 2020, the Company bought the bonds for EUR 2 490 000 at face value from the bondholders on the secondary market, concluding separate agreements with the bondholders, willing to sell the bonds owned by them in accordance with the current offers in Nasdaq Riga trading system.

Implementation of a new investment project

In April 2020, the Board and the Council of the Company made a decision about implementation of a new investment project – development of A-class warehouse and logistics park worth EUR 18 300 000 on the territory owned by NHC 4, SIA, a subsidiary of the Company, located in Riga at 462 Maskavas St.

It is estimated that the construction works will be completed by 31 July 2021. The new buildings are aiming to obtain BREEAM certificate that will confirm their high quality, energy efficiency and compliance with the world standards, as well as it is going to be the first warehouse in Latvia having BREEAM certificate.

Potential impact of Covid-19

In April 2020, the Company reported about the potential impact of Covid-19 on the economic activity, financial situation and performance. Given that on 11 March 2020 World Health Organization announced that the spread of the Covid-19 disease caused by coronavirus has reach the volume of a global pandemic, on 12 March 2020 Latvian government made a decision to declare the state of emergency in the country, which had an impact on business environment and the country's economy in general. Despite that starting from 9 June 2020 the emergency situation in the country is lifted, on the reporting day the situation is still uncertain and changing, and the precise volumes of impact on the Company cannot be clearly determined. Management of the Company and the companies belonging to the group is on the daily basis managing the negative economic risks caused by the consequences of limiting the spread of Covid-19 and is working on decreasing their impact on the Company and its subsidiaries.

In accordance with the specification and purposes of business of the Company and its subsidiaries, the Company puts its businesses in several separate segments. Having analyzed the impact of Covid-19 on the Company and the companies belonging to the group, the Company hereby provides analysis of the impact on each of the segments separately:

Segment 1 – service providers (Pillar Property Management, SIA, Pillar Contractor, SIA, Pillar Architekten, SIA and Hanzas Perons, SIA). The purpose of business of the companies in this segment is to gain income by rendering real estate management, construction, design and real estate operator's services to the companies of the group and external clients. Given the restrictions due to Covid-19, it is planned that the total turnover of the companies of this segment in 2020 will decrease by EUR 640 000, which will mainly be affected by the restrictions faced by Hanzas Perons, SIA, – the operator of the event venue Hanzas Perons, namely, restrictions to organise events gathering audiences and renting premises to event organisers. Additionally, the decrease in income is caused by the low demand for parking spots at New Hanza territory,

which is managed by Pillar Property Management, SIA. Having assessed the potential decrease in revenues, the management of the Company assumed that the restrictions on gatherings related to event organization will be in effect for 6 months. For companies Pillar Contractor, SIA, and Pillar Architekten, SIA no decrease in income due to Covid-19 restrictions is anticipated.

Segment 2 – companies owning real estate held for development (Pillar 23, SIA, New Hanza Centre, SIA, Pillar Development, SIA and Hanzas Dārzs, SIA). The real estate portfolio of these companies includes properties at New Hanza territory, and before the development of each particular object is started the companies conduct no active business. The Company is assuming that Covid-19 restrictions will not affect the development plans of the companies in this segment and the value of their assets in long-term perspective.

Segment 3 – companies that own commercial properties generating lease income (NHC 2, SIA, NHC 4, SIA, NHC 5, SIA and Pillar 22, SIA). The purpose of business of companies in this segment is to ensure stable income flow from leasing the commercial properties owned by these companies and facilitate the growth of their value in long-term perspective. The portfolio of companies of this sector includes properties like VEF office buildings, logistics complex in Riga at 462 Maskavas, St., office building at 23 Elizabetes St., etc. There are industries affected by the Covid-19 restrictions among the tenants of these properties, who are facing decrease of demand for their products and services. Understanding their difficult times and in order to maintain a close long-term cooperation, the Company is looking for mutually acceptable solutions. If necessary, companies sign short-term amendments to their lease agreements, which provide discounts to their rent or partially postponing it to future periods, i.e., after the declared state of emergency ends. The estimated total decrease in revenue for the companies of this segment in 2020 is EUR 340 000. Additionally, the Company is carrying out negotiations with its service providers in an attempt to agree about decrease in costs related to the maintenance of the properties until the declared state of emergency period ends. Based on the opinions of industry experts, hotels and big shopping malls are going to experience significant negative impact in commercial properties sector due to Covid-19 restrictions. On the reporting day, the Company does not own any hotels or shopping malls.

Segment 4 – companies with real estate objects held for sale, which were obtained in the course of restructuring the loans of clients of ABLV Bank, AS, in liquidation (subsidiaries of Pillar Holding Company, KS). The purpose of business of these companies is to sell these properties within a certain period of time. It was planned to sell more than 70 objects owned by the companies of this segment in 2020. Due to Covid-19 restrictions and the uncertainty caused by its impact, the Company is assuming decrease in the number of transactions of sale of these properties in 2020 due to that a part of buyers in these uncertain times would be likely to postpone big purchases to future periods. The estimated total decrease in revenue in companies of this segment in 2020 is EUR 3 800 000. Having assessed the potential decrease in revenues, the management of the Company assumes that in 2020 there will be 30% of the planned volume of sale of properties will be carried out.

Changes in the Group of Pillar Capital, AS

In the course of optimization of the structure of the group provided in the restructuring plan of Pillar Capital, AS, in June 2020 there has been liquidation of limited partnership company Pillar Holding Company, KS (hereinafter – PHC) owned by Pillar Capital, AS, carried out in accordance with Section 103 of the Commercial Law. The entry about suspension of PHC and exclusion of it from the Commercial Register was made in the Commercial Register of the Register of Enterprises of the Republic of Latvia on 3 July 2020.

At the end of June 2020, a member of PHC, the general partner Pillar, SIA informed the other member, limited partner Pillar Capital, AS about its plan to leave PHC in accordance with Paragraph One of Section 99 of the Commercial Law.

And on 25 June 2020, in the result of transfer of PHC company, PHC transferred to it 100% of shares owned by it in subsidiaries Pillar 2, 12 & 14, SIA, Pillar 3, SIA, Pillar 4 & 6, SIA, Pillar 11, SIA, Pillar 18, SIA, Pillar 19, SIA, Pillar 20, SIA, Pillar 21, SIA and Pillar 22, SIA, as well as investment owned by it – 0.95% shares of Pillar 23, SIA, to the member of PHC – Pillar Capital, AS.

In the result of transfer of PHC company, Pillar Capital, AS also took over other assets and liabilities of PHC.

Statement of the Management's responsibility

The Board of Pillar Capital, AS is responsible for the preparation of the Company interim financial statements, as well as for the preparation of the interim consolidated financial statements of the Company and its subsidiaries.

The condensed interim financial statements are prepared in accordance with the source documents and present truly and fairly the financial position of the Company and the Group as at 30 June 2020 and 31 December 2019, and the results of their operations, changes in the share capital and reserves and cash flows for the six months of 2020 and the six months of 2019. Group management report presents truly an overview of Group and Company operating results. The aforementioned interim condensed financial statements are prepared on a going concern basis in conformity with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union. The Company management has been prudent and reasonable in its judgments and estimates in preparation of these condensed interim financial statements.

The Board of the Company is responsible for the maintenance of proper accounting records, the safeguarding of the Group's assets, and the prevention and detection of fraud and other irregularities in the Group.

On behalf of the Board:

Edgars Miļuns
Chairman of the Board

Arnolds Romeiko
Member of the Board

Pēteris Guļāns
Member of the Board

21 August 2020

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Group and Company Condensed Interim Financial Statements

Statements of Profit and Loss and Other Comprehensive Income for the six month period ended 30 June 2020

	Group 01.01.2020 - 30.06.2020 EUR	Group 01.01.2019 - 30.06.2019 EUR	PCA 01.01.2020 - 30.06.2020 EUR	PCA 01.01.2019 - 30.06.2019 EUR
Continuing Operations				
Income	10 860 624	1 845 404	409 527	156 778
Operating expenses	(9 742 342)	(979 204)	(350 402)	(96 165)
Gross profit	1 118 282	866 200	59 125	60 613
Administrative expenses	(821 993)	(221 640)	(455 238)	(149 643)
Other operating income	817 452	68 949	-	-
Other operating expenses	(137 244)	(51 134)	(30 490)	(10 766)
Other interest and similar income	-	-	453 841	554 770
Other interest and similar expenses	(510 525)	(403 676)	(426 754)	(299 227)
Investment property revaluation	(571 705)	-	-	-
Sale of shares in subsidiaries / net result	(147 802)	-	3 490 936	-
Profit / (loss) before taxes	(253 535)	258 699	3 091 420	155 747
Corporate income tax for the reporting period	(177)	(19)	-	-
Profit / (loss) for the reporting period	(253 712)	258 680	3 091 420	155 747
Discontinued Operations				
Profit / (loss) from discontinued operations for the reporting period	203 404	-	-	-
Total amount of comprehensive income	(50 308)	258 680	3 091 420	155 747

On behalf of the Board:

Edgars Miļūns
Chairman of the Board

Arnolds Romeiko
Member of the Board

Pēteris Guļāns
Member of the Board

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Statements of Financial Position as at 30 June 2020

	Group 30.06.2020 EUR	Group 31.12.2019 EUR	PCA 30.06.2020 EUR	PCA 31.12.2019 EUR
Assets				
Non-current assets				
Intangible assets	35 244	43 869	30 032	2 014
Goodwill	3 285 936	3 285 936	-	-
Property and equipment	15 606 992	16 162 565	118 921	66 697
Investment property	88 483 851	88 603 703	700 000	700 000
Construction in progress	3 045 840	937 597	-	-
Investments in subsidiaries	-	-	112 371 930	122 871 930
Financial assets at fair value through profit and loss	7 620 798	6 831 497	-	-
Total non-current assets	118 078 661	115 865 167	113 220 883	123 640 641
Current assets				
Trade receivables	2 159 993	960 191	1 530 886	-
Loans to related parties	-	-	25 172 000	18 445 000
Other assets	60 085 372	61 039 198	12 203 135	13 447 830
Cash and cash equivalents	7 491 366	2 738 824	4 663 890	403 227
Total current assets	69 736 731	64 738 213	43 569 911	32 296 057
Long term assets held for sale	-	16 263 071	-	1 200 000
Total assets	187 815 392	196 866 451	156 790 794	157 136 698
Liabilities				
Equity				
Share capital	135 186 885	135 186 885	135 186 885	135 186 885
Retained earnings/ accumulated (loss) of previous periods	9 821 363	5 120 955	203 560	116 975
Profit / (loss) of the reporting period	(50 308)	4 700 408	3 091 420	86 585
Total equity	144 957 940	145 008 248	138 481 865	135 390 445
Long term liabilities				
Loans	12 446 160	16 484 785	9 750 000	9 750 000
Bonds	6 500 579	8 956 052	6 500 579	8 956 052
Other loans	540 000	540 000	540 000	540 000
Other liabilities	93 943	93 943	-	-
Total long term liabilities	19 580 682	26 074 780	16 790 579	19 246 052
Short term liabilities				
Loans	196 253	315 257	-	-
Bonds	1 145 373	1 145 373	1 145 373	1 145 373
Trade payables	2 277 386	1 584 042	113 971	1 867
Other liabilities	18 936 426	14 846 444	13 898	1 248 860
Accrued liabilities	721 332	417 777	245 108	104 101
Total short term liabilities	23 276 770	18 308 893	1 518 350	2 500 201
Total liabilities	42 857 452	44 383 673	18 308 929	21 746 253
Liabilities related long term assets held for sale	-	7 474 530	-	-
Total liabilities and equity	187 815 392	196 866 451	156 790 794	157 136 698

On behalf of the Board:

Edgars Miļūns
Chairman of the Board

Arnolds Romeiko
Member of the Board

Pēteris Guļāns
Member of the Board

21 August 2020

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Statements of Cash Flows for the six months period ended 30 June 2020

	Group 01.01.2020 - 30.06.2020 EUR	Group 01.01.2019 - 30.06.2019 EUR	PCA 01.01.2020 - 30.06.2020 EUR	PCA 01.01.2019 - 30.06.2019 EUR
Cash flows from operating activities				
(Loss) / profit of the reporting period before tax	(253 535)	258 699	3 091 420	155 747
Adjustments for:				
Depreciation of fixed assets	598 210	23 406	10 730	5 536
Fixed asset disposal costs	-	-	-	-
Interest income	-	-	(453 841)	(554 770)
Interest expenses	510 525	403 676	426 754	299 227
Changes in the value of long-term and short-term financial assets	(789 301)	(5 450)	-	-
(Gain) / loss on revaluation of investment properties	571 705	-	-	-
Disposal of shares in subsidiaries	147 802	-	(3 490 936)	-
Reclassification of investments in company share capital	-	106 000	-	106 000
Profit before changes in working capital	785 406	786 331	(415 873)	11 740
(Increase) / decrease in trade receivables	(729 689)	(417 968)	(229 185)	(26 354)
Increase / (decrease) in trade payables	2 318 523	810 027	217 435	(26 600)
Interest payments received	-	-	326 113	300 605
Interest paid	(502 701)	(300 933)	(354 397)	(196 484)
Corporate income tax payments	(55 690)	(247)	(52 150)	(35)
Cash flows from operating activities	1 815 849	877 210	(508 057)	62 872
Cash flows from investing activities				
Investment property acquisition / construction expenses	(2 575 562)	(9 234 645)	-	-
Purchase of property, plant and equipment	(124 876)	(369 693)	(89 743)	-
Acquisition of shares in related companies/ net cash paid	-	-	-	(8 393 170)
Sale of shares in related companies/ net cash received	4 434 404	-	4 690 936	-
Investments in other companies share capital increase / decrease	-	-	-	10 500 000
Loans issued	-	-	(10 507 000)	-
Loans repaid	3 780 000	-	3 780 000	400 000
Net cash flows from investing activities	5 513 966	(9 604 338)	8 374 193	(7 993 170)
Cash flows from financing activities				
Loans received	-	5 474 277	-	5 770 242
Loans repaid	(2 711 569)	-	(3 605 473)	-
Net cash flows from financing activities	(2 711 569)	5 474 277	(3 605 473)	5 770 242
Increase / (decrease) in net cash during the reporting period	4 618 246	(3 252 851)	4 260 663	(2 160 056)
Cash at the beginning of the reporting period	2 873 120	3 788 641	403 227	2 267 229
Cash at the end of the reporting period	7 491 366	535 790	4 663 890	107 173

On behalf of the Board:

Edgars Mijūns
 Chairman of the Board

Arnolds Romeiko
 Member of the Board

Pēteris Guļāns
 Member of the Board

21 August 2020

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Group Statement of Changes to the Shareholders Equity for the six month period ended 30 June 2020

	Paid-in share capital EUR	Share issue premium EUR	Reserves EUR	Retained earnings EUR	Profit for the reporting period EUR	Total share capital and reserves EUR
1 January 2019	25 000 000	-	-	9 620 955	-	34 620 955
Share issue	90 317 119	-	-	-	-	90 317 119
Share issue premium	-	19 869 766	-	-	-	19 869 766
Total comprehensive income for the reporting period	-	-	-	-	4 700 408	4 700 408
Dividends paid	-	-	-	(4 500 000)	-	(4 500 000)
31 December 2019	115 317 119	19 869 766	-	5 120 955	4 700 408	145 008 248
1 January 2020	115 317 119	19 869 766	-	9 821 363	-	145 008 248
Total comprehensive income for the reporting period	-	-	-	-	(50 308)	(50 308)
30 June 2020	115 317 119	19 869 766	-	9 821 363	(50 308)	144 957 940

Company Statement of Changes to the Shareholders Equity for the six month period ended 30 June 2020

	Paid-in share capital EUR	Share issue premium EUR	Reserves EUR	Retained earnings EUR	Profit for the reporting period EUR	Total share capital and reserves EUR
1 January 2019	25 000 000	-	-	4 616 975	-	29 616 975
Share issue	90 317 119	-	-	-	-	90 317 119
Share issue premium	-	19 869 766	-	-	-	19 869 766
Total comprehensive income for the reporting period	-	-	-	-	86 585	86 585
Dividends paid	-	-	-	(4 500 000)	-	(4 500 000)
31 December 2019	115 317 119	19 869 766	-	116 975	86 585	135 390 445
1 January 2020	115 317 119	19 869 766	-	203 560	-	135 390 445
Total comprehensive income for the reporting period	-	-	-	-	3 091 420	3 091 420
30 June 2020	115 317 119	19 869 766	-	203 560	3 091 420	138 481 865

On behalf of the Board:

Edgars Miļūns
 Chairman of the Board

Arnolds Romeiko
 Member of the Board

Pēteris Guļāns
 Member of the Board

21 August 2020

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Events after the reporting date

Name of the Company Changed from New Hanza Capital, AS to Pillar Capital, AS

On 3 July 2020, a meeting of shareholders of the Company took place, where a decision was made about changing the name of the Company from New Hanza Capital, AS to Pillar Capital, AS. The decision to change the name of the company is based on the need to promote the recognition of the group of the Company and their projects, their positioning on the market, as well as to add more sense of belonging to the group for the Company, at the same time retaining the emphasis on the specification of the Company's operation. Change of the name does not affect the bondholders of the Company and the fulfilment of the obligations arising from the bonds.

Increased Equity Capital of the Company

On 3 July 2020, the shareholders of the Company made a decision about increasing equity capital of Pillar Capital, AS, which on 9 July 2020 was registered in the Commercial Register of the Register of Enterprises of the Republic of Latvia. The equity capital was increased by EUR 19 869 766 through issue of 19 869 766 ordinary registered voting shares having face value of one share at EUR 1.

In accordance with Paragraph 11 of Section 250 of the Commercial Law, new shares are issued by including fully in the equity capital the positive difference between the own capital and the sum formed by the equity capital and premium of the previous share issue. New stock shall be divided pro rata of the nominal value of the shares owned by them. After the increase of equity capital the total equity capital of the Company amounts to EUR 135 186 885.

Refinancing of a loan issued by the Company to Pillar 22, SIA

On 28 July 2020, Company's subsidiary Pillar 22, SIA, in order to refinance the loan issued by the Company, signed a loan agreement with Signet Bank, AS about receiving a loan in the amount of EUR 1 000 000. The maturity as provided in the agreement is 28 July 2025, annual interest rate 3.9% + 6M EUR LIBOR. The loan is secured with a pledge of Pillar 22, SIA shares, as well as an office building owned by it at 275 Brīvības gatve and aggregations of property. Pillar 22, SIA will receive the loan as soon as the conditions of issuing of the loan will be met in accordance with the signed loan agreement.

Between the last day of the reporting period and the day of signing the Group's consolidated and Company's separate financial reports there were no other events that would require corrections in these financial reports.