Pillar Capital, AS

Group and Company Annual Report

for the year ended 31 December 2021

Contents

Disclaimer

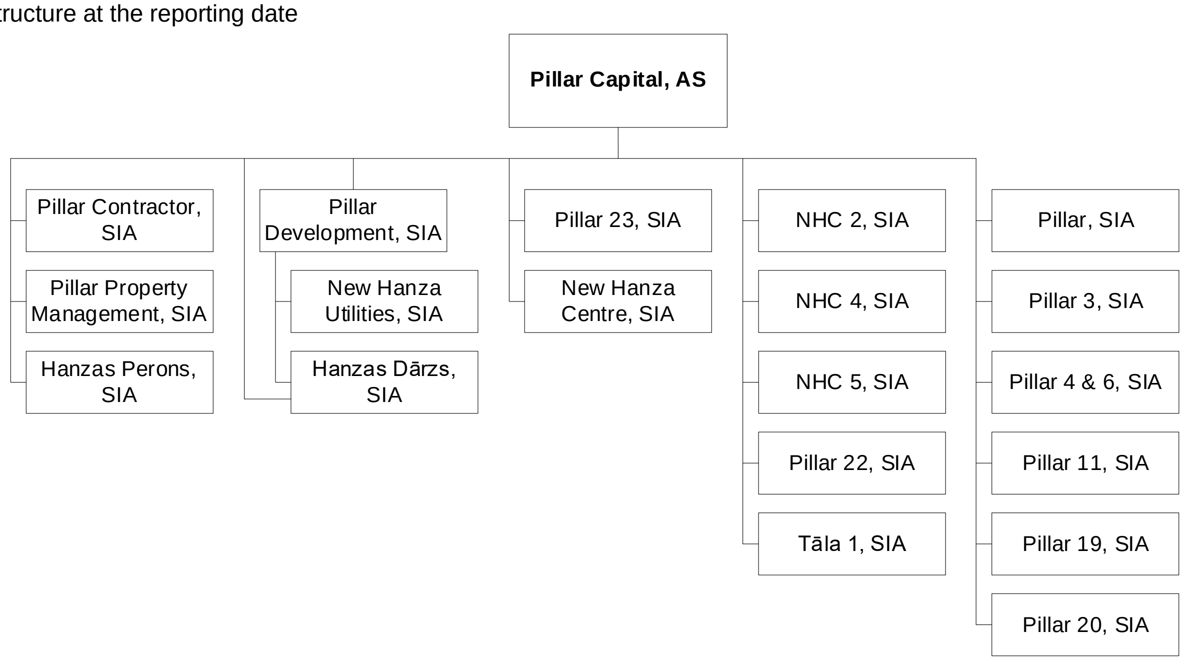
The financial statements were prepared in Latvian and English. In the event of any discrepancies between the Latvian and the English reports, the Latvian version shall prevail.

This is pdf format of the annual report further converted to the ESEF report to be considered as the official annual report prepared in accordance with the respective requirements.

General information

Name of the parent company of the Group	Pillar Capital, AS
Legal status of the parent company of the Group	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
Main types of primary activity (NACE, 2nd edition)	6820 Renting and operating of own or leased real estate 6831 Real estate agencies 6910 Provision of legal services 6920 Accounting, bookkeeping and auditing activities; tax consultancy 7010 Activities of head offices 7112 Engineering activities and related technical consultancy
Members of the Board and their positions	Edgars Miļūns, Chairman of the Board Arnolds Romeiko, Member of the Board Inga Vēvere, Member of the Board Pēteris Guļāns, Member of the Board
Members of the Council and their positions	<u>From 29 November 2021</u> (Changes in Register of Enterprises were registered 14 December 2021): Ernests Bernis, Chairman of the Council Edgars Pavlovičs, Deputy Chairperson of the Council Kaspars Bajārs, Member of the Council Kārlis Kavass, Member of the Council Ivans Marjasovs, Member of the Council <u>Till 28 November 2021:</u> Ernests Bernis, Chairman of the Council Edgars Pavlovičs, Deputy Chairperson of the Council Kaspars Bajārs, Member of the Council Ivans Marjasovs, Member of the Council
Reporting period	1 January 2021 – 31 December 2021
Auditors	Marija Jansone – Sworn Auditor of the Republic of Latvia Certificate No. 25 Nexia Audit Advice, AS Registration No. 40003858822 Baznīcas iela 31 - 14, Riga, LV - 1010 License No. 134

Group structure at the reporting date



Group Management Report

Pillar Capital, AS (hereinafter — the Company or the PCA) is a company incorporated in 2006, which, since late 2015, invests its own funds and the funds of the third parties in commercial properties and residential projects. Beginning with the end of 2019, after the PCA merger with the companies of the Pillar Group, the Group is able to ensure the full real estate development cycle starting from the generation of the idea, development of the business plan and attraction of funding, concluding with the development of the design, management of the construction cycle, property management and maintenance, attraction of tenants and selling of properties.

The mission of the Company is to create a high-quality and safe environment where everyone would be satisfied to live, work and rest. The purpose of the Company's activity is to invest its own funds and the funds of the third parties in commercial properties and residential projects, to constantly increase revenue from lease of premises and to promote increase in the value of property in the long-term.

The Group specialises in purchasing and developing such immovable properties as office buildings, logistics centres and apartment buildings. Investments are made in both already built and operated commercial properties and development projects of commercial property and residential buildings. The investment strategy entails direct acquisition of real estate, as well as purchase of equity interest in companies holding the respective properties.

Group key financial and property performance indicators

The Group turnover for the reporting period amount to EUR 21 564 346, Company – EUR 1 584 446. The Group closed the financial year 2021 with a pre-tax loss of EUR 7 197 996, the Company – with a pre-tax loss of EUR 8 450 611. The Company and the Group result for the reporting period is in line with management expectations. Although the Group's operating segments are different, the Group's management primarily analyzes its consolidated results, taking into account industry practices. The table below summarizes the Group's performance indicators, which the Group's management considers to be more relevant given industry standards.

Group profit indicators	**Unit**	**01.01.2021 - 31.12.2021**	**01.01.2020 - 31.12.2020**	**01.01.2019 - 31.12.2019**
Income	EUR	21 564 346	26 251 498	4 858 351
Adjusted EBITDA	EUR	(4 653 478)	454 780	1 110 552
Profit before tax	EUR	(7 197 996)	(2 135 743)	2 974 976
Cash flows from operating activities	EUR	(1 093 679)	3 213 301	987 039
Group balance sheet indicators	**Unit**	**31.12.2021**	**31.12.2020**	**31.12.2019**
Gross asset value (GAV)	EUR	170 042 012	180 089 976	196 866 451
incl. Investment property	EUR	*106 955 184*	*96 685 958*	*88 603 703*
incl. construction in progress	EUR	*3 041 818*	-	*937 597*
incl. current assets (incl. construction in progress)	EUR	*44 488 504*	*62 362 841*	*64 738 213*
Liabilities	EUR	33 740 760	36 719 033	51 858 203
incl. current liabilities	EUR	*30 228 050*	*22 971 619*	*18 308 893*
Net asset value (NAV)	EUR	136 301 252	143 370 943	145 008 248
Group financial ratios	**Unit**	**01.01.2021 - 31.12.2021**	**01.01.2020 - 31.12.2020**	**01.01.2019 - 31.12.2019**
Adjusted EBITDA margin	%	-21.58%	1.73%	22.86%
Net profit margin	%	-32.78%	-6.24%	96.75%
Equity ratio	coef.	0.80	0.77	0.71
Return on equity	%	-5.06%	-1.14%	5.23%
Return on assets	coef.	-4.04%	-0.87%	3.72%
		1.47	2.71	3.54
Group investment property indicators	**Unit**	**31.12.2021**	**31.12.2020**	**31.12.2019**
Number of investment properties	pcs.	44	45	30
Investment property market value	EUR	106 955 184	96 685 958	88 603 703
Leasable area	m2	75 607	52 809	79 827
Annual contractual rent fee	EUR	2 165 731	1 027 716	3 211 519
Return on investment properties at market value	%	2.0%	1.1%	3.6%
WALE	years	10.6	4.1	3.4
Average rent	EUR/m2 p.m.	4.6	2.2	4.4
Occupancy	% of leasable area	53%	75%	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) * 100%*

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 2021

Extinguishing the liabilities of the Company and its group companies

On 18 December 2020, the Company resolved to extinguish the Company's liabilities to ABLV Bank, AS in liquidation arising from the dividend payment arrangement of 3 December 2019 by unilateral set-off against the Company's creditor's claim against ABLV Bank, AS in liquidation (reducing the Company's creditor's claim by the principal balance of the loan and accrued interest as at 4 January 2021).

In addition, the Company resolved to extinguish the Company's liability to the Company's shareholder, Cassandra Holding Company, SIA, arising from the Dividend Payment Arrangement dated 3 December 2019, with effect from 4 January 2021, by transferring the cash (principal balance of the loan and accrued interest as at 4 January 2021) to the current account of Cassandra Holding Company, SIA.

On 23 December 2020, the ABLV Bank, AS in liquidation acknowledged the set-off as of 4 January 2021 and the partial payment of the creditor's claim in the amount of EUR 3 996 073.97, as announced by the Company in its unilateral statement of intent.

On 18 December 2018, the Group company New Hanza Centre, SIA resolved to extinguish its liabilities arising from the agreement on the payment of reduced share capital entered into on 3 December 2019 between ABLV Bank, AS in liquidation, the Company and New Hanza Centre, SIA in the following order:

- liabilities to ABLV Bank, AS in liquidation by offsetting against the creditor's claim of New Hanza Centre, SIA against ABLV Bank, AS in liquidation (reducing the creditor's claim of New Hanza Centre, SIA against ABLV Bank, AS in liquidation for the part of the investment to be paid out in the amount of EUR 9 871 875);
- liabilities to the Company by making a withdrawal of the instalment of the investment payable of EUR 28 125 by transfer to the Company's current account.

On 23 December 2020, ABLV Bank, AS in liquidation acknowledged the set-off announced by New Hanza Centre, SIA in its statement of intent as of 4 January 2021 and the partial payment of the creditor's claim in the amount of EUR 9 871 875.

Changes in the Group's structure

On 22 February 2021, the Company adopted a decision to establish a new subsidiary Tāla 1, SIA. Tāla 1, SIA was registered in the Register of Companies of the Republic of Latvia on 10 March 2021. The main activity of Tāla 1, SIA is renting and managing own or leased real estate. On 31 March 2021 the Company adopted a decision to increase the share capital of Tāla 1, SIA by issuing new 1 995 000 shares with a nominal value of EUR 1 per share, which were paid for by the Company's subsidiary Pillar Development, SIA by way of a pecuniary contribution to a real estate plot in Riga, New Hanza territory, earmarked for development. Subsequently, on 14 May 2021, the Company, by concluding a respective purchase agreement, acquired from its subsidiary Pillar Development, SIA its 1 995 000 shares in Tāla 1, SIA. As at the reporting date, the Company owns 100% of the shares of Tāla 1, SIA.

On 12 April 2021 the Company's subsidiary Pillar Development, SIA decided to establish a subsidiary New Hanza Utilities, SIA, which was registered in the Register of Enterprises of the Republic of Latvia on 13 May 2021. New Hanza Utilities is engaged in the provision of electricity, water supply and sewerage and heating services in the New Hanza area of Riga.

On 15 June 2021, the Company adopted a decision to commence the liquidation of its subsidiary Pillar 18, SIA. Pillar 18, SIA sold its only real estate in Riga, Priedaines iela 42 in June 2020, and has not been active since the completion of the sale. Edgars Miļūns and Arnolds Romeiko, members of the Company's Board, were appointed as liquidators of Pillar 18, SIA. Upon completion of the liquidation process of Pillar 18, SIA, it was removed from the Register of Companies of the Republic of Latvia on 7 September 2021.

On 30 June 2021, in order to optimize the structure of the Group, the Company decided to initiate the liquidation proceedings of its subsidiary Pillar Management, SIA. Members of the Company's Board Edgars Miļūns and Inga Vēvere were appointed as liquidators of Pillar Management, SIA. Upon completion of the liquidation process of Pillar Management, SIA, it was removed from the Register of Companies of the Republic of Latvia on 8 September 2021.

On 28 July 2021 the Company resolved to increase the share capital of its subsidiary Pillar, SIA by issuing new 1 737 000 shares with a nominal value of EUR 1 per share, which were paid for by the Company's subsidiary Pillar 23, SIA by way of a pecuniary contribution to a real estate plot in Riga, New Hanza territory, intended for development. Subsequently, on 12 August 2021, the Company, by concluding a respective purchase agreement, acquired from its subsidiary Pillar 23, SIA its 1 737 000 shares in Tāla 1, SIA. As at the reporting date, the Company owns 100% of the capital stock of Pillar, SIA.

On 10 September 2021, the Company adopted a resolution on the reorganisation of its subsidiaries Pillar Contractor, SIA and Pillar Architekten, SIA – merger by absorption, whereby Pillar Architekten, SIA as the absorbed company was absorbed into Pillar Contractor, SIA as the acquiring company. The reorganization of the companies was completed on 12 December 2021. As a result of the merger, Pillar Contractor, SIA is now able to offer its customers not only construction services (work according to the customer's project and designer's instructions), but also Design & Build services (the main contractor assumes responsibility for the completion of the design process and the detailing of the project to the extent necessary for the contractors).

On 23 September 2021, the Company adopted a decision to commence the liquidation of its subsidiary Pillar 2, 12 & 14, SIA. Pillar 2, 12 & 14, SIA sold its last real estate – apartment in residential project in Riga, Lielezeres iela 10 in April 2021, and has not been active since the completion of the sale. Edgars Miļūns and Inga Vēvere, members of the Company's Board, were appointed as liquidators of Pillar 2, 12 & 14, SIA. Upon completion of the liquidation process of Pillar 2, 12 & 14, SIA, it was removed from the Register of Companies of the Republic of Latvia on 15 December 2021.

Launch of new activities

In April 2021, the Company, having assessed the historical costs of the services, decided to establish a Human Resources department and to provide the relevant services to both the Company's Group companies and non-Group clients from May 2021.

In May 2021, the Company decided to provide real estate brokerage services to all its Group companies from June 2021 onwards by establishing a new property sales and leasing division, which was previously provided by its subsidiary Pillar Property Management, SIA.

Implementation of a new investment project

In June 2021, the Board and Council of the Company decided to implement a new investment project, developing a Class A office building worth EUR 26 300 000 on the property owned by the Company's subsidiary Tāla 1, SIA in Mihaila Tāla iela 1, Riga. The new A-class office building will be the first office building to be built in New Hanza.

Construction is expected to be completed by Q1 2023. The new buildings are also expected to obtain the BREEAM Excellent certification, which will certify their high quality, energy efficiency and compliance with global standards.

Borrowing from ABLV Bank, AS in liquidation

On 22 June 2021, the Company, by entering into a loan agreement with ABLV Bank, AS in liquidation, raised the necessary financing of EUR 18 776 530 for the construction of a class A office building on the land plot owned by the Company's subsidiary Tāla 1, SIA in Riga, Mihaila Tāla iela 1.

Changes to the Company's Articles of Association

On 27 July 2021, the shareholders of the Company, taking into account the changes in the structure of the Company's Group, as a result of which the Company will now provide its Group companies with real estate brokerage services in the sale and lease of real estate, resolved to supplement the Company's Articles of Association with a new activity – Real Estate Brokerage. In addition, the Board of Directors of the Company decided to change its registered business from Holding Company Activities to Head Office Activities. The amendments to the Company's Articles of Association were entered in the Register of Companies on 2 August 2021.

Changes in the composition of the Council of the Company

On 29 November 2021, the General Meeting of Shareholders of the Company resolved and approved the Council of the Company for the next 5 years (until 28 November 2026 inclusive) by electing Kārlis Kavass as the fifth representative of the Council. The new members of the Council will be Ernests Bernis, Edgars Pavlovičs, Ivan Marjasovs, Kaspars Bajārs and Kārlis Kavass.

Sale of the Company's subsidiary Pillar 21, SIA and its real estate

On 23 December 2020, the Company entered into a share sale agreement with a buyer for the sale of 100% of the shares of the Company's subsidiary Pillar 21, SIA with its real estate, a tile factory at: "Strīķi", Emburga, Cieceres parish, Saldus region and the sale of the movable property therein, including production facilities, equipment and goods for sale. As part of the share sale transaction, the Company's loan to Pillar 21, SIA was also repaid.

As soon as all the conditions of the share sale agreement were met, on 13 January 2022, the changes in the register of shareholders of Pillar 21, SIA were registered in the Register of Enterprises.

On 14 January 2022, upon the closing of the share sale transaction, the members of the Board of Pillar 21, SIA Edgars Miļūns, Pēteris Guļāns and Arnolds Romeiko resigned from their duties as members of the Board of Pillar 21, SIA.

Statement of Corporate Governance

Statement of Corporate Governance is available on the Company homepage www.pillar.lv

Group management proposition on profit distribution or loss coverage.

The Board of the Company recommends the losses of the reporting year cover from the Company’s profit of the previous and following periods.

Going concern

Despite of the fact the largest Company’s shareholder ABLV Bank, AS in Liquidation has started a process of self-liquidation, and according to the financial plans for the year 2022 approved within the liquidation process the Company and the Group continue their operations. The Company and the Group have prepared these financial statements on a going concern basis. However, a material uncertainty still exists regarding going concern of the Company and the Group, which is related to further decisions that will be taken in the self-liquidation process of ABLV Bank, AS in Liquidation.

On 27 April 2022 Group cash and cash equivalents amounted to EUR 7 488 136.

The Group companies continue to receive lease payments from the Group's investment properties tenants and proceeds from the sale of real estate owned by the Group. The majority of the Group's lessees are companies unrelated to the Group and the ABLV Bank, AS in Liquidation group. The payment discipline of tenants has not deteriorated compared to previous periods.

The Group continues to operate in accordance with its business objective to invest funds in commercial and residential properties, sustainably increase rental income and promote long-term property value and capital growth. The Group management continues to work on existing investment property improvements as well as additional commercial and residential property development. Given the Group capital structure the Group has the possibility to attract third party financing for its development projects. Company shareholders are also able to provide additional financing.

Subsequent events

Satisfaction of creditor’s claims of the Company

On 6 April 2022, the Company entered into an agreement with ABLV Bank, AS in liquidation on the loan agreement, according to which ABLV Bank, AS in liquidation issued a loan to the Company for financing the logistics park A6 of its subsidiary NHC 4, SIA, located at Maskavas iela 462 and Maskavas iela 464A, for partial repayment of the Company's liabilities to ABLV Bank, AS in liquidation in the amount of EUR 12 656 017.15, applying set-off against the Company's creditor's claim against ABLV Bank, AS in liquidation.

On 6 April 2022, the Company entered into an agreement with ABLV Bank, AS in liquidation on the loan agreement, according to which ABLV Bank, AS in liquidation issued a loan to the Company for financing the construction of a class A office building in Riga, Mihaila Tāla iela 1 by its subsidiary Tāla 1, SIA, for partial repayment of the Company's liabilities to ABLV Bank, AS in liquidation in the amount of EUR 3 125 959 applying set-off against the Company's creditor's claim against ABLV Bank, AS in liquidation.

On 12 April 2022, ABLV Bank, AS in liquidation recognized the settlement of the Company's liabilities by applying set-off against the Company's creditor's claim against ABLV Bank, AS in liquidation.

Following the application of the set-off, the remaining part of the Company's creditor's claim against the ABLV Bank, AS in liquidation was paid into the Company's current account in the amount of EUR 4 851 600.

Satisfaction of creditors' claims of the Company's subsidiaries

On 19 and 25 April 2022, ABLV Bank, AS in liquidation satisfied the recognised creditor’s claims of all the Company's subsidiaries against ABLV Bank, AS in liquidation by making a payment to the current accounts of the Company's subsidiaries.

On behalf of the Board

Edgars Miļūns *Chairman of the board*	Arnolds Romeiko *Member of the board*	Inga Vēvere *Member of the board*

Riga, 29 April 2022

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Statement of the Management's responsibility

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

The annual financial statements and the notes thereto set out on pages 16 through 60 are prepared in accordance with the source documents and present truly and fairly the financial position of the Company and the Group as at 31 December 2021 and 31 December 2020, and the results of their operations, changes in the share capital and reserves and cash flows for the twelve months of year 2021 and the twelve months of year 2020. Group management report presents truly an overview of the Company and the Group operating results. The aforementioned annual condensed financial statements are prepared on a going concern basis in conformity with International Accounting Standards as adopted by the European Union. The Company management has been prudent and reasonable in its judgments and estimates in preparation of these annual 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 Miļūns *Chairman of the board*	Arnolds Romeiko *Member of the board*	Inga Vēvere *Member of the board*

Riga, 29 April 2022

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Group and Company Financial Statements

Statements of Profit and Loss and Other Comprehensive Income for year ended 31 December 2021

	Notes	Group 01.01.2021 - 31.12.2021 EUR	Group 01.01.2020 - 31.12.2020 EUR	Company 01.01.2021 - 31.12.2021 EUR	Company 01.01.2020 - 31.12.2020 EUR
Continuing operations					
Revenue	10	21 564 346	26 251 498	1 584 446	1 337 271
Operating expenses	11	(23 539 474)	(25 594 463)	(1 116 009)	(663 270)
Gross profit		**(1 975 128)**	**657 035**	**468 437**	**674 001**
Selling expenses	12	(129 699)	(163 155)	(40 838)	(57 573)
Administrative expenses	13	(4 261 008)	(2 045 067)	(1 231 544)	(1 136 030)
Other operating income	14	423 404	942 009	151 349	3 589 251
Other operating expenses		(120 514)	(198 737)	(195 383)	(362 830)
Other interest and similar income		-	-	1 323 687	997 906
Other interest and similar expenses	15	(787 019)	(942 076)	(673 650)	(751 098)
Dividends received from subsidiaries		-	-	207 000	1 469 566
Investment property revaluation		(348 032)	(385 752)	18 000	-
Impairment adjustments for long-term and short-term financial investments	21	-	-	(8 477 669)	(3 002 693)
Profit / (loss) before taxes from continuing operations		**(7 197 996)**	**(2 135 743)**	**(8 450 611)**	**1 420 500**
Corporate income tax for the reporting period		(6 661)	(2 984)	-	(1)
Profit / (loss) for the reporting period from continuing operations		**(7 204 657)**	**(2 138 727)**	**(8 450 611)**	**1 420 499**
Discontinued Operations					
Profit / (loss) from discontinued operations for the reporting period	16	**134 966**	**501 422**	**-**	**-**
Profit / (loss) for the reporting period		**(7 069 691)**	**(1 637 305)**	**(8 450 611)**	**1 420 499**

The accompanying notes on pages 16 to 60 form an integral part of these financial statements.

On behalf of the Board

Edgars Miļūns
Chairman of the board

Arnolds Romeiko
Member of the board

Inga Vēvere
Member of the board

Ilonija Vāverova
Head of the financial planning and accounting department

Riga, 29 April 2022

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Statements of Financial Position as at 31 December 2021

	Notes	Group 31.12.2021 EUR	Group 31.12.2020 EUR	Company 31.12.2021 EUR	Company 31.12.2020 EUR
Assets					
Non-current assets					
Intangible assets	17	50 569	62 426	36 034	47 058
Goodwill	18	989 606	3 135 502	-	-
Fixed assets	19	16 889 461	17 759 888	90 495	112 565
Investment properties	20	106 955 184	96 685 958	718 000	700 000
Advance payments for construction objects		-	48 048	-	-
Investments in subsidiaries	21	-	-	91 286 021	98 725 535
Investments in other related companies		-	-	-	-
Loans to subsidiaries	22	-	-	22 854 072	10 937 133
Financial assets measured at fair value through profit and loss	23	59 945	35 313	-	-
Total non-current assets		**124 944 765**	**117 727 135**	**114 984 622**	**110 522 291**
Current assets					
Real estate held for sale	24	12 706 553	15 601 806	-	-
Non-finished products and orders		3 041 818	-	-	-
Trade receivables and contract assets	25	870 163	2 480 282	5 553	109 500
Receivables from related companies	26	22 689 498	36 573 539	25 359 910	23 233 071
Loans to subsidiaries	22	-	-	12 368 400	18 968 000
Other assets	27	1 791 182	1 452 695	133 453	63 237
Cash and cash equivalents	28	3 389 290	6 254 519	1 864 423	4 562 020
Total current assets		**44 488 504**	**62 362 841**	**39 731 739**	**46 935 828**
Long – term investments held for sale	29	608 743	-	340 811	-
Total assets		**170 042 012**	**180 089 976**	**155 057 172**	**157 458 119**

	Notes	Group 31.12.2021 EUR	Group 31.12.2020 EUR	Company 31.12.2021 EUR	Company 31.12.2020 EUR
Equity and Liabilities					
Equity					
Share capital	30	135 186 885	135 186 885	135 186 885	135 186 885
Retained earnings / (uncovered loss) of previous years		8 184 058	9 821 363	1 624 059	203 560
Profit / (loss) for the reporting year		(7 069 691)	(1 637 305)	(8 450 611)	1 420 499
Total equity		**136 301 252**	**143 370 943**	**128 360 333**	**136 810 944**
Long term liabilities					
Loans form credit institutions	31	3 050 804	3 433 320	-	-
Bonds issued	31	-	6 500 579	-	6 500 579
Other loans from related companies	31	118 618	3 615 133	118 618	3 615 133
Trade payables		299 267	198 382	-	-
Other liabilities and contract liabilities	33	38 682	-	37 857	-
Total long term liabilities		**3 507 371**	**13 747 414**	**156 475**	**10 115 712**
Short term liabilities					
Loans from credit institutions	31	385 623	397 970	-	-
Bonds issued	31	7 620 533	1 120 118	7 620 533	1 120 118
Other loans from related companies	31	15 126 184	3 960 000	15 126 184	3 960 000
Other loans	31	-	540 000	-	540 000
Trade payables		1 732 725	2 063 739	22 621	2 453
Payables from related companies	32	3 500 000	13 371 875	3 500 010	4 753 105
Taxes		55 948	80 540	19 018	28 672
Other liabilities and contract liabilities	33	703 468	467 435	13 800	13 865
Accrued liabilities		1 103 569	969 942	238 198	113 250
Total short – term liabilities		**30 228 050**	**22 971 619**	**26 540 364**	**10 531 463**
Liabilities directly related to sales, long-term investments	29	5 339	-	-	-
Total liabilities		**33 740 760**	**36 719 033**	**26 696 839**	**20 647 175**
Total liabilities and equity		**170 042 012**	**180 089 976**	**155 057 172**	**157 458 119**

The accompanying notes on pages 16 to 60 form an integral part of these financial statements.

On behalf of the Board

Edgars Miļūns *Chairman of the board*	Arnolds Romeiko *Member of the board*	Inga Vēvere *Member of the board*

Ilonija Vāverova
Head of the financial planning and accounting department

Riga, 29 April 2022

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Statements of Cash Flows for the year ended 31 December 2021

	Notes	Group 01.01.2021 - 31.12.2021 EUR	Group 01.01.2020 - 31.12.2020 EUR	Company 01.01.2021 - 31.12.2021 EUR	Company 01.01.2020 - 31.12.2020 EUR
Cash flows from operating activities					
Profit / (Loss) of the reporting period before tax from continuing operations		(7 197 996)	(2 135 743)	(8 450 611)	1 420 500
(Loss) / profit of the reporting period from discontinued operations		134 966	501 422	-	-
Adjustments for:					
Amortisation/depreciation of intangible/fixed assets		1 409 467	1 262 695	35 985	26 079
Intangible assets sale expenses		(24 716)	(138 667)	(7 804)	-
Interest income		-	-	(1 323 687)	(997 906)
Interest expenses		787 019	969 840	673 650	751 098
Dividends income		-	-	(207 000)	(1 469 566)
Changes in accrued loan and coupon interest liabilities		(164)	25 255	(164)	25 255
Other items, that do not affect cash flow		3 046 631	908 319	53 964	275 353
Changes in the value of long-term and short-term financial assets		(24 632)	(802 816)	8 477 669	3 002 693
(Gain) / loss on revaluation of investment property		348 032	385 752	(18 000)	-
Disposal of shares in related companies		-	53 095	-	(3 585 643)
Profit before changes in working capital		**(1 521 393)**	**1 029 152**	**(765 998)**	**(552 137)**
(Increase) / decrease in trade receivables		1 046 597	2 937 840	(6 691 438)	(429 400)
Increase / (decrease) in trade payables		120 373	262 747	120 159	386 213
Interest received		-	-	339 123	512 587
Interest expense		(735 482)	(959 369)	(621 789)	(760 088)
Corporate income tax		(3 774)	(57 069)	-	(52 150)
Cash flows from operating activities		**(1 093 679)**	**3 213 301**	**(7 619 943)**	**(894 975)**
Cash flows from investing activities					
Acquisition of investment property/ investment in construction		(12 420 204)	(9 512 202)	-	-
Purchase of property, plant and equipment		(169 885)	(480 124)	(31 499)	(115 762)
Sale of property, plant and equipment		31 517	138 667	9 041	-
Acquisition of shares in related companies/ net cash paid		-	-	(3 879 200)	(2 043 000)
Share capital increase of subsidiaries		-	-	(2 580 000)	(1 767 000)
Share capital decrease of subsidiaries		-	-	5 331 969	14 269 500
Disposal of shares in other related companies		94 707	4 495 478	94 707	4 690 937
Dividends received		-	-	207 000	1 469 566
Loans issued		-	-	(16 675 340)	(18 676 133)
Income from loan repayment		-	3 780 000	11 358 000	7 216 000
Net cash flows from investing activities		**(12 463 865)**	**(1 578 181)**	**(6 165 322)**	**5 044 108**
Cash flows from financing activities					
Purchase of self-issued bonds		-	(2 455 473)	-	(2 455 473)
Loans received		11 627 668	4 724 013	11 627 668	3 615 133
Expenses related to loan repayment		(934 864)	(387 965)	(540 000)	(1 150 000)
Net cash flows from financing activities		**10 692 804**	**1 880 575**	**11 087 668**	**9 660**
Increase / (decrease) in net cash during the reporting period		**(2 864 740)**	**3 515 695**	**(2 697 597)**	**4 158 793**
Cash at the beginning of the reporting period		6 254 519	2 738 824	4 562 020	403 227
Cash at the end of the reporting period		**3 389 779**	**6 254 519**	**1 864 423**	**4 562 020**

The accompanying notes on pages 16 to 60 form an integral part of these financial statements.

On behalf of the Board

Edgars Miļūns *Chairman of the board*	Arnolds Romeiko *Member of the board*	Inga Vēvere *Member of the board*

Ilonija Vāverova
Head of the financial planning and accounting department

Riga, 29 April 2022

THIS DOCUMENT IS SIGNED WITH A SAFE DIGITAL SIGNATURE AND CONTAINS TIMESTAMP

Group Statement of Changes to the Shareholders Equity for the year ended 31 December 2021

	Notes	Share capital EUR	Share premium EUR	Retained earnings/ (uncovered loss) of previous periods EUR	Profit / (loss) of the reporting period EUR)	Total equity EUR
1 January 2020		**115 317 119**	**19 869 766**	**9 821 363**	-	**145 008 248**
Share issue		19 869 766	-	-	-	**19 869 766**
Share issue premium		-	(19 869 766)	-	-	**(19 869 766)**
Total comprehensive income						
Total comprehensive income for the reporting period		-	-	-	(1 637 305)	**(1 637 305)**
31 December 2020	30	**135 186 885**	**-**	**9 821 363**	**(1 637 305)**	**143 370 943**
1 January 2021		**135 186 885**	**-**	**8 184 058**	**-**	**143 370 943**
Total comprehensive income						
Total comprehensive income for the reporting period		-	-	-	(7 069 691)	**(7 069 691)**
31 December 2021	30	**135 186 885**	**-**	**8 184 058**	**(7 069 691)**	**136 301 252**

Company Statement of Changes to the Shareholders Equity for the year ended 31 December 2021

	Notes	Share capital EUR	Share premium EUR	Retained earnings/ (uncovered loss) of previous periods EUR	Profit / (loss) of the reporting period EUR)	Total equity EUR
1 January 2020		**115 317 119**	**19 869 766**	**203 560**	-	**135 390 445**
Share issue		19 869 766	-	-	-	**19 869 766**
Share issue premium		-	(19 869 766)	-	-	**(19 869 766)**
Total comprehensive income						
Total comprehensive income for the reporting period		-	-	-	1 420 499	**1 420 499**
31 December 2020	30	**135 186 885**	**-**	**203 560**	**1 420 499**	**136 810 944**
1 January 2021		**135 186 885**	**-**	**1 624 059**	**-**	**136 810 944**
Total comprehensive income						
Total comprehensive income for the reporting period		-	-	-	(8 450 611)	**(8 450 611)**
31 December 2021	30	**135 186 885**	**-**	**1 624 059**	**(8 450 611)**	**128 360 333**

The accompanying notes on pages 16 to 60 form an integral part of these financial statements.

On behalf of the Board

Edgars Miļūns
Chairman of the board

Arnolds Romeiko
Member of the board

Inga Vēvere
Member of the board

Ilonija Vāverova
Head of the financial planning and accounting department

Riga, 29 April 2022

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Notes to the financial statements

1. The reporting entity and the group

The company preparing the consolidated financial statements of the Group and the individual financial statements of the Company is Pillar Capital, AS (hereinafter — the Company or PCA), registered in the Register of Enterprises of the Republic of Latvia on 6 June 2006. The registered address of the Company is Pulkveža Brieža iela 28A, Riga, LV-1045. Information about the Company structure is available on page 3 of the report. The largest shareholder of the Company - ABLV Bank, AS in Liquidation - prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) approved by the European Union, to the extent that, by applying them, the information provided in the financial statement is most precisely evaluated in accordance with the non-going concern basis. Information on the Company's largest shareholder and its financial statements is available on its website www.ablv.com.

These consolidated financial statements of the Group and the individual financial statements of the Company for the year that ended on 31 December 2021 show financial information about the Company and its subsidiaries (hereinafter — the “Group”). In accordance with the imposed requirements, the individual financial statements of the Company are included in these consolidated financial statements for the year that ended on 31 December 2021. The Company is a parent company of the Group.

The Group consists of the following companies:

In accordance with the specification and objectives of the Company and its subsidiaries, the Company is dividing its operation in several separate segments:

Segment 1 – service providing companies. The objective of the companies in this segment is to gain profit by providing real estate management, construction, design and real estate operator services to the companies of the Group and external clients. This segment includes the following companies:

Pillar Capital, AS – as of 1 March 2020, the Company provides all its group companies with basic functions necessary for economic activity, i.e. provision of support services (accounting, legal, record keeping and project management services). The Company is a parent company of Group.

Hanzas Perons, SIA has been registered in the Register of Enterprises of the Republic of Latvia on 15 November 2016. The registered address of the company is Hanzas iela 16A, Riga, LV-1045. Principal activity of Hanzas Perons, SIA is inter alia entertainment and recreation activities. PCA owns 100% of Hanzas Perons, SIA capital shares, and Hanzas Perons, SIA is included in the Group. During the financial reporting period Hanzas Perons, SIA provided operator services to the cultural and entertainment building “Hanzas Perons” owned by the company Pillar Development, SIA included in the Group, address: Riga, Hanzas iela 16A.

Pillar Contractor, SIA has been registered in the Register of Enterprises of the Republic of Latvia on 10 September 2015. The registered address of the company is Pulkveža Brieža iela 28A, Riga, LV-1045. The principal activity of Pillar Contractor, SIA is the construction of residential and non-residential buildings. PCA owns 100% of Pillar Contractor, SIA capital shares, and Pillar Contractor, SIA is included in the Group. During the financial reporting period Pillar Contractor, SIA provided construction and its project management services to the Group companies and external customers.

Pillar Property Management SIA has been registered in the Register of Enterprises of the Republic of Latvia on 14 November 2013. The registered address of the company is Pulkveža Brieža iela 28A, Riga, LV-1045. The principal activity of Pillar Property Management, SIA is real estate management for remuneration or on the basis of a contract. PCA owns 100% of Pillar Property Management, SIA capital shares and Pillar Property Management, SIA is included in the Group. During the financial reporting period, Pillar Property Management, SIA provided, inter alia, services related to the administration and management of properties to the companies of Group and external customers.

New Hanza Utilities, SIA

New Hanza Utilities, SIA has been registered in the Register of Enterprises of the Republic of Latvia on 13 May 2021. The registered address of the company is Pulkveža Brieža iela 28A, Riga, LV-1045. The principal activity of New Hanza Utilities, SIA is distribution of electricity. PCA subsidiary Pillar Development, SIA owns 100% of New Hanza Utilities, SIA capital shares and New Hanza Utilities, SIA is included in the Group. During the financial reporting period, New Hanza Utilities, SIA provided electricity, water supply, sewer and heating services in Riga, New Hanza territory.

Segment 2 – companies owning real estate objects held for development. This segment includes the following companies:

Pillar Development, SIA has been registered in the Enterprise Register of the Republic of Latvia on 31 March 2009. The registered address of the company is Pulkveža Brieža iela 28A, Riga, LV-1045. The principal activity of Pillar Development, SIA is rental and management of own or leased real estate. PCA owns 100% of the capital shares of Pillar Development, SIA and Pillar Development, SIA is included in the Group. During the financial reporting period, Pillar Development, SIA owned an office building at Pulkveža Brieža Iela 28A, Riga, culture and entertainment centre “Hanzas Perons”, located at Hanzas iela 16A, Riga, as well as land plot intended for development in Riga, New Hanza territory.

Hanzas Dārzs, SIA has been registered in the Register of Enterprises of the Republic of Latvia on 28 June 2017. The registered address of the company is Pulkveža Brieža iela 28A, Riga, LV-1045. The principal activity of Hanzas Dārzs, SIA is rental and management of own or leased real estate. PCA owns 69.70% of Hanzas Dārzs, SIA capital shares (30.30% of Hanzas Dārzs, SIA capital shares belong to the Company's subsidiary Pillar Development, SIA), and Hanzas Dārzs, SIA is included in the Group. During the financial reporting period Hanzas Dārzs, SIA owned a land plot intended for the development in Riga, New Hanza territory.

Pillar 23, SIA has been registered in the Register of Enterprises of the Republic of Latvia on 24 November 2017. The registered address of the company is Pulkveža Brieža iela 28A, Riga, LV-1045. The principal activity of Pillar 23, SIA is rental and management of own or leased real estate. PCA owns 100% of Pillar 23, SIA capital shares, and Pillar 23, SIA is included in the Group. During the financial reporting period Pillar 23, SIA owned several land plots intended for development in Riga, New Hanza territory.

New Hanza Centre, SIA has been registered in the Register of Enterprises of the Republic of Latvia on 9 December 2016. The registered address of the Company is Pulkveža Brieža iela 28A, Riga, LV-1045. The principal activity of New Hanza Centre, SIA is purchase and sale of own real estate. PCA owns 100% of New Hanza Centre, SIA capital shares, and New Hanza Centre, SIA is included in the Group. During the financial reporting period, New Hanza Centre, SIA owned a land plot intended for development in the New Hanza territory in Riga, Mihaila Tāla iela 3.

Pillar, SIA has been registered in the Register of Enterprises of the Republic of Latvia on 12 June 2012. The registered address of the company is Pulkveža Brieža iela 28A, Riga, LV-1045. The principal activity of Pillar, SIA is development of building projects. PCA owns 100% of Pillar, SIA capital shares, and Pillar, SIA is included in the Group. During the financial reporting period, Pillar, SIA started the development of a multi-apartment building project on land plot owned by it in Riga, Gustava Kluča iela 10.

Tāla 1, SIA has been registered in the Register of Enterprises of the Republic of Latvia on 10 March 2021. The registered address of the company is Pulkveža Brieža iela 28A, Riga, LV-1045. The principal activity of Tāla 1, SIA is rental and management of own or leased real estate. PCA owns 100% of Tāla 1, SIA capital shares, and Tāla 1, SIA is included in the Group. During the financial reporting period, Tāla 1, SIA started the construction of A class office building on land plot owned by it in Riga, Mihaila Tāla iela 1.

Segment 3 – companies owning rent income generating commercial properties. The objective of the companies of this segment is to ensure sustainable increase in income from renting the premises and enlarging of the value of properties in long-term perspective. This segment includes the following companies:

Pillar Capital, AS – the Company owns two commercial premises at Elizabetes iela 21A, Riga, which are leased to long-term tenants. The Company is a parent company of Group.

NHC 2, SIA has been registered in the Register of Enterprises of the Republic of Latvia on 25 January 2016. The registered address of the company is Pulkveža Brieža iela 28A, Riga, LV-1045. The principal activity of NHC 2, SIA is rental and management of own or leased real estate. PCA owns 100% of NHC 2, SIA capital shares and NHC 2, SIA is included in the Group. During the financial reporting period NHC 2, SIA owns office buildings in Riga, in the territory of the former State Electric Equipment Factory (hereinafter referred to as – VEF) – at Brīvības gatve 214B, Brīvības gatve 214M, Bērzaunes iela 1 and Bērzaunes iela 7. Office buildings are leased to short-term and long-term tenants.

NHC 4, SIA has been registered in the Register of Enterprises of the Republic of Latvia on 15 November 2016. The registered address of the company is Pulkveža Brieža iela 28A, Riga, LV-1045. The principal activity of NHC 4, SIA is rental and management of own or leased real estate. PCA owns 100% of NHC 4, SIA capital shares and NHC 4, SIA is included in the Group. NHC 4, SIA owns A6 Logistics park in Riga, Maskavas iela 462 and Maskavas iela 464A. Logistics park is leased to long-term tenants.

NHC 5, SIA has been registered in the Register of Enterprises of the Republic of Latvia on 15 November 2016. The registered address of the company is Pulkveža Brieža iela 28A, Riga, LV-1045. The principal activity of NHC 5, SIA is rental and management of own or leased real estate. PCA owns 100% of NHC 5, SIA capital shares and NHC 5, SIA is included in the Group. NHC 5, SIA owns office building in Riga, Elizabetes iela 23 and office premises in Riga, Elizabetes iela 21A-102. Office building and office premises are leased to short-term and long-term tenants.

Pillar 22, SIA has been registered in the Register of Enterprises of the Republic of Latvia on 3 February 2016. The registered address of the company is Pulkveža Brieža iela 28A, Riga, LV-1045. The principal activity of Pillar 22, SIA is rental and management of own or leased real estate. PCA owns 100% of Pillar 22, SIA capital shares, and Pillar 22, SIA is included in the Group. During the financial reporting period Pillar 22, SIA owned an office building in Riga, Brīvības gatve 275. The office building is leased to a long-term tenant.

Segment 4 – companies owning real estate objects held for sale, which were obtained in the course of restructuring of loans of clients of ABLV Bank, AS in Liquidation. The objective of the companies is to sell the properties in the set time periods. This segment includes the following companies:

Pillar 3, SIA has been registered in the Register of Enterprises of the Republic of Latvia on 26 September 2008. The registered address of the company is Pulkveža Brieža iela 28A, Riga, LV-1045. The principal activity of Pillar 3, SIA is purchase and sale of own real estate. PCA owns 100% of Pillar 3, SIA capital shares, and Pillar 3, SIA is included in the Group. During the financial reporting period Pillar 3, SIA owned several real estates intended for sale – apartments, buildings, as well as plots of land in Riga and its region.

Pillar 4 & 6, SIA has been registered in the Register of Enterprises of the Republic of Latvia on 19 January 2009. The registered address of the company is Pulkveža Brieža iela 28A, Riga, LV-1045. The principal activity of Pillar 4 & 6, SIA is purchase and sale of own real estate. PCA owns 100% of Pillar 4 & 6, SIA capital shares, and Pillar 4 & 6, SIA is included in the Group. During the financial reporting period Pillar 4 & 6, SIA owned a building intended for sale, as well as several plots of land in Riga and Jūrmala.

Pillar 11, SIA has been registered in the Register of Enterprises of the Republic of Latvia on 11 November 2009. The registered address of the company is Pulkveža Brieža iela 28A, Riga, LV-1045. The principal activity of Pillar 11, SIA is purchase and sale of own real estate. PCA owns 100% of Pillar 11, SIA capital shares, and Pillar 11, SIA is included in the Group. During the financial reporting period Pillar 11, the SIA owned a land plot intended for sale in Riga, Čiekurkalna 3. šķērslīnija 1A.

Pillar 19, SIA has been registered in the Register of Enterprises of the Republic of Latvia on 07 March 2014. The registered address of the company is Pulkveža Brieža iela 28A, Riga, LV-1045. The principal activity of Pillar 19, SIA is rental and management of own or leased real estate. PCA owns 100% of Pillar 19, SIA capital shares, and Pillar 19, SIA is included in the Group. During the financial reporting period, Pillar 19, owned a real estate intended for the development in Jūrmala, Jūras iela 41/45.

Pillar 20, SIA has been registered in the Register of Enterprises of the Republic of Latvia on 28 May 2015. The registered address of the company is Pulkveža Brieža iela 28A, Riga, LV-1045. The principal activity of Pillar 20, SIA is purchase and sale of own real estate. PCA owns 100% of Pillar 20, SIA capital shares, and Pillar 20, SIA is included in the Group. During the financial reporting period Pillar 20, SIA sold its sole property – private house intended for sale in Riga, Visbijas prospekts 5.

2. Basic principles of preparing financial reports and other significant accounting principles

These Group consolidated and Company's separate financial statements were prepared in accordance with the International Financial Reporting Standards as adopted by the EU (IFRS) on a going concern basis. These financial statements were approved by the Board for release on 29 April 2022, and have to be approved by the Company's shareholders. The Company's shareholders have the right to reject the financial statements prepared and handed in by the Board and request the preparation of new financial statements. Group and Company's financial statement's comparable figures for the financial year 2020 are classified according to the financial year 2021 principles, and are fully comparable.

These financial statements cover the 12 months from 1 January 2021 to 31 December 2021.

The Company accounting methods are consistently applied by all companies within the Group.

3. Estimates and judgments

The preparation of financial statements requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key judgments and estimates are:

a) Valuation of investment property

Land and buildings held to earn rental income or increase of value of investment capital or both of these objectives together, yet these properties are not being held for sale, production or delivery of goods or rendering services, or for administrative purposes in the course of regular economic activity, are classified as investment property and are measured at fair value, with any changes in fair value recognized as profit or loss in the comprehensive income. Investment property is valued by an external certified appraiser at least once a year (see Note 20 – "Investment property"). In cases, where specific assumptions of the external appraiser are not deemed to be acceptable, there may be internal value corrections.

Investment property under development, where completely new buildings are under construction, and where the fair value of such investment property is not reliably measurable but the management expects the fair value of such property to be reliably measurable once construction is complete, is measured at cost according to IAS 40 §53. As soon as its fair value becomes reliably measurable or construction is completed, the buildings shall be measured at fair value. Investment property under development, where existing buildings are undergoing reconstruction, is measured at fair value.

b) Recognition of investment property

The Group recognizes Investment property after the title to the property has been registered in the Land Register or acceptance and transfer of the property certificate has been approved.

c) Classification of real estate as property used by the owner or investment property

The Group considers criteria in order to assess, whether the long-term investments should be recognised as fixed assets or investment properties. The Group owns land and building, which are partially used as investment properties, and partially used by the owner. The management of the Group has decided that the part of property used by the owner should be recognised as fixed asset.

d) Business combination vs acquisition of assets

The Group acquires investment property with effective rent agreements. In order to establish whether the acquired investment property qualifies as a business, the Group carries out a legal agreement review in accordance with the criteria laid down in IFRS 3 Business Combinations before acquisition. The Group has determined that investment properties acquired during the reporting do not qualify as businesses as these properties had been acquired with rent agreements but without any agreements that involve processes such as real estate management.

e) Determining fair value of financial instruments

The fair value of financial assets is determined based on external documents such as investment portfolio overviews issued by credit institutions and information available on international stock exchange websites regarding the market value of financial assets.

f) Intangibles and fixed assets

The Group and the Company review the depreciation period, as well as depreciation methods applicable to the intangibles with a limited useful life.

The Group and the Company review the liquidation value of the fixed assets, their useful life and depreciation convention.

g) Depreciation of accounting value of long-term investments

The Group and the Company review accounting value of long-term investments and assesses, whether there are any signs indicating that the recoverable value of the assets is lower than the accounting value.

h) Valuation of reserves and determining net sale value

Reserves (real estate objects held for sale) are measured at their lowest of cost price and net sale value. The management should prepare estimates of the value of reserves in cases when it is detected that the recoverable value of the reserves is lower than their acquisition value. Net sale vale of real estate objects held for sale is being determined taking into account market conditions and prices, which exist on the reporting day, and it is determined by the Group, based on comparable transactions in the same geographical market for the same real estate segment.

i) Valuation of receivables

The Group and the Company review recoverability of receivables as on each financial report date.

The Group and the Company make provisions for expected credit losses for the debts of buyers and clients, and the assets of the contracts. The Group and the Company use provisions matrix in order to calculate expected credit losses for the debts of buyers and clients, and the assets of the contracts, which is based on default indicators historically observed by the Group and Company, and is being amended in order to adjust the historical experience of credit loss with the future information. The assessment of correlation between the historically observed default indicators, estimated economic conditions and expected credit losses is a significant estimate.

j) Determining rent period

The Group and the Company determine a rent period as an irrevocable period, in which the tenant is entitled to use the underlying asset together with the periods, to which an option to extend the rent applies, if there is reasonable confidence in that the tenant will use this option; and periods to which an option to terminate the lease applies, if there is reasonable confidence that the tenant will not use this option.

The Group and the Company as the Lessor conclude lease agreements, which contain an option to terminate or extend the lease. On the date the lease starts, the Group and the Company determine, whether it can be reasonably assumed that the tenant will use an option to extend the lease agreement or will not use the option to extend the agreement. In order to carry out this assessment, the Group and the Company take into account all the respective facts and circumstances, which create an economic stimulus for the tenant to use or not use the option, including the estimated changes in the facts and circumstances from the start date till the date of using the option, including the terms and conditions of the agreement for the additional periods in comparison to the market rates, all the significant tenant’s improvements in the rented property, costs related to the termination of the lease agreement, importance of the underlying asset in the tenant’s operation.

k) Determining the performance duty

The Group and the Company determine the performance obligations regarding services provided to customers. At the time of concluding the agreements, the Group and the Company evaluate the promised goods or services in the agreement with the customer and determine as an obligation fulfilment of each promise to deliver a different good or service to the customer; or series of different goods or services that are essentially the same and have the same transfer characteristics to the customer.

In order to assess the progress of the performance obligation, the Group and the Company conclude that the goods or services provided to customers consist of a series of day-to-day goods or services that are separately received over time by customers receiving and consuming the goods and services provided by the Group and the Company.

l) Assessment of progress regarding full execution of performance duty, when the revenue is recognized over time

Regarding each performance duty that is carried out over time (for example, construction services), the Group recognizes revenue in the course of time, assessing the progress in complete execution of performance duty using resource method. In accordance with this method, the Group recognizes revenue based on the Group's invested resources with the purpose to execute performance duty (for example, the funds used, work hours spent, costs incurred, time or machine hours spent) in comparison to total estimated resources in order to execute performance duty. With the change of circumstances over time, the company updates its progress assessment in order to disclose all the changes in the final outcome of the performance duty.

m) Consideration of functions of principal company or principal agent

The Group and the Company consider functions of a principal company or principal agent. The Group and the Company organize services which are rendered to it by third parties and which in accordance with the appropriate agreements, which the Group and the Company conclude as a Lessor, are rendered to the tenants of the investment properties. The Group and the Company determine that the Group and the Company control the services till the moment they are submitted to the tenant, because the Group and the Company can manage use of these services and benefit from them. Upon carrying out this assessment, the Group and the Company assume that the Group and the Company is responsible for the pledge to provide certain services, because the Group and the Company are directly engaging in review of complaints of tenants, and are responsible for the quality and suitability of the provided services. Moreover, the Group and the Company are free in determining the price they ask from the tenants for the services, therefore it is deemed that the Group and the Company is the principal company in these agreements.

The Group also assumes the functions of the principal company or principal agent also in agreements of execution of construction projects, in which the Group's company is the principal construction agent and project manager. The Group assumes that the respective company of it is the principal company in these agreements, because the services rendered by third parties are organized and controlled by the company of the Group until they are submitted to the client, and therefore is responsible for the quality and suitability of the services provided.

4. Consolidation

These consolidated financial statements include Pillar Capital, AS and all subsidiaries and associated companies controlled by Pillar Capital, AS (the Group's parent company). Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Detailed information on Company subsidiaries is disclosed in Note 21. The financial reports of the Group's parent company and its subsidiaries are consolidated in the Group's consolidated financial report, merging the appropriate positions of assets and liabilities, as well as income and expense. Intra-group balances and transactions, and any unrealized gains arising from intra-group transactions, are eliminated upon consolidation. Unrealized losses are eliminated in the same way as unrealized gains except that they are only eliminated to the extent that there is no evidence of impairment.

Assets and liabilities of the subsidiaries, about which a decision to sell is made, after carrying out all the consolidation procedures, shall be disclosed in the Group's financial report as long-term investments held for sale in accordance with the requirements of IFRS 5.

Business combination accounting
Business combination is accounted using acquisition method. The acquisition costs are the fair value of the remuneration given on the acquisition day. The acquired identifiable assets and liabilities and the probable liabilities in the course of business combination are being initially measured at their fair value on the acquisition date. The Group recognises non-controlling participation in the acquired company, based on the proportional share of non-controlling participation in the identifiable net assets of the acquired company. Acquisition-related costs are being included in the administrative costs in the comprehensive income at the moment they occur.

When the Group acquires any company, it assesses the acquired financial assets and undertaken liabilities in order to properly classify and recognise them. Classification and recognition is carried out by the buyer based on the terms of the agreements, economic circumstances and other applicable conditions at the moment of acquisition. If business combination takes place gradually, fair value of the previously acquired participation in the company's equity on the acquisition date is being remeasured in accordance with the fair value on the acquisition through disclosure in comprehensive income.

If the initial accounting of the business combination is not completed by the end of the reporting period, in which the combination takes place, in the financial report the Group indicates estimated amounts regarding those positions, where the accounting data are incomplete. During the assessment period, the Group retrospectively corrects the estimated amounts recognised at the acquisition date in order they reflected the new information obtained about the facts and circumstances, which were in effect on the acquisition date, and had they been known, they would have affected the measurement of the amounts recognised on that date. In the assessment period, the Group recognises also the additional assets or liabilities, if there is information received about the facts and circumstances that were in effect on the acquisition date, and had they been known, they would have caused recognition of such assets and liabilities on that date. The assessment period ends as soon as the Group receives the information it was looking for about the facts and circumstances that were in effect on the acquisition day, or finds out that additional information is not available. Yet the assessment period should not exceed one year since the acquisition day.

Any possible remuneration, which the buyer has to pay for the acquired company, is recognised at fair value on the acquisition day. Hereinafter the amendments in the fair value of the probable remuneration, if such remuneration is classified as asset or liability, is recognised in accordance with IAS 39 “Financial Instruments: Recognition and Measurement”, recognising gains or losses either in the comprehensive income or in other income that are not being reflected in the comprehensive income. If the probable remuneration is classified as equity, it shall not be remeasured, until it is fully settled, accounting the payment in equity.

Changes in participation share in subsidiary without loss of control
Changes in the participation share of a parent company in the subsidiary, in the result of which control is lost, are accounted as equity transactions (i.e., transactions with owners, who act as owners). The accounting value of controlling and non-controlling participation are corrected in order to reflect their comparative participation changes in the subsidiary. The difference between the amount, by which the non-controlling participation is corrected, and the fair value of the paid or received remuneration is recognized directly in equity and referred to the owners of the parent company.

Loss of control of a subsidiary
In case the Group parent company loses control of a subsidiary, it:

- stops recognizing associate asset (including intangible assets) and liability carrying amounts at the date of loss of control over a subsidiary;
- stops recognizing the non-controlling participation in the former subsidiary in its carrying amount at the date of loss of a control over a subsidiary (incl. income not reflected in the profit and loss statement);
- recognizes payments and other compensation received in the result of transactions, events or circumstances resulting in the loss of control over the subsidiary at fair value;
- recognises remaining investments in an associate over which it lost control at fair value at the date of loss of control over the subsidiary.

And if the gain or loss has been previously recognised in other income, which are not reflected in profit and loss statement, and after the alienation of these assets or liabilities they should have been reclassified as profit or loss, the parent company shall reclassify gain or loss from equity to profit or loss (as reclassification correction), when it loses control of a subsidiary.

5. Basis of measurement

The financial statements are prepared on the historical cost basis except for investment property and financial assets which are measured at fair value. The profit and loss statement is prepared according to the function cost method. The statement of cash flows was prepared according to the indirect method.

6. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Foreign currencies

All amounts in these financial statements are expressed in the Latvian national currency – euro (EUR). The Euro is the Group's accounting and functional currency.

Transactions in foreign currencies were not made during the reporting period.

b) Financial instruments

Financial instrument is an agreement that simultaneously results in financial assets of one party and financial liabilities or equity assets of the other party.

The key assets held by the Group/Company are investments in shares of companies quoted on the exchange, trade receivables, and receivables from related parties, other assets, loans to related parties and cash and cash equivalents, and financial liabilities – bonds, loans from credit institutions, other loans, accounts payable to suppliers, related companies and other creditors arising directly from its business activities.

None of the Group companies are a party to transactions with derivatives.

Financial assets and liabilities are recognized in the statement of financial position when a company of the Group becomes a party to the contractual provisions of the instrument. All regular purchases of financial assets are accounted for at the settlement date.

Financial instruments

(i) Initial recognition

Financial assets are initially recognized at amortized cost, fair value through other comprehensive income or fair value through profit and loss. Initial recognition is dependent on:

a) financial asset management business model and
b) the contractual terms of the financial asset.

Excluding trade receivables – financial assets that do not carry a materially significant financing component, financial assets are initially recognized at fair value, to which, if financial assets are not at fair value through profit and loss, transaction costs directly attributable to the acquisition or issue of the financial asset are added.

(ii) Subsequent measurement

Financial assets are subsequently measured at:

a) amortised cost;
b) fair value through other comprehensive income (FVTOCI); or
c) fair value through profit or loss (FVTPL).

Amortized cost is applied in case where the following requirements are met:

a) financial asset is held with the purpose of collecting the respective financial asset contractual cash flows;
b) financial asset contractual cash flows arise from principal payments and interest payments on principal remaining.

Financial assets are measured at FVTOCI given the following conditions are met:

a) financial asset is held with the purpose of collecting the respective financial asset contractual cash flows as well as for sale potentially resulting in profit;
b) financial asset contractual cash flows arise from principal payments and interest payments on principal remaining.

Financial assets are measured at FVTPL except if they are measured through amortised cost or FVTOCI. Yet in specific cases where financial assets would be measured at FVTPL the Group management can make an irreversible decision at initial recognition to recognize the specific financial assets through FVTOCI and subsequently recognize changes in fair value in other comprehensive income.

(iii) De-recognition

A financial asset is derecognized when

a) the contractual rights to the cash flows from the financial asset expire, or
b) when the Company transfers the particular financial asset and the transfer qualifies for de-recognition.

The Company transfers the financial asset only if the Company has:

a) transferred contractual rights to receive cash flows from the respective financial assets, or
b) has retained contractual rights to receive cash flows from the respective financial assets but has undertaken contractual obligations to disburse the appropriate cash flows to one or several receivers.

(iv) Impairment allowances

The Group/Company recognizes losses on impairment allowances from expected credit losses on financial assets measured at amortized cost or at FVTOCI. The goal of this model is to recognize impairment allowances for all exposures from the time a financial asset is originated, based on the deterioration of credit risk since initial recognition. A conclusion on changes in credit risk has to take into account fair and evidence based information, including information on possible future events.

In case the credit risk of a financial instrument has significantly increased since its initial recognition, the Company recognizes losses on impairment allowances that is equal to the lifetime expected losses on the respective financial asset. If the credit risk has not increased significantly, the standard requires allowances based on 12 month expected losses.

For trade receivables, contractual assets and amounts due from lessees, the Companies apply the simplified approach – estimate impairment allowances that are equal to the lifetime of expected losses on the respective financial asset:

a) for trade receivables or contractual assets recognized and measured according to IFRS 15 and that:
    i. do not contain a significant financing component (or the company applies practical approach to the agreements shorter than 12 months) in accordance with IFRS 15; or

ii. contain a significant financing component according to IFRS 15 but the Company accounting policy states that impairment allowances will be equal to the lifetime expected credit losses on the respective financial assets.

b) for amounts due from lessees that are recognized and measured according to IFRS 16 if the Company accounting policy states that impairment allowances will be equal to the lifetime expected credit losses on the respective financial assets.

The Group / Company has developed an allowances matrix that is based on historical experience of credit losses that is adjusted to future factors characteristic to the debtors and economic environment.

The Group / Company assumes that a financial asset is defaulted if the contractual obligations are defaulted for 90 days. Yet in certain cases the Group / Company may also assume that the financial asset is defaulted if the internal or external information suggests that the Group / Company most likely will not receive the amounts provided in the defaulted contract, before taking into account any credit enhancement of the assets held by the Group / Company. The financial asset is written-off, when there are no reasonable hopes to recover the contractual amounts.

Provisions for expected credit losses on trade receivables and lease receivables

The Group / Company uses provisions matrix in order to account the expected credit losses on trade receivables and lease receivables. The provisions rates are based on the number of defaulted days for various groups of client segments with similar loss models.

The provisions matrix is initially based on the Group / Company's historically observed defaults. The Group / Company is changing the matrix in order to adjust the historical credit loss experience to the future information. For example, if it is expected that next year the estimated economic conditions (i.e., the gross domestic product), which may increase the number of default cases, the historical defaults are being corrected. On each reporting date the historically observed defaults are updated and the changes in the future predictions are analysed.

The Group's / Company's management, in estimating the expected credit losses, also assessed the historical default in transactions between the Group's companies. However, taking into account the historical credit loss experience of the respective parties' transactions, the management of the Group / Company has recognized that no provision for credit losses is required for these transactions.

Correlation assessment between the historically observed defaults, expected economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to the changes in circumstances and the expected economic conditions. The Group / Company's historical credit loss experience and estimates of economic conditions may be not representative regarding the actual default of the clients in future. The information about the expected credit losses regarding Group / Company's trade receivables and lease receivables is disclosed in Note 25.

Financial liabilities

(i) Initial recognition

The Company initially recognizes financial liabilities at fair value. In case where financial liabilities are not recognized at FVTPL the Group / Company also takes into account the directly attributable transaction costs related to acquisition or issue of the financial liability.

(ii) Subsequent measurement

The Company subsequently measures financial liabilities at amortized cost, unless the respective financial liabilities have been initially recognized at FVTPL. Financial assets recognized at FVTPL, including non-derivative instruments, are subsequently measured at fair value.

(iii) De-recognition

The Company de-recognizes financial liabilities (or part of the financial liabilities) only once it has fulfilled all of the obligations arising from the respective financial liabilities, i.e., the duty provided by the contract is fulfilled or cancelled or expired.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

c) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, rather than for sale, use in the production or supply of goods or services or for administrative purposes in the ordinary course of business. Investment property is initially recognized at cost and subsequently re-measured to fair value at each reporting date with changes in its fair value recognised in the profit or loss statement. Properties at the stage of development and planned to be used as investment properties are classified as investment properties as well. Self-created investment properties in reports are recognised according to the cost method until their fair value becomes reliably determinable or their construction will be completed.

Cost includes expenses that are directly attributable to the acquisition of investment property. The cost of self-constructed investment property includes the cost of materials and direct labour and any other costs directly attributable to bringing the investment property to its working condition for the intended use, and capitalized borrowing costs.

An investment property is de-recognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property (are determined as the difference between the net disposal proceeds and the carrying amount) are recognized in profit or loss in the year of the retirement or disposal.

Transfers to investment property are made only when there is a change in use evidenced by end of owner-occupation, commencement of an operating lease to another party or commencement of development with a view to create investment property. Transfers from investment property are made only when there is a change in use evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Property or part of it which the Group company uses for administrative purposes is classified and accounted as fixed asset.

d) Intangible investments

Intangible value
Intangible value occurs upon acquiring subsidiaries, and initially measured as positive difference between the compensation paid and the net amount of identifiable assets and liabilities acquired by the Group. If the said compensation is smaller than the net assets of the acquired subsidiary, then the difference is recognised in comprehensive income.

After initial recognition, the intangible value is measured at its initial value, deducting the accrued depreciation losses. In order to carry out review of depreciation, the intangible value obtained through business combination, starting from the acquisition date, is attributed to each cash generating unit of the Group, which as expected will gain from the combination of businesses regardless of whether other assets or liabilities of the acquired company will be attributable to these units.

Each cash generating unit to which an intangible value is attributed represents the lowest level in the company in which the intangible value is monitored for the purposes of internal management. The intangible value is monitored on subsidiary level.

At the end of each reporting year, for the purposes of preparation of consolidated reports, the parent company of the Group assesses, whether the balance sheet value of the amount indicated in the “Intangible value” position of the consolidated financial report has not decreased. The reviews of intangible value decrease are carried out each year or more often if there is an indication that the intangible value may have decreased. The formerly recognised losses of the intangible value shall not be reversed.

Intangible assets
Separately acquired intangible assets are initially recognized in the amount of intangible asset acquisition cost. Asset acquisition cost amounts to its purchase price, including customs taxes and non-refundable transaction taxes paid by the buyer, deducting net discounts and rebates and other directly attributable transaction costs.

Separately acquired intangible assets are subsequently measured at initial recognized acquisition cost, deducting net amortization and accumulated revaluation results. Amortization is recognized on a linear basis given the intangible asset useful life.

Intangible assets of limited useful life
Intangible assets of limited useful life are depreciated over their useful life, and their depreciation is estimated if there is an indication that the value of the intangible asset might have decreased. The depreciation period and depreciation method of the intangible assets of limited useful life is reviewed at least at the end of each financial year. The amendments in the expected useful life or the expected model of future economic benefits embodied in an asset are accounted changing the depreciation period or method upon necessity, or are considered changed in the accounting estimates.

Depreciation is accounted on the straight line basis, taking into account the useful life of the intangible asset, using the following rates laid down by the management:

Intangible assets	Method	% p.a.
Licenses	Straight line	20% – 33,33%
Other intangible assets	Straight line	20% – 33,33%

Profit or loss incurred due to derecognition are disclosed as difference between the revenue from alienation of net assets and accounting value, and they are recognized through profit or loss at the moment of derecognition.

e) Fixed assets

Fixed assets are initially recognized at cost, net accumulated depreciation and revaluation results. Asset cost is equal to the acquisition price and directly attributable transaction costs.

The Group / Company measures expenses associated with fixed asset purchase at the purchase date. Acquisition costs include expenses associated with asset purchase or creation, completion, partial replacement or maintenance, including professional services.

Expenses associated with fixed asset creation listed above are capitalized to the fixed asset value until the fixed asset is completed and transferred to use. Further expenses, associated with fixed asset use or further transfer are not capitalized to asset value. Fixed asset value does not include regular maintenance expenses. These expenses are recognized in comprehensive income at the occurrence date.

Depreciation is calculated on a straight line basis taking into account fixed asset useful life with the purpose to depreciate the asset to its estimated residual value at the end of the fixed asset useful life (disposal value).

Fixed Assets	Method	% p.a.
Temporary use buildings	Straight line	10%
Infrastructure objects and engineering structures	Straight line	3.33% – 20%
Other fixed assets	Straight line	20% – 50%
Computing equipment	Straight line	33.33%
Used cars	Straight line	20%
New cars	Straight line	14.29%

Depreciation is calculated starting from the month following the transfer of the fixed asset to use or inclusion in economic activity. Depreciation is not being calculated and accounted for those fixed assets, whose properties do not change in the course of their use and have unlimited useful life. Such fixed assets are pieces of art. Land is not depreciated.

Fixed asset disposal value, useful life and depreciation methodology is reviewed by the Group management at the end of every financial year, and in case new estimated differ from the previous estimates, changes are reflected in the profit and loss statements as results of accounting policy changes.

Net profit or loss arising from fixed asset de-recognition equals to the difference between net disposal income and fixed asset carrying amount.

f) Inventories

Real estate property is transferred to inventories if it is planned to sell this property in the ordinary course of business.

Inventories (real estate properties held for sale) are measured at the lower of cost and net realizable value. Net realizable value of inventory is estimated by the management upon identifying that the recoverable amount of inventory is lower than cost. Where the recoverable amount of inventories (real estate properties held for sale) is lower than cost inventories are written down to a value reflecting maintenance related costs expected to be incurred to the date of sale and the cost to make the sale.

g) Non-financial asset impairment

Asset impairment tests are carried out at the end of every financial year. In case the management has identified signed of a decrease in asset value, asset recoverable amount is estimated. The recoverable amount of an asset is the greater of its ‘fair value less costs to sell’ and its ‘value in use’. Recoverable amount is estimated for each asset separately, unless asset and their cash flows are interdependent. In cases where carrying amount exceeds the recoverable amount, asset carrying amount is decreased to amount to the estimated recoverable amount.

Present value is estimated using a discount rate before taxes that reflects the market rate for the specific cash flows and risks attributable to the asset. When determining the value less costs to sell an appropriate measurement method is used. These calculations are confirmed using measurement coefficients, exchange quoted share prices or other available fair value indicators.

Losses from asset impairment are recognized through profit and loss as non-financial asset impairment. On each reporting date the Group / Company reviews, whether there are any indicators of depreciation losses which for an asset, except the intangible value, recognised in previous years, might not exist anymore or might have decreased. If such indicators are present, the Group / Company estimates the recoverable value of the asset or the cash generating unit since the last time its impairment was recognised. Previous period impairment reversal cannot exceed the amount that would lead to carrying value that is greater than carrying value given no impairment net accumulated depreciation. Losses from impairment cannot be reversed in the next periods.

h) Investments in subsidiaries

Investments in subsidiaries are initially recognized at cost according to IAS 27 Consolidated and Separate Financial Statements. After initial recognition investments in subsidiaries are measured at initially recognized cost net losses from the decrease in value. The Group management tests for decrease in value at the end of every financial year. The decrease in value amounts to the difference between net recoverable investment amount and the carrying amount. Losses are recognized though the profit and loss statement. Dividend received from subsidiaries are recognized in the period in which the right to receive dividends arose.

i) Contract balances

Contract assets
A contractual asset is the Group's right to receive consideration in exchange for goods or services that the Group has transferred to a customer. If the Group's company delivers goods or services to the customer before the customer pays the consideration or before the due date, the contract asset is recognized as a contingent consideration.

Trade receivables
Receivables are the unconditional right of the Group / Company to compensation (i.e. only the period of time must elapse before the payment of that compensation is due).

Contractual obligations
Contractual obligations are the obligation to deliver to the customer goods or services for which the Group's company has received compensation from the customer (or for which compensation is due from the customer). If the customer pays a consideration before the Group's company delivers the good or service to the customer, the contractual obligation is recognized when the payment is made or the payment is due (whichever occurs first). Contractual liabilities are recognized as revenue when the Group's company fulfils the terms of the contract.

j) Cash and cash equivalents

Cash and cash equivalents in the consolidated financial report include cash balances in banks and cash positions.

k) Long-term investments held for sale

In the Company's separate financial report the participation in the fixed capital of the subsidiaries, which it plans to sell, in accordance with IFRS 5 are accounted as long-term investments held for sale and are measures by the lowest of their accounting value or fair value, deducting sale transaction costs.

l) Provisions

General provisions
Provisions are recognized once the Group has a current duty (legal or practical) caused by some past event and there is a probability that the fulfilment of the duty will require outflow of economic gain generating resources from the Group, and it is possible to measure the volume of the duties reliably.

If the Group assumes that the costs necessary for accrual of provisions will be repaid partially or in full, for example, under an insurance agreement, then the repayment of these costs is recognized as a separate asset and only when it is practically known that these costs will actually be recovered. Costs related to any provisions in the consolidated comprehensive income are reflected having deducted the amounts recognized for repayment of costs.

In case time value of money has significant impact, provisions are accounted by discounting estimated future cash flow using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability if such would exist. If discounting takes place, increase of provisions over time is recognized as financial costs.

m) Accrued revenue

Accrued revenue is recognised if the Group has legal or other type of revenue occurred in the result of past events and there is a possibility that the Group will have revenue, and such revenue can be reliably estimated and measured.

n) Accrued liabilities

Accrued liabilities are recognised if the Group has legal or other type of liabilities occurred in the result of past events and there is a possibility that there will be funds required for fulfilment of the liabilities, and such liabilities can be reliably estimated and measured.

o) Contingent assets and potential liabilities

This consolidated financial report does not recognise the potential liabilities. They are recognised as liabilities only if a probability that these funds will be paid, becomes justified enough. The contingent assets are not recognised in the consolidated financial report, and they are recognised only if a probability that the economic gains related to the transactions will be received by the Group company are justified enough.

p) Lease

On the lease start day, the Group / Company determines, whether the agreement implies lease, i.e., whether the agreement or part of the agreement grants the rights to use the asset for a certain period of time against remuneration.

Group company is a lessor
If the Company leases assets where all risks and rewards incidental to such asset ownership are not transferred to the lessee, the agreement is classified as an operating lease. The Group company accounts operating lease amendments as a new lease from the date it enters into effects, taking into account the lease payments made or accrued previously under initial lease as a part of lease payments for the new lease.

Real estate lease agreement terms
The Group companies have concluded numerous short term and long term real estate lease agreements of various maturities. The provisions of the agreements, including irrevocable period, deposit amount, procedure of using or paying the deposit or bank guarantee, procedure of paying the rent, compensation of losses, are set out for each tenant individually. Deposits provided in the lease agreements do not exceed 2 months rent in most cases. The Group / Company issues invoices for services rendered on the 15th date of the next month after rendering services.

Deposits that are to be returned to the tenants, the Group may withhold partially or in full, if the debtor's debt has not been paid or there are any other violations of the agreement. Lease agreements imply an extension option. Upon calculating current annual rent, the rent indexation is applied in accordance with the inflation rate in the country.

The minimum amount of claims under non-cancellable property lease transactions at the year-end is disclosed in Note 20.

Group company is tenant
Group / Company is applying unified recognition and measurement approach to all lease agreements, except short-term rent and rent of low value assets. The Group recognizes lease liabilities to carry out rent payments and use rights assets confirming the right to use the underlying assets.

q) Recognition of revenue

The principal sources of the Group / Company's revenue are as follows:

i) Lease income

Regarding the investment properties, which are mainly held for gaining income from lease, the Group and the Company as a lessor concludes lease agreements, to which IFRS 16 "Leases" are applicable. The Group / Company as a lessor gains income from the operative lease of real estate, where all risks and rewards incidental to such asset ownership are not transferred to the lessee.

The rent payments for the operative lease are recognised as revenue on the straight line basis during the lease period. Initial direct costs incurred by obtaining operative lease are added to the accounting value of underlying asset, and such costs are recognised as expenses in the lease period by the same method as rent income.

ii) Revenue from contracts with customers

Revenues from contracts with customers are recognized once the Group / Company has transferred the control over goods or services to the client in the amount the Group / Company expects to receive from the client. Depending on the criteria met, revenue is recognized:

a) over time in the Group / Company financial statements; or
b) once the control over goods / services has been transferred to the client.

Provision of services to tenants
In the lease agreements, which are subject to IFRS 16 "Leases", include services, which the Group / Company offers to its tenants, including management, maintenance, security services. These services are listed in the lease agreements and the charges are indicated separately in the invoice.

The Group / Company has determined that these services constitute separate non-lease (given separately from the right to use the underlying asset) elements and are subject to IFRS 15 "Revenue from contracts with customers". Revenue from the services (like maintenance and management) is recognized when the services are provided. The Group / Company attributes the remuneration provided in the contract to separate elements of the rent and services (non-lease) based on the appropriate separate service sale prices.

Revenue from construction projects
The Group concludes contracts about implementation of construction project, which implies construction works and construction project management services. In accordance with the concluded agreements, the Group company is the principal party performing the construction works and the manager of the project.

Regarding each performance duty that is carried out over time (for example, construction services), the Group recognizes revenue in the course of time, assessing the progress in complete execution of performance duty using resource method. In accordance with this method, the Group recognizes revenue based on the Group's invested resources with the purpose to execute performance duty (for example, the funds used, work hours spent, costs incurred, time or machine hours spent) in comparison to total estimated resources in order to execute performance duty.

iii) Income from disposal of real estate property

The Group concludes contracts with the clients about disposal of real estate. The disposal of real estate is one fulfilment duty, and the Group has determined that it is fulfilled at the moment the client is given control over the asset.

Income from the disposal of real estate property is recognized when the Group / Company has transferred all the significant risks and rewards incidental to ownership of the asset and the amount of revenue may be reasonably estimated.

r) Corporate income tax

Current tax is the expected tax payable on the taxable income for the reporting year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

In accordance with the Enterprise Income Tax Law, there is a 20% tax from gross amount applied to distributed and conditionally distributed profit, i.e., 20/80 of net disbursements. In the profit and loss calculation EIT is recognised as expenses in the reporting period when the said dividends were calculated, while for other objects of conditionally distributed profit – at the moment when the expenses occurred within the reporting period.

The taxable base will include:

- distributed profit (dividends calculated, payments equalled to dividends, conditional dividends) and
- conditionally distributed profit (non-operating expenses, doubtful debts; excessive interest payments, loans to related parties, decrease of income or excessive expenses, which are incurred by entering transactions at prices other than those on the market that should be calculated using the methodology determined by the Cabinet of Ministers; benefits bestowed by the non-resident upon its staff or board (council members) regardless of whether the receiving party is a resident or a non-resident, if they relate to the operation of a permanent establishment in Latvia, liquidation quota).

The use of tax losses carried forward from previous periods is limited: it will be possible to utilize these losses to decrease the amount of tax calculated on dividends in the reporting period by not more than 50%. It will be possible to carry forward unused tax losses and utilise them in the previously described manner only until 2022.

s) Long and short-term classification

Amounts whose terms of receipt, payment or write off are due more than one year after the balance sheet date are classified as long term. Amounts to be received, paid or written off within one year are classified as short-term.

t) Loans

The fair value of loans is estimated as the present value of future cash flows discounted at the market rate of interest at the valuation date. The approximate fair value of shorter-term loans and debts with undefined interest rates is assumed to equal their value at initial recognition and their subsequent carrying amount as the effect of discounting is considered to be insignificant. Fair value is measured at initial recognition and for the purpose of financial statements – at each reporting date.

u) Employee benefits

Short term employee benefits including remuneration, social contributions, bonuses and benefits, and life insurance premiums, are charged to comprehensive income under production or administrative expenses as provided. Provisions for employee vacation pay are calculated for the Company's personnel based on the total number of vacation days earned but not used, multiplied by the average daily remuneration expense pursuant to the Latvian Labour Law, and adding the related statutory social insurance contributions payable by the employer.

v) Related parties

Related party is a company or person that is related to the Company or the Group preparing its financial statements (IAS 24 Related party disclosures).

Related parties are:

1. Person or the person's family member is related to the entity preparing financial statements if:
    - This person controls or shares control over the entity preparing financial reports; or
    - The person has significant control over entity preparing financial statements; or
    - The person is chairman of the board in the company submitting the report or in the group parent company.
2. The company is a related party to the entity preparing financial statements if:
    - The company is part of the group of the entity preparing financial reports (i.e. every parent and subsidiary are related parties to each other);
    - One company is an associate or a joint venture of the other company (or associate or joint venture of the other group company) ;
    - Companies share shareholders;
    - One company is a joint venture of a third company, the other company is an associate to the third company;
    - One company is part of the benefit plan to employees of entity preparing financial statements; if the entity preparing financial statements itself is the benefit plan to another entity, it is related party to this entity;
    - The companies are controlled by a person described in clause 1;

- Person described in subclause 1 of clause 1 has significant control over the entity preparing financial statements or its parent company or is the chairman of the board;
- The company or any group company provides personnel management services to the entity preparing financial statements or a parent company of the entity preparing financial statements.

w) Subsequent events

These financial statements reflect subsequent events that provide evidence of circumstances that existed at the end of the reporting period (adjusting events). Where the nature of subsequent events is other than adjusting they are disclosed in the notes to the financial statements only if they are significant.

7. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group / Company has access at that date. The fair value of liabilities represents the risk of default.

The Group/Company's accounting policy and disclosures require the determination of fair value for both financial and non-financial assets and liabilities.

In determining the fair value of assets or liabilities the Company/Group uses observable market data to the extent possible. Fair value is classified into various levels of the fair value hierarchy, based on data used in the measurement methods:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability that are based on unobservable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Transfers between the levels of the fair value hierarchy are recognised by the Group/Company at the end of the reporting period during which the transfer occurred.

Fair values have been determined for measurement and / or disclosure purposes based on the following methods:

- Income approach;
- Market approach.

Detailed information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a) Investment property

The Group's/Company's portfolio of investment property is valued on an annual basis by an external, independent valuation company using the discounted cash flow approach and/or the market approach, having appropriate recognized professional qualifications and recent experience in the location and category of property being valued. Fair value is measured using the discounted cash flow approach with a terminal value component at the end of the cash forecast period, the income approach and/or the market approach.

The gross value of investment property is derived by applying market yields to the estimated value of lease. Where the actual lease payment is significantly different from the estimated payment adjustments are made to reflect the actual lease payment.

The market approach is based on market values, and is the estimated amount for which property could be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

Investment property under development, where completely new property are under construction, and where the fair value of such investment property is not reliably measurable using the discounted cash flow approach with a terminal value component at the end of the cash forecast period, the income approach and/or the market approach but where the management expects the fair value of such property to be reliably measurable once construction is complete, is measured at cost according to IAS 40 §53. As soon as either such property fair value becomes reliably measurable or construction is completed, the respective property is measured at fair value following the procedure used for other Group/Company investment properties described in paragraphs above. Investment property under development, where an existing property are undergoing reconstruction, is measured at fair value following the procedure used for other Group/Company investment properties described in paragraphs above.

b) Financial assets

The fair value of loans is estimated as the present value of future cash flows discounted at the market rate of interest at the valuation date.

The approximate fair value of performing short-term financial assets with undefined interest rates is assumed to equal their value at initial recognition and their subsequent carrying amount as the effect of discounting is considered to be insignificant.

Fair value is measured at initial recognition and for the purpose of financial statements – at each reporting date.

c) Financial liabilities

Non-derivative financial liabilities are measured at fair value at initial recognition and for reporting purposes - at each reporting date. For disclosure purposes, the fair value of financial liabilities with maturities exceeding 12 months is calculated based on the present value of future cash flows from payment of principal and interest discounted at the market rate of interest as at the reporting date.

The approximate fair value of short-term financial assets with undefined interest rates is assumed to equal their value at initial recognition and their subsequent carrying amount as the effect of discounting is considered to be insignificant.

d) Long-term investments held for sale

Fair value of long-term assets held for sale is measured based on the estimated market price of the particular asset.

8. Financial risk and capital management

The Company and the Group has exposure to the following risks from its use of financial assets:

- credit risk;
- liquidity risk;
- interest rate risk.

This note presents information about the Group's/Company's exposure to each of the above risks, the Group's/Company's objectives, policies and processes for measuring and managing risk, and the Group's/Company's financial risk and capital management principles. Further quantitative disclosures are included throughout these financial statements.

Risk management framework
Group management has overall responsibility for the establishment and oversight of the Group/Company's risk management framework. To achieve risk management objectives, risk management is embedded in the Group/Company's operational and management structure. Risk management is a process for identification, assessment and management of business risks that may prevent or threaten the achievement of business goals.

The Group/Company's risk management policies are established to identify and analyze the risks faced by the Group/Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are updated on a regular basis to reflect changes in market conditions and activities of the Group/Company. Through training and management standards and procedures, the Group/Company seeks to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group/Company does not use derivatives to hedge financial risks and consequently does not use hedge accounting.

Credit risk
Credit risk is the risk of financial loss to the Group/Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group/Company's purchased financial assets and receivables.

The Group / Company evaluates trade receivables and makes allowances for bad debt at the end of each month according to the internally approved policy "*Darbs ar problemātiskiem Pillar Capital, AS un tās meitas sabiedrību juridisko un fizisko personu parādiem*". Allowances for bad debt are recognized in the amount that is equal to the lifetime expected credit losses on the respective trade receivables, based on all the reasonably available and justifiable information, including future-oriented information.

The Group/Company has procedures in place which stipulate that goods are sold and services are provided to customers with appropriate credit history. The Group/Company's management has established a procedure that sales of goods or services against payments on delivery or completion are made based on client evaluation procedures and certain limits are set on the amount of such goods or services. The most important factor is the customer's ability to make payments for goods and services in due time. The receivables disclosed in the statement of financial position are not secured except for trade receivables that are secured by security deposits or bank guarantees (the standard security deposit is equal to the rent fee for two months).

The Group / Company does not have significant credit exposures in relation to a single counterparty or a group of counterparties with similar characteristics.

Regardless of the fact that the recoverability of finance lease and other receivables may be impacted by economic factors management believes that the Group/Company is not exposed to a significant risk of loss.

On each reporting date impairment analysis is carried out using provisions matrix in order to measure expected credit losses. Provisions rates are based on the number of defaulted days for various groups of client segments with similar models of losses. The calculation reflects the probability weighted outcome, time value of money and reasonable and justifiable information available on the reporting day about the past events, current conditions and future estimates about the further economic situation. Usually trade receivables are written off if upon termination of debt collection process they are impossible to recover and they are not subject to enforcement.

Information on the credit risk applicable to the Group's trade receivables using provisions matrix is provided below:

			Default period:			
On 31 December 2020	**Total**	No default	< 30 days	31-60 days	61-90 days	> 90 days
Rates of expected credit losses		0.0835%	0.3729%	7.8462%	16.8561%	86.8786%
Gross accounting value	**2 360 682**	2 150 717	63 313	12 606	1 283	132 763
Expected credit losses	**118 581**	1 797	236	989	216	115 343

			Default period:			
On 31 December 2021	**Total**	No default	< 30 days	31-60 days	61-90 days	> 90 days
Rates of expected credit losses		0.2195%	0.3822%	36.5489%	58.3274%	91.8722%
Gross accounting value	**948 442**	722 042	140 690	3 148	2 743	79 819
Expected credit losses	**78 205**	1 585	538	1 150	1 600	72 499

Liquidity risk

Liquidity risk is the risk that the Group / Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group/Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group/Company's reputation.

The Group / Company manages liquidity risk in line with the principle of prudence, ensuring that appropriate credit resources are available to cover liabilities in due time.

Interest rate risk

Interest rate risk – the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk arises in connection with loans, borrowings and deposits. Interest rate risk is impacted also by economic conditions and changes in average interest rates by banks. The Group/Company is exposed to cash flow risk caused by changes in interest rates as certain loans are carried at floating rates.

Currency risk

The Group and Company operate using EUR only. As a result, currency risk is not considered to apply.

Capital management

In order to achieve the financial goals of the Group/Company, the economic activity of the Group/Company is primarily financed by own funds and loans attracted from credit institutions. When planning the capital structure, the Group/Company assesses various types of capital, including their price, loan against the pledge value and the indicators of equity and borrowed capital relations. The goal is to achieve a balanced and low-cost capital base by assessing the risks of the selected strategy.

Loan agreements with credit institutions of Group's companies stipulate that borrowers shall calculate indicators of the interest payment coverage and pledge values against loan balance once a period (quarter or six months). Group's companies fall within the thresholds of set indicators and comply with the requirements of credit conditions.

The equity capital of the Group as of 31 December 2021 amounts to EUR 136 301 252, as of 31 December 2020 — EUR 143 370 943, the total amount of assets as of 31 December 2021 constitutes EUR 170 042 012, as of 31 December 2020 — EUR 180 089 976. The equity ratio is 0.80 on 31 December 2021, on 31 December 2020 – 0.79.

Taking into account the proportion of equity in the structure of the Group's capital, there are no obstacles preventing attraction of external financing for the development projects of Group.

9. Changes in accounting policies and disclosure of information

Other than the changes described below, the Group / Company have consistently applied the accounting policies set out in Notes 2 – 8 to all periods presented in these financial statements.

Application of the new and amended standards and interpretations adopted by the EU

The Group / Company have adopted the following new standards and amendments to standards, and interpretations, including any consequential amendments to other standards, with a date of initial application of 1 January 2021.

a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on)

Amendments have been issued on 27 August 2020; applicable to financial periods that start on 1 January 2021 or later.

b) Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9

Amendments have been issued on 25 June 2020; applicable to financial periods that start on 1 January 2021 or later.

c) Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021

Amendments have been issued on 31 March 2021; applicable to financial periods that start on 1 April 2021 or later.

Standards, amendments and interpretation that have been issued and adopted in EU, but not yet in force

a) Amendments to 1. IAS: Submission of Financial Statements and SFPS practice Report 2: Disclosure of accounting policy

Amendments have been issued on 12 February 2021; applicable to financial periods that start on 1 January 2023 or later.

b) Amendments to 8. IAS: Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates

Amendments have been issued on 12 February 2021; applicable to financial periods that start on 1 January 2023 or later.

c) 17. IFRS "Insurance contracts", including amendments 17. IFRS

The standard has been issued on 18 May 2017 (amendments have been issued on 25 June 2020); applicable to financial periods starting on 1 January 2023 or later.

New 17. IFRS "Insurance contracts" shall fully replace the currently valid 4. IFRS "Insurance contracts."

The essence of the new standard is introduction of a single accounting approach to all companies entering into insurance contracts, contrary to interpretations possible within the framework of 4. IFRS. The new standard will apply to all insurance and reinsurance agreements, as well as investment contracts with the features of the estimate participation, if the issuer thereof also signs insurance contracts at the same time. The Concern/Company has not yet assessed the effect of implementation of 17. IFRS, but considers that these changes will not have significant effect on the financial statements of the Concern/Company.

d) Amendments to 3. IFRS "Merger of business", 16. IAS "Fixed assets", 37. IAS "Provisions, contingent liabilities and contingent assets" as well as Annual improvements

Amendments have been issued on 14 May 2020; applicable to financial periods that start on 01 January 2022 or later.

Standards, amendments and interpretation that have been issued and adopted in EU, but not yet in force

a) Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)

The standard has been issued on 18 May 2017 (amendments have been issued on 9 December 2021); applicable to financial periods that start on 1 January 2023 or later.

b) Amendments to 1. IAS "Provision of financial statements": Classification of liabilities as short-term or long-term and liability classification as short-term or long-term - postponing of the effective date

Amendments have been issued on 23 January 2020 and on 15 July 2020; applicable to financial periods that start on 1 January 2023 or later.

These amendments include the classification of short-term and long-term liabilities. Further, it will be necessary to disclose the classification criteria of liabilities in the financial statements.

c) Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)

Amendments have been issued on 7 May 2021; applicable to financial periods that start on 1 January 2023 or later.

Standards that have been issued but have not yet entered in force until the date of issue of the Financial statements of the Concern/Company are presented below. The Concern/Company intends to introduce these standards (if applicable) when they enter in force.

10. Revenue

	Group 01.01.2021 - 31.12.2021 EUR	Group 01.01.2020 - 31.12.2020 EUR	Company 01.01.2021 - 31.12.2021 EUR	Company 01.01.2020 - 31.12.2020 EUR
Operating income *	17 809 040	22 851 348	196 836	201 924
Income from management of premises	962 466	960 563	-	-
Revenue lease of premises	2 118 006	2 036 864	80 415	65 786
Revenue from utilities	378 410	260 842	-	-
Revenue from professional services	136 855	65 534	1 308 850	1 070 114
Discounts	(3 658)	(5 443)	(1 711)	(864)
Other revenue	163 227	81 790	56	311
Total	**21 564 346**	**26 251 498**	**1 584 446**	**1 337 271**

* Revenues from operating activities include revenues from real estate sales, project management and sales, construction, consulting services.

Revenue from construction services in excess of remaining obligations

	Amount of unfinished work as of 31.12.2020 EUR	Planned performance 1Q 2022 EUR	2Q 2022 EUR	3Q 2022 EUR	4Q 2022 EUR
Construction services *	29 830 556	3 315 420	8 361 685	7 274 172	7 551 106

* The table includes revenues arising from concluded contracts but construction services not performed at the end of the reporting period. The Group plans to perform the relevant construction services in accordance with the concluded agreements and recognize them in revenue during 2022.

11. Operating expenses

	Group 01.01.2021 - 31.12.2021 EUR	Group 01.01.2020 - 31.12.2020 EUR	Company 01.01.2021 - 31.12.2021 EUR	Company 01.01.2020 - 31.12.2020 EUR
Expenses for building maintenance, utilities	1 631 681	1 130 802	36 568	22 112
Amortization of equipment and intangible assets	1 409 467	1 262 695	35 985	26 079
Other operating expenses	2 392 885	1 839 417	71 571	71 060
Construction - related expenses	12 705 310	15 988 345	-	-
Value of acquisition costs of real estate sold	1 858 603	2 476 717	-	-
Transaction due diligence expenses	12 750	1 720	-	-
Personnel expenses	3 528 778	2 894 767	971 885	544 019
Total	**23 539 474**	**25 594 463**	**1 116 009**	**663 270**

Costs included in operating expenses	Group 01.01.2021 - 31.12.2021 EUR	Group 01.01.2020 - 31.12.2020 EUR	Company 01.01.2021 - 31.12.2021 EUR	Company 01.01.2020 - 31.12.2020 EUR
Direct operating expenses (including repair and maintenance), what arise from rent income generating investment property	1 330 235	892 143	9 847	4 742
Direct operating expenses (including repair and maintenance), what arise from non-rent income generating investment property	1 157 672	1 170 089	-	757

12. Selling expenses

	Group 01.01.2021 - 31.12.2021 EUR	Group 01.01.2020 - 31.12.2020 EUR	Company 01.01.2021 - 31.12.2021 EUR	Company 01.01.2020 - 31.12.2020 EUR
Brokerage costs	50 600	39 866	-	-
Advertising costs	79 099	123 289	40 838	57 573
Total	**129 699**	**163 155**	**40 838**	**57 573**

13. Administrative expenses

	Group 01.01.2021 - 31.12.2021 EUR	Group 01.01.2020 - 31.12.2020 EUR	Company 01.01.2021 - 31.12.2021 EUR	Company 01.01.2020 - 31.12.2020 EUR
Personnel expenses	1 503 798	1 220 198	810 533	736 783
Professional services *	358 946	330 357	221 273	183 792
Impairment of goodwill **	2 145 896	150 434	-	-
Other administrative expenses	252 368	344 078	199 738	215 455
Total	**4 261 008**	**2 045 067**	**1 231 544**	**1 136 030**

* The item “Professional services” includes expenses for the audit of the Company's separate and Group's consolidated financial statements in the amount of EUR 27 500 (2020: EUR 26 300).

** Impairment of goodwill information is disclosed in Note 18.

14. Other income from economic activity

	Group 01.01.2021 - 31.12.2021 EUR	Group 01.01.2020 - 31.12.2020 EUR	Company 01.01.2021 - 31.12.2021 EUR	Company 01.01.2020 - 31.12.2020 EUR
Income from sale shares (net result)	-	-	-	3 585 643
Revaluation of securities	24 632	802 816	-	-
Co - financing received, grants, etc.	314 064	64 792	-	-
Other operating income	107 558	74 401	151 349	3 608
Total	**446 254**	**942 009**	**151 349**	**3 589 251**

15. Interest and similar expenses

	Group 01.01.2021 - 31.12.2021 EUR	Group 01.01.2020 - 31.12.2020 EUR	Company 01.01.2021 - 31.12.2021 EUR	Company 01.01.2020 - 31.12.2020 EUR
Coupon payments for issued bonds	367 826	403 740	367 826	403 741
Interest expenses on loans	419 193	538 336	305 824	347 357
Total	**787 019**	**942 076**	**673 650**	**751 098**

16. Discontinued operations

In Statements of Profit and Loss and Other Comprehensive Income recognised discontinued operations

On 15 June 2021, the Company adopted a decision to commence the liquidation of its subsidiary Pillar 18, SIA. Pillar 18, SIA sold its only real estate in Riga, Priedaines iela 42 in June 2020, and has not been active since the completion of the sale. Upon completion of the liquidation process of Pillar 18, SIA, it was removed from the Register of Companies of the Republic of Latvia on 7 September 2021.

On 23 September 2021, the Company adopted a decision to commence the liquidation of its subsidiary Pillar 2, 12 & 14, SIA. Pillar 2, 12 & 14, SIA sold its last real estate – apartment in residential project in Riga, Lielezeres iela 10 in April 2021, and has not been active since the completion of the sale. Upon completion of the liquidation process of Pillar 2, 12 & 14, SIA, it was removed from the Register of Companies of the Republic of Latvia on 15 December 2021.

	Group 01.01.2021 - 31.12.2021 EUR	Group 01.01.2020 - 31.12.2020 EUR
Revenue	627 686	1 960 424
Operating expenses	(485 379)	(1 404 028)
Gross profit	**142 307**	**556 396**
Selling expenses	-	(49 199)
Administrative costs	(6 075)	(15 169)
Other operating income	707	74 375
Other operating expenses	(1 973)	(5 601)
Other interest and similar income	-	-
Other interest and similar expenses	-	(27 764)
Dividend income from subsidiaries	-	-
Investment property revaluation	-	(31 504)
Profit / (loss) before taxes from discontinuing operations	**134 966**	**501 534**
Corporate income tax for the reporting period		(112)
Profit / (loss) for the reporting period from discontinuing operations	**134 966**	**501 422**

Information of revenue and expenses from discontinued operations is not disclosed in Note 35. Operating segments.

Discontinued operation cash flow

	Group 01.01.2021 - 31.12.2021 EUR	Group 01.01.2020 - 31.12.2020 EUR
Cash flows from/ operating activities	**550 011**	**1 538 782**
Net cash flows generated from/ (used in) investing activities	**-**	**-**
Net cash flows from / (used in) financing activities	**(966 544)**	**(1 224 934)**

17. Intangible assets

	Group EUR	Company EUR
Initial value as of 31 December 2020	**73 036**	**54 923**
Changes during the reporting period	7 018	-
Initial value as of 31 December 2021	**80 054**	**54 923**
Depreciation accumulated as of 31 December 2020	**10 610**	**7 865**
Depreciation calculated during the reporting period	18 875	11 024
Depreciation accumulated as of 31 December 2021	**29 485**	**18 889**
Residual value as of 31 December 2020	**62 426**	**47 058**
Residual value as of 31 December 2021	**50 569**	**36 034**

18. Goodwill

Goodwill was recognised, as on 11 February 2019 the Group took over control over the subsidiary NHC 5, SIA and on 3 December 2019 — Pillar Management, SIA (consisting of Pillar Property Management, SIA (previous name Pillar RE Services, SIA), Pillar Contractor, SIA and Pillar Architekten, SIA as of the moment of take-over), Pillar 23, SIA, Pillar Development, SIA, Hanzas Dārzs, SIA, New Hanza Centre, SIA, Pillar, SIA un Pillar Holding Company, KS (consisting of Pillar 3, SIA, Pillar 4 & 6, SIA, Pillar 11, SIA, Pillar 2, 12 & 14, SIA, Pillar 18, SIA (previous name Pillar Technologies, SIA), Pillar 19, SIA, Pillar 20, SIA, Pillar 21, SIA, Pillar 22, SIA as of the moment of take-over). These dates are the date of takeover of the Group control over the subsidiaries. The main purpose of purchasing subsidiary undertakings was to ensure effective administration of the companies of the Pillar Group, including the real estate owned by them, to continue their development, to increase their value in the medium - and long-term, as well as to implement their maximum financial Goodwill is allocated to the Group's cash-generating units, which are subsidiaries of the Group.

Group	Goodwill EUR
31 December 2020	**3 135 502**
Impairment of goodwill	(2 145 896)
31 December 2021	**989 606**

As of 31 December 2021 the Group carried out an annual impairment test of goodwill. The total recoverable value of EUR 58 718 198 was determined as the highest of the value in use or fair value of each subsidiary of the Group. The total decrease in goodwill as of 31 December 2021 amounts to EUR 2 145 896.
The process of determining the fair value of assets and liabilities of subsidiary undertakings of the Group has been organised so as to ensure the determination of the value of assets and liabilities according to the market value as far as possible. In order to comply with the aforementioned principle, the Group/the Company organizes the assessment of assets and liabilities by attracting a certified external valuer/consultant or by carrying out the assessment of assets and liabilities itself. If the Group/Company does not involve a certified external valuer/consultant for the determination of the value of assets and liabilities, the value of assets and liabilities shall be determined by similar methods as would have been used by an independent valuator. In case of valuation the value of assets and liabilities is based on the publicly available information on comparative transactions, offers on the market and results of the price surveys. Fair value in the assessment of the Group/Company is categorised as level 3 in the hierarchy of fair value. The value in use of companies of the Group has been determined by calculating the net asset value of the subsidiary undertakings of the Group, from which the selling costs are deducted.

Key assumptions in determining the fair and value in uses of subsidiaries

New Hanza Centre, SIA

Goodwill attributable to the Group's subsidiary New Hanza Centre, SIA amounts to EUR 58 019. As a result of the goodwill test, the estimated fair value of New Hanza Centre, SIA was determined as the recoverable amount of EUR 10 449 620. The goodwill impairment attributable to New Hanza Centre, SIA as a result of the goodwill test is EUR 58 019.

New Hanza Centre, SIA owns a plot of land for development in Riga, Mihaila Tāla iela 3. The area of the land plot is 1.8 ha and is planned to be developed into a 94 000 m^2 office building. The zero cycle and foundation piling of the planned building have now been completed. Within the New Hanza area, the construction of the office building at Mihaila Tāla iela 1 has started and the construction of the office building "Verde" (commissioned by a company not related to the Group) continues. At the same time, a technical project is being developed for an apartment building complex at Gustava Kluča iela 10. In determining the value in use of New Hanza Centre, SIA, the calculations do not assume a possible increase in the value of the investment property of New Hanza Centre, SIA in 2022. The cost of sale of the shares in New Hanza Centre, SIA is assumed to be 0.5% of the calculated value of the shares, the period of the sale is 1 year, and the discount factor for the net proceeds is 1.00.

The estimated impairment of goodwill of New Hanza Centre, SIA would decrease if:

- The value of the investment property would increase;
- The cost of selling the shares would decrease.

NHC 5, SIA

Goodwill attributable to the Group's subsidiary NHC 5, SIA amounts to EUR 131 916. As a result of the goodwill test, the fair value of NHC 5, SIA as EUR 9 094 300 has been determined as the recoverable amount. As a result of the goodwill test, no goodwill impairment to NHC 5, SIA has been determined.

NHC 5, SIA owns an office building in Riga, Elizabetes iela 23 and office premises in Riga, Elizabetes iela 21A. In determining the value in use of NHC 5, SIA, the calculations do not assume a possible increase in the value of the investment property of NHC 5, SIA in 2022. The cost of the sale of the shares in NHC 5, SIA is 0.5% of the estimated value of the shares in NHC 5, SIA, the period of the sale is 1 year, the discount factor for the net proceeds is 1.00.

The goodwill attributable to NHC 5, SIA would be impaired if:

- The value of the investment property would decrease;
- The cost of selling the shares would increase;
- The period for the sale of shares would be longer than 1 year.

Pillar Property Management, SIA (former name Pillar RE Services, SIA)

Goodwill attributable to the Group's subsidiary Pillar Property Management, SIA amounts to EUR 49 080. As a result of the goodwill test, the fair value of Pillar Property Management, SIA as EUR 104 834 has been determined as the recoverable amount. The goodwill impairment attributable to Pillar Property Management, SIA as a result of the goodwill test is EUR 29 246.

Pillar Property Management, SIA. manages and operates real estate owned by Group companies and third parties, including commercial properties, apartment buildings, as well as real estate in Riga, New Hanza area. In determining the value in use of Pillar Property Management, SIA, the calculations do not assume a potential increase in the value in use in 2022. The cost of sale of shares in Pillar Property Management, SIA is 0.5% of the value of shares in Pillar Property Management, SIA, the period of sale of shares is 1 year, the discount factor for net proceeds is 1.

The estimated impairment of goodwill of Pillar Property Management, SIA would increase / (decrease) if:

- Revenue from operating activities would decrease / (increase);
- Cost of selling shares would increase / (decrease);
- The period for the sale of shares would be longer than 1 year.

Pillar Contractor, SIA

Goodwill attributable to the Group's subsidiary Pillar Contractor, SIA amounts to EUR 484 037. As a result of the goodwill test, the fair value of Pillar Contractor, SIA as EUR 1 474 844 has been determined as the recoverable amount. The goodwill impairment attributable to Pillar Contractor, SIA as a result of the goodwill test is EUR 484 037.

Pillar Contractor, SIA provides general contracting and construction services to both Group companies and external customers. In determining the value in use of Pillar Contractor, SIA, the calculations do not assume a potential increase in the value in 2022. The cost of sale of shares in Pillar Contractor, SIA is 0.5% of the value of shares in Pillar Contractor, SIA, the period of sale of shares is 1 year, the discount factor for net proceeds is 1.

The estimated impairment of goodwill of Pillar Contractor, SIA would decrease if:

- Revenues from economic activities would increase;
- The cost of selling the shares would decrease.

Pillar 3, SIA

Goodwill attributable to the Group's subsidiary Pillar 3, SIA amounts to EUR 17 111. As a result of the goodwill test, the fair value of Pillar 3, SIA as EUR 472 016 has been determined as the recoverable amount. The goodwill impairment attributable to Pillar 3, SIA as a result of the goodwill test is EUR 17 111.

Pillar 3, SIA owns a number of properties for sale – an apartment in Jurmala, as well as land plots in Riga and its surroundings, which the company plans to dispose of in the future. In determining the value in use of Pillar 3, SIA, the calculations do not assume any potential increase in the value of inventories (real estate held for sale) in 2022. The cost of sale of Pillar 3, SIA shares is 0.5% of the value of Pillar 3, SIA shares, the sale period is 1 year, the discount factor for net proceeds is 1.00.

The estimated impairment of goodwill of Pillar 3, SIA would decrease if:

- The market value of inventories (real estate held for sale) would increase;
- Proceeds from the sale of inventories (real estate held for sale) would increase.

Pillar 4 & 6, SIA

Goodwill attributable to the Group's subsidiary Pillar 4 & 6, SIA amounts to EUR 207 999. As a result of the goodwill test, the fair value of Pillar 4 & 6, SIA of EUR 3 770 437 has been determined as the recoverable amount. The goodwill impairment attributable to Pillar 4 & 6, SIA as a result of the goodwill test is EUR 207 999.

Pillar 4 & 6, SIA. Owns an exclusive land plot with two private houses in Jurmala and a mixed development land plot in Riga, which the company plans to develop in the future periods. In determining the value in use of Pillar 4 & 6, SIA, the calculations do not assume any potential increase in the value of inventories (real estate held for sale) in 2022. The cost of selling the shares of Pillar 4 & 6, SIA is 0.5% of the calculated value of the shares of Pillar 4 & 6, SIA, the period of sale of the shares is 1 year, the net income discount factor is 1.00.

The estimated impairment of goodwill of Pillar 4 & 6, SIA would decrease if:

- The market value of inventories (real estate held for sale) would increase;
- Revenue from the sale of inventories (real estate for sale) would increase.

Pillar 2, 12 & 14, SIA (liquidated)

Goodwill attributable to the Group's subsidiary Pillar 2, 12 & 14, SIA is EUR 24 537. The goodwill impairment attributable to Pillar 2, 12 & 14, SIA as a result of the goodwill test is EUR 24 537.

Pillar 19, SIA

Goodwill attributable to the Group's subsidiary Pillar 19, SIA amounts to EUR 294 559. As a result of the goodwill test, the fair value of Pillar 19, SIA as EUR 7 685 257 has been determined as the recoverable amount. The goodwill impairment attributable to Pillar 19, SIA as a result of the goodwill test is EUR 294 559.

Pillar 19, SIA owns real estate in Jurmala, Jūras iela 41/45, which the company plans to sell or develop in the future. During the reporting period, the development of a detailed plan for the property owned by Pillar 19, SIA has been initiated, according to which the dismantling of the existing building will be coordinated and the architecture, types of use, amounts and number of floors of the future building will be defined and coordinated. The detailed planning is expected to be approved at the end of 2022. In determining the value in use of Pillar 19, SIA, the calculations do not assume any potential increase in the value of inventories (real estate held for sale) in 2022. The cost of sale of Pillar 19, SIA shares is 0.5% of the value of Pillar 19, SIA shares, the sale period is 1 year, the discount factor for net proceeds is 1.00.

The estimated impairment of goodwill of Pillar 19, SIA would decrease if:

- The market value of inventories (real estate held for sale) would increase;
- Proceeds from the sale of inventories (real estate held for sale) would increase.

Pillar 22, SIA

Goodwill attributable to the Group's subsidiary Pillar 22, SIA amounts to EUR 12 554. As a result of the goodwill test, the fair value of Pillar 22, SIA of EUR 490 865 has been determined as the recoverable amount. As a result of the goodwill test, no goodwill impairment to Pillar 22, SIA has been determined.

Pillar 22, SIA owns an office building in Riga, Brīvības gatve 275, which is leased on a long-term basis to Bonava Latvija, SIA, a leading residential development company in Northern Europe. In determining the value in use of Pillar 22, SIA, the calculations do not assume a possible increase in the value of the investment property of Pillar 22, SIA in 2022. The cost of sale of Pillar 22, SIA shares is 0.5% of the estimated value of Pillar 22, SIA shares, the period of sale of shares is 1 year, the discount factor for net proceeds is 1.00.

Goodwill attributable to Pillar 22, SIA would be impaired if:

- The value of the investment property would decrease;
- The cost of selling the shares would increase;
- The period for the sale of shares would be longer than 1 year.

Pillar 23, SIA

Goodwill attributable to the Group's subsidiary Pillar 23, SIA amounts to EUR 1 824 319. As a result of the goodwill test, the fair value of Pillar 23, SIA as EUR 22 735 202 has been determined as the recoverable amount. The goodwill impairment attributable to Pillar 23, SIA as a result of the goodwill test is EUR 999 017.

Pillar 23, SIA owns a number of plots and intermediate plots in Riga, New Hanza area, which the company plans to develop in the future. The total area of the plots is 11.82 ha. Within the New Hanza area, the construction of the office building at Mihaila Tāla iela 1 has started and the construction of the office building "Verde" (commissioned by a company not related to the Group) continues. At the same time, a technical project is being developed for an apartment building complex at Gustava Kluča iela 10. In determining the value in use of Pillar 23, SIA, the calculations do not assume a possible increase in the value of the investment property of Pillar 23, SIA in 2022. The cost of sale of the shares in Pillar 23, SIA is assumed to be 0.5% of the calculated value of the shares, the period of the sale of the shares is 1 year, the discount factor for the net proceeds is 1.00.

The estimated impairment of goodwill of Pillar 23, SIA would increase/(decrease) if:

- The value of the investment property would decrease / (increase);
- Cost of selling shares would increase / (decrease);
- The period for the sale of shares would be longer than 1 year.

Pillar, SIA

Goodwill attributable to the Group's subsidiary Pillar, SIA amounts to EUR 1 409. As a result of the goodwill test, the fair value of Pillar, SIA of EUR 2 440 823 has been determined as the recoverable amount. The goodwill impairment attributable to Pillar, SIA as a result of the goodwill test is EUR 1 409.

Pillar, SIA owns a plot of land in Riga, New Hanza, which it plans to develop in the future. The total area of the plot is 8 132 m^2. A technical project for a complex of apartment buildings is being developed on the plot. In determining the value in use of Pillar, SIA, the calculations do not assume a possible increase in the value of Pillar, SIA' s inventories (work in progress and orders) in 2022. The cost of sale of the shares in Pillar, SIA is assumed to be 0.5% of the calculated value of the shares, the period of the sale is 1 year, and the discount factor for net proceeds is 1.00.

The estimated impairment of goodwill of Pillar, SIA would decrease if:

- The market value of inventories (work in progress and orders) would increase;
- Revenues from the sale of inventories (work in progress and stocks) would increase.

Pillar Holding Company, KS (liquidated)

Goodwill attributable to Pillar Holding Company, KS is EUR 29 962. The goodwill impairment attributable to Pillar Holding Company, KS as a result of the goodwill test is EUR 29 962.

19. Fixed assets and costs of unfinished construction objects

Company	Other fixed assets EUR	Fixed assets total (without advance payments) EUR
Initial value as of 31 December 2020	**153 722**	**153 722**
Purchased	10 694	10 694
Eliminated	(10 456)	(10 456)
Initial value as of 31 December 2021	**153 960**	**153 960**
Accumulated depreciation as of 31 December 2020	**41 157**	**41 157**
Calculated depreciation	24 961	24 961
Depreciation of eliminated fixed assets	(2 653)	(2 653)
Accumulated depreciation as of 31 December 2021	**63 465**	**63 465**
Residual value as of 31 December 2020	**112 565**	**112 565**
Residual value as of 31 December 2021	**90 495**	**90 495**

Group	Buildings and structures EUR	Land EUR	Creation of fixed assets and costs of unfinished construction objects EUR	Infrastructure engineering structures EUR	Other fixed assets EUR	Advance payments for fixid assets aquisition EUR	Total fixed assets EUR
Initial value as of 31 December 2020	**848 293**	**5 036 018**	**386 609**	**9 673 845**	**4 346 448**	**-**	**20 291 213**
Purchased	-	-	225 311	-	160 645	2 996	388 952
Eliminated	-	-	-	-	(51 452)	-	(51 452)
Reclassification from investment properties	-	-	156 370	-	-	-	156 370
Initial value as of 31 December 2021	**848 293**	**5 036 018**	**768 290**	**9 673 845**	**4 455 641**	**2 996**	**20 785 083**
Accumulated depreciation as of 31 December 2020	**194 898**	**-**	**-**	817 727	**1 518 700**	**-**	**2 531 325**
Calculated depreciation	84 866	**-**	**-**	667 234	638 492	-	1 390 592
Depreciation of eliminated fixed assets	-	-	-	-	(26 295)	-	(26 295)
Accumulated depreciation as of 31 December 2021	**279 764**	**-**	**-**	**1 484 961**	**2 130 897**	**-**	**3 895 622**
Residual value as of 31 December 2020	**653 395**	**5 036 018**	**386 609**	**8 856 118**	**2 827 748**	**-**	**17 759 888**

Residual value as of 31 December 2021	**568 529**	**5 036 018**	**768 290**	**8 188 884**	**2 324 744**	**2 996**	**16 889 461**

Pledged assets

In accordance with the loan agreements of 21 August 2019 and the pledge agreements of 21 August 2019, 26 September 2019 and 15 October 2019, concluded between the Goup's company Pillar Contractor, SIA, and Reģionālā investīciju banka, AS, registration no. 40003563375, the fixed assets of Pillar Contractor, SIA, for the acquisition of which the loan of Reģionālā investīciju banka, AS was used, serve as security for the loan. The maximum amount of the security is EUR 749 170. See also Note 31 "Loans and Bonds".

In accordance with the loan agreements of 16 November 2020 concluded between the Group's company Pillar Contractor, SIA and Reģionālā investīciju banka, AS, registration No. 40003563375, the fixed assets of Pillar Contractor, SIA, for the purchase of which a loan issued by Reģionālā investīciju banka, AS was used, serve as security for the loan. Maximum amount of the security is EUR 150 000. See also Note 31 "Loans and Bonds".

20. Investment properties

Group	Construction of self-created investment properties EUR	Investment properties EUR	Investment properties total EUR
As at 31 December 2019	**-**	**88 603 703**	**88 603 703**
Acquisition	8 393 250	4 100	8 397 350
Reclassification from investment properties	11 689 585	(11 689 585)	-
Reclassification to investment properties	(57 907)	57 907	-
Reclassification from / (to) costs of establishing fixed assets and unfinished construction objects	(753 932)	-	(753 932)
Eliminated	-	(13 300)	(13 300)
Written off in expenses	(55 714)	-	(55 714)
Revaluation result recognised in profit or loss as a gain on revaluation of investment property	-	507 851	507 851
As at 31 December 2020	**19 215 282**	**77 470 676**	**96 685 958**
Acquisition	13 622 349	-	13 622 349
Reclassification from investment properties	(17 794 598)	17 794 598	-
Reclassification to investment properties	(1 166 921)	(1 737 000)	(2 903 921)
Reclassification from / (to) costs of establishing fixed assets and unfinished construction objects	(156 370)	-	(156 370)
Revaluation result recognised in profit or loss as a gain on revaluation of investment property	(4 185 734)	3 892 902	(292 832)
As at 31 December 2021	**9 534 008**	**97 421 176**	**106 955 184**

Pledged assets

In accordance with the loan and pledge (mortgage) agreements of February 7, 2018 concluded between the Group company NHC 4, SIA and the SEB banka, AS, registration No. 40003151743, real estate of NHC 4, SIA – A6 Logistics park in Riga, Maskavas iela 462/464A, Riga serves as security for the loan. See also Note 31 "Loans and Bonds".

In accordance with the loan and pledge agreements of 31 July 2020 concluded between the Group company Pillar 22, SIA and Signet Bank, AS, registration No. 40003076407, real estate of Pillar 22, SIA – office building in Riga, Brīvības gatve 275 serves as security for the loan. See also Note 31 "Loans and Bonds".

In accordance with the pledge agreement of 22 July 2021 concluded between the Group company Tāla 1, SIA and ABLV Bank, AS in liquidation, registration No. 50003149401, real estate of Tāla 1, SIA – land plot in Riga, Mihaila Tāla iela 1 serves as security for the loan. See also Note 31 "Loans and Bonds".

Company	Investment property EUR
As at 31 December 2019	**700 000**
Revaluation result recognised in profit or loss as a gain on revaluation of investment property	-
As at 31 December 2020	**700 000**
Revaluation result recognised in profit or loss as a gain on revaluation of investment property	18 000
As at 31 December 2021	**718 000**

The Group and Company has no restrictions regarding sale of its investment property and has no contractual obligations to buy, construct or develop investment properties or carry out renovation, maintenance and improvements.

The fair value of the Company's investment property in Riga, Elizabetes iela 21A-101 and Riga, Elizabetes iela 21A-103 on the basis of an opinion of an external independent valuator is set at EUR 718 000. The investment property owned by the Company has been fully leased out.

The fair value of the office buildings owned by NHC 2, SIA in Riga, former VEF territory, on the basis of an opinion of an independent valuator, has been evaluated in the amount of EUR 14 326 000. The office buildings of NHC 2, SIA are leased out for long-term and short-term tenants. At the end of the reporting period, the occupancy in the office buildings of VEF territory was 69.35% (excluding the building located at Brīvības gatve 214M, which has been vacated from tenants at the end of the reporting period so that reconstruction works could be commenced there).

The fair value of the A6 Logistics park owned by the Group's company NHC 4, SIA in Riga, Maskavas iela 462 and Maskavas iela 464A on the basis of an opinion of an external independent valuator has been evaluated in the amount of EUR 32 256 000. The existing warehouse complex has been leased to long-term tenant Latakko, SIA, which is one of the leading companies in the auto industry in the Baltic States. In addition, at the end of 2021 NHC 4, the SIA commissioned a new Class A logistics park, built on the free land owned by the company. The total area of new warehouses is 31 518 m^2.

The fair value of the investment property of the Group's company NHC 5, SIA – office buildings in Riga, Elizabetes iela 23 and office premises in Riga, Elizabetes iela 21A - 102, on the basis of an opinion of an external independent valuator, has been evaluated in the amount of EUR 8 861 000. Office building and office premises are leased to short-term and long-term tenants.

The fair value of the office building owned by the Group's company Pillar 22, SIA in Riga, Brīvības gatve 275, on the basis of an opinion of an independent valuator has been evaluated in the amount of EUR 1 612 000. The office building is leased to one long-term tenant.

The fair value of the property of the Group's company Pillar Development, SIA, address: Riga, Hanzas iela 16A, on which the cultural and entertainment building "Hanzas Perons" , the office building in Riga, Pulkveža Brieža Iela 28A is located, and a land plot intended for commercial building with the area of 2.6 ha, on the part of which a paid parking lot for the visitors of the territory has been built, on the basis of an opinion of an external independent valuator, has been assessed in the amount of EUR 11 740 000.

The fair value of the investment property of the company Pillar 23, SIA - land plots and intermediate plots intended for construction in Riga, in the New Hanza territory, on the basis of an opinion of an external independent valuator has been estimated at EUR 22 669 900. Total area of land plots exceeds 11.82 ha.

The fair value of the investment property of the company New Hanza Centre, SIA - land plot intended for development in Riga, Mihaila Tāla iela 3 on the basis of an opinion of an independent valuator has been estimated at EUR 4 676 000. The area of the land plot is 1.8 ha and it is planned to develop an office buildings with the area of 94 000 m^2 on it. At the moment, the zero cycle and basic pile construction works of the planned building have been completed.

The fair value of the investment property of the company Tāla 1, SIA – land plot intended for development in Riga, Mihaila Tāla iela 1 on the basis of an opinion of an idependent valuator has been estimated at EUR 1 995 000. The area of the land plot is 6 662 m^2.

The determination of the fair value of the property of the group of companies is carried out in the fourth quarter of each year or more often, if information regarding significant changes in the quality of any long-term investment and a loss event is at the disposal of the Group. Previously prepared evaluations not exceeding 12 months from the date of determination of value may be used for determination of fair value of investment properties. Fair value of the Group's investment properties is categorised as level 3 in the hierarchy of fair value.

The table shows the valuation methods used by appraisers to determine the fair value of investment property, as well as the most significant unobservable data:

Investment property	Valuation approach	Significant non-observable data	Relation between significant non-observed data and assessment of fair value
Investment property EUR 493 000 (2020: EUR 482 000), located at 21A Elizabetes Street, No 103, Riga, Total area: 150.8 m^2.	Year 2021 and 2020: Discounted cash flow model with a terminal value component at the end of the cash flow estimation period: The model is based on the discounted cash flow of the rental services provided.	Monthly rental income over the cash flow estimation period - 32.98 EUR/m^2 for the first year (2020: 32.88 EUR/m^2), in subsequent periods – 22.00 EUR/m^2 with 2% annual increase, based on the existing lease agreement in year 1, in subsequent periods – appraiser's estimate; Discount rate over the cash flow projection period – 7.3% (2020: 7.3%); The cash flow estimation period is 5 years (2020: 5 years); Capitalisation rate – 7% (2020: 7%).	The estimated fair value would increase (decrease) if: - The rate of revenue growth would be higher (lower); - The discount rate/capitalisation rate would be lower (higher); - The cash flow forecast period would be longer (shorter); - The estimated selling price would be higher (lower) at the end of the projection period.
	Year 2021 and 2020: Comparable Transactions Approach: The market value is calculated by comparing market transactions for similar properties.	Objects to be compared: Average adjusted selling price per 1 m^2 of the total area of the premises, rounded, EUR 3 150.	The estimated fair value would increase (decrease) if: - Selling prices for similar properties on the market would increase (decrease); - The technical condition of the property would improve (deteriorate).
		A 50% weighting is applied to each calculation approach, the Discounted Cash Flow Approach and the Comparable Transactions Approach.	
Investment property EUR 225,000 (2020: EUR 218 000), located at Elizabetes iela 21A, No 101, Riga, Total area: 75.70 m^2.	Year 2021 and 2020: Discounted cash flow model with a terminal value component at the end of the cash flow estimation period: The model is based on the discounted cash flow of the rental services provided.	Monthly rental income over the cash flow estimation period - EUR 17.50/m^2 for the first year (2020: 15.00 EUR/m^2), based on the existing lease agreement in year 1, subsequent periods – appraiser's estimate; Annual revenue growth – 2%-3% (2020: 2% - 5%), based on the existing lease agreement; Discount rate over the cash flow projection period – 7.3% (2020: 7.3%); The cash flow estimation period is 5 years (2020: 5 years); Capitalisation rate – 7% (2020: 7%).	The estimated fair value would increase (decrease) if: - The rate of revenue growth would be higher (lower); - The discount rate/capitalisation rate would be lower (higher); - The cash flow forecast period would be longer (shorter); - The estimated selling price would be higher (lower) at the end of the projection period.
	Year 2021 and 2020: Comparable Transactions Approach: The market value is calculated by comparing market transactions for similar properties.	Objects to be compared: Average adjusted selling price per 1 m^2 of the total area of the premises, rounded, EUR 2 880.	The estimated fair value would increase (decrease) if: - Selling prices for similar properties on the market would increase (decrease); - The technical condition of the property would improve (deteriorate).
		A 50% weighting is applied to each calculation approach, the Discounted Cash Flow Approach and the Comparable Transactions Approach.	
Investment properties valued at EUR 14 326 000 (2020: EUR 14 334 000), located at Brīvības gatve 214M, Riga; Bērzaunes iela 1, Riga; Brīvības gatve 214B, Riga; Bērzaunes iela 7, Riga. Total area: 30 626.9 m^2.	Year 2021 and 2020: Discounted cash flow model with a terminal value component at the end of the cash flow estimation period: The model is based on the discounted cash flow of the rental services provided.	Buildings at Bērzaunes iela 1, Riga; Brīvības gatve 214B, Riga and Bērzaunes iela 7, Riga: Average monthly rental income for all buildings – 5.10 EUR/m^2 (2020: 4.80 EUR/m^2), based on the terms of the existing lease agreements and the accepted rental rates for non-rented premises. Annual revenue growth – 1% - 2% (2020: 2%); Discount rate – 8% - 8.50% (2020: 8% - 8.50%); Occupancy – 64% - 95% in year 1 (2020: 62% - 76% in year 1); Cash flow estimation period – 3-5 years (2020: – 3 - 5 years); Capitalisation rate – 7.5% - 8% (2020: 7.5% - 8.50%). Buildings at Brīvības gatve 214M, Riga: Leasable area after reconstruction – 13 831 m^2 (2020: 13 831 m^2);	The estimated fair value would increase (decrease) if: - the rate of revenue growth would be higher (lower); - discount/capitalisation rates would be lower (higher); - the occupancy assumption would be higher (lower); - reconstruction costs would be higher (lower); - the reconstruction time would be shorter (longer).

		Total reconstruction time – 3 years (2020: 3 years); Average reconstruction costs – 860 EUR/m^2 (2020: 845 EUR/m^2); Average monthly rent 12.00 EUR/m2 (2020: 12.00 EUR/m^2); Discount rate – 8% (2020: 8%); Occupancy rate for the last period – 95% (2020: 95%); The cash flow estimation period – 4 years (2020: 4 years); Capitalisation rate – 7.50% (2020: 7.50%).	
Investment property valued at EUR 32 256 000 (2020: EUR 10 930 000), located at Maskavas iela 462, 464A, Riga. Total area: 59 511.30 m^2 (2020: 27 874.90 m^2).	Year 2021 and 2020: Discounted cash flow model with a terminal value component at the end of the cash flow estimation period. The model is based on the discounted cash flow of the rental services provided.	Monthly rental income – 3.1 EUR/m^2 (2020: 3.23 EUR/m^2) (for old warehouses) and 4.4 EUR/m^2 (for new warehouses) is based on the existing lease agreement and the accepted rental rates for non-rented premises. Discount rate – 8.65% (2020: 9.00%); Occupancy – 97% (2020: 99%); Annual revenue growth – up to 2.6% per year (2020: 0.6% to 2.5%); The cash flow estimation period – 5 years (2020: 6 years); Capitalisation rate – 7% (2020: 8%); In 2020, for the purpose of the cash flow calculation, it was assumed that the developable part of the territory (~7.5 ha) is being sold. The selling price is determined by the market data comparison method. Accepted price per square metre – 17.00 EUR/m2	The estimated fair value would increase (decrease) if: - the rate of revenue growth would be higher (lower); - discount/capitalisation rates would be lower (higher); - the occupancy assumption would be higher (lower).
Investment property valued at EUR 8 861 000 (2020: EUR 8 286 000), located at Elizabetes iela 23, Riga and Elizabetes iela 21A, No 102. Total area: 5 014.30 m^2.	Year 2021 and 2020: Discounted cash flow model with a terminal value component at the end of the cash flow estimation period: The model is based on the discounted cash flow of the rental services provided.	Monthly office rental income – 12.32 EUR/m^2 (2020: 12.45 EUR/m^2), based on the existing lease agreement and the accepted rental rates for non-rented premises. Discount rate – 7.15%; (2020: 7.75%); Occupancy – 95%; (2020: 97%); Annual revenue growth - 0%. – 1.5%; (2020: 0.5% - 2%); Cash flow estimation period – 5 years; (2020: 5 years); Capitalisation rate – 5.9% (2020: 6.5%).	The estimated fair value would increase (decrease) if: - the rate of revenue growth would be higher (lower); - discount/capitalisation rates would be lower (higher); - the occupancy assumption would be higher (lower).
Investment property valued at EUR 1 612 000 (2020: EUR 1 563 000), located at Brīvības gatve 275, Riga Total area: 1 404.20 m^2.	Year 2021 and 2020: Discounted cash flow model with a terminal value component at the end of the cash flow estimation period: The model is based on the discounted cash flow of the rental services provided.	Monthly rental income – 9.39 EUR/m^2 (2020: 9.21 EUR/m^2) for office space, 3.28 EUR/m^2 (2020: 3.22 EUR/m^2) for the terrace area, based on the existing lease agreement. Discount rate – 7.65%; (2020: 7.65%); Occupancy – 98%; (2020: 98%); Annual revenue growth – 0% - 2.5% (2020: 2%); The cash flow estimation period – 7 years (2020: 8 years); Capitalisation rate – 7.65% (2020: 7.65%);	The estimated fair value would increase (decrease) if: - the rate of revenue growth would be higher (lower); - discount/capitalisation rates would be lower (higher); - the occupancy assumption would be higher (lower).
Investment property valued at **EUR 5 849 000**, located at Hanzas iela 16A, Riga (Hanzas Perons). Total area: 4 426 m^2.	In 2021: The method of calculating the replacement cost approach is based on the sum of all the costs required to create an asset equivalent to the property being valued at the time of the valuation. Comparative transaction approach based on the calculation of market value using a comparison of similar real estate market transactions.	Building construction replacement costs – 2 628 EUR/m^2; Market value of the land plot 150 EUR/m^2; Land improvement costs 152 EUR/m^2; Construction costs of external engineering networks 40 EUR/m^2; External (economic) depreciation of real estate – 61%;	The estimated fair value would increase (decrease) if: - the market cost of building would be higher (lower); - the market cost of redevelopment would be higher (lower); - the market costs of building external utilities would be higher (lower); - the economic depreciation of the property would be lower (higher); - the market value of the land would be higher (lower).

Investment properties valued at **EUR 884 000,** located at Hanzas iela 16A, Riga Total area 4 572 m^2.	In 2021: The method of calculating the replacement cost approach is based on the sum of all the costs required to create an asset equivalent to the property being valued at the time of the valuation. Comparative transaction approach based on the calculation of market value using a comparison of similar real estate market transactions.	Market value of the land plot 123 EUR/m^2 (2020: 118 EUR/m^2); Construction costs of external engineering networks 40 EUR/m^2; Land improvement costs 152 EUR/m^2; External (economic) depreciation of real estate – 80%.	The estimated fair value would increase (decrease) if: - the market costs of building external utilities would be higher (lower); - the market value of the land would be higher (lower); - the development potential of the property would be better (worse) - the market cost of redevelopment would be higher (lower); - the economic depreciation of the property would be lower (higher); - the location of the plot in the area would be better (worse).
Investment properties valued at EUR 5 007 000 (2020: EUR 4 994 000) **,** located at Hanzas iela 16A, Riga Total area 14 825 m^2.	Year 2021 and 2020: The method of calculating the replacement cost approach is based on the sum of all the costs required to create an asset equivalent to the property being valued at the time of the valuation. Comparative transaction approach based on the calculation of market value using a comparison of similar real estate market transactions. Discounted cash flow model. The model is based on the discounted cash flow of the rental services provided.	Market value of the land plot 262 EUR/m^2 (2020: 257 EUR/m^2); Construction costs of external engineering networks 40 EUR/m^2; Monthly parking lot rental income – 53.7 EUR/unit; Monthly office rental income – 10 EUR/m^2 Occupancy – offices – 90%, parking lots – 85% Discount rate – 7.8%; The cash flow estimation period – 5 years.	The estimated fair value would increase (decrease) if: - the market costs of building external utilities would be higher (lower); - the market value of the land would be higher (lower); - rental income would be higher (lower); - the occupancy assumption would be higher (lower); - the discount rate would be lower (higher); - the development potential of the property would be better (worse)
Investment properties valued at **EUR 365 900** (EUR 351 800 in 2020) located at Sporta iela 19, Riga and plots of land in the territory of New Hanza without an address. Total area 3 735 m^2.	Year 2021 and 2020: Comparative transaction method based on the calculation of market value using a comparison of similar real estate market transactions.	The market value of the land plots ranges from 74 EUR/m^2 to 156 EUR/m^2; (2020: 71 EUR/m^2 - 150 EUR/m^2).	The estimated fair value would increase (decrease) if: - the location of the plot in the area would be better (worse); - accessibility would be better (worse); - communications provision / proximity would be better (worse); - the development potential of the property would be better (worse)
Investment properties valued at **EUR 20 949 000** located in Riga, Mihaila Tāla iela 2, Mihaila Tāla iela 5, Mihaila Tāla iela 7, Mihaila Tāla iela 12, Sporta iela 14, Sporta iela 16, Gustava Kluča iela 6, Aleksandra Laimes iela 1, Aleksandra Laimes iela 2, Aleksandra Laimes iela 3, Aleksandra Laimes iela 4, Aleksandra Laimes iela 5, Hanzas iela 14C. Total area 10.74 ha	In 2021: Comparative transaction method based on the calculation of market value using a comparison of similar real estate market transactions.	Market values of land plots range from 156 EUR/m^2 to 249 EUR /m^2.	The estimated fair value would increase (decrease) if: - the location of the plot in the area would be better (worse); - accessibility would be better (worse); - communications provision / proximity would be better (worse); - the development potential of the property would be better (worse)
Investment property valued at **EUR 1 355 000** (EUR 1 308 700 in 2020) located at Mihaila Tāla iela 4, Riga.	Year 2021 and 2020: Comparative transaction method based on the calculation of market value using a comparison of	Market value of the land plot 214 EUR/m^2 (2020: 206 EUR/m^2).	The estimated fair value would increase (decrease) if: - the location of the plot in the area would be better (worse);

Total area 0.63 ha	similar real estate market transactions.		- accessibility would be better (worse); - communications provision / proximity would be better (worse); - the development potential of the property would be better (worse)
Investment property valued at **EUR 4 676 000** (EUR 4 625 000 in 2020) located at Mihaila Tāla iela 3, Riga. Total area 1.80 ha	Year 2021 and 2020: Comparative transaction method based on the calculation of market value using a comparison of similar real estate market transactions.	Market value of the land plot 260 EUR/m^2 (2020: 257 EUR/m^2).	The estimated fair value would increase (decrease) if: - the location of the plot in the area would be better (worse); - accessibility would be better (worse); - communications provision / proximity would be better (worse); - the development potential of the property would be better (worse)
Investment property valued at **EUR 1 995 000** located at Mihaila Tāla iela 1, Riga Total area 6 662 m^2.	In 2021: The method of calculating the replacement cost approach is based on the sum of all the costs required to create an asset equivalent to the property being valued at the time of the valuation. Comparative transaction approach based on the calculation of market value using a comparison of similar real estate market transactions. Discounted cash flow model. The model is based on the discounted cash flow of the rental services provided.	Market value of the land plot 253 EUR/m^2; Construction costs of external engineering networks 40 EUR/m^2; Monthly parking lot rental income – 53.70 EUR/unit; Occupancy – 70%; Discount rate – 8%; Cash flow estimation period – 1 year.	The estimated fair value would increase (decrease) if: - the market costs of building external utilities would be higher (lower); - the market value of the land would be higher (lower); - rental income would be higher (lower); - the occupancy assumption would be higher (lower); - the discount rate would be lower (higher); - the development potential of the property would be better (worse)

Operating lease revenues under non-cancellable lease agreements in Group properties

31.12.2021

Period	Up to 1 year	1 to 5 year	5 years to lease agreement maturity
Lease revenue	2 559 004	8 738 815	4 358 485

31.12.2020

Period	Up to 1 year	1 to 5 year	5 years to lease agreement maturity
Lease revenue	906 795	1 202 176	-

Operating lease revenues under non-cancellable lease agreements in Company properties

31.12.2021

Period	Up to 1 year	1 to 5 year	5 years to lease agreement maturity
Lease revenue	21 382	-	-

31.12.2020

Period	Up to 1 year	1 to 5 year	5 years to lease agreement maturity
Lease revenue	17 982	-	-

The average rent of the Group's investment properties at the end of the reporting period amounted to EUR 4.58, which was mainly due to the lower rent of warehouse space compared to other asset classes in the Group's investment property portfolio. The weighted average remaining lease term, calculated on the basis of the leased area (WALE) during 2021, has increased to 10.6 years compared to the same period a year earlier. At the end of the reporting period, the occupancy of the Group's investment properties reached 53% of the leasable area.

21. Investments in subsidiaries

Group composition (PCA direct and indirect participation in companies):

Company name	Country of registration	Registration number	Number of shares owned 31.12.2021 %	Investment balance sheet value 31.12.2021 EUR	Equity value of the related company 31.12.2021 EUR	Profit / (loss) of the related company during the reporting period EUR
Segment 1 - Service companies						
Pillar Property Management, SIA	Latvia	40103731804	100	85 000	104 751	(45 791)
Pillar Contractor, SIA	Latvia	40103929498	100	1 474 844	1 472 372	(692 643)
Hanzas Perons, SIA	Latvia	40203032439	100	40 320	38 225	(42 416)
New Hanza Utilities, SIA	Latvia	40203317752	100*	-	16 559	(3 441)
Segment 2 - Companies owning real estate objects held for development						
Pillar Development, SIA	Latvia	40103222826	100	24 610 506	24 610 506	(3 170 881)
Hanzas Dārzs, SIA	Latvia	40203078059	100*	544 000	918 382	(20 552)
Pillar 23, SIA	Latvia	40203107574	100	21 909 900	22 735 202	713 706
New Hanza Centre, SIA	Latvia	40203037667	100	10 449 620	10 449 620	(4 193 260)
Pillar, SIA	Latvia	40103554468	100	2 440 823	2 440 823	(8 320)
Tāla 1, SIA	Latvia	40203299599	100	3 203 623	3 203 623	(91 377)
Segment 3 – Companies owning lease revenue generating real estate objects						
NHC 2, SIA	Latvia	40103963977	100	3 000 000	3 289 960	(271 635)
NHC 4, SIA	Latvia	40203032424	100	2 600 000	8 146 829	2 784 376
NHC 5, SIA	Latvia	50203032411	100	8 393 170	9 093 382	594 397
Pillar 22, SIA	Latvia	50103966301	100*	396 366	490 865	92 456
Segment 4 – Companies owning real estate objects held for sale						
Pillar 3, SIA	Latvia	40103193067	100	472 016	472 016	(164 200)
Pillar 4 & 6, SIA	Latvia	40103210494	100	3 770 437	3 770 437	(40 862)
Pillar 11, SIA	Latvia	40103258310	100	47 096	47 096	(42 937)
Pillar 19, SIA	Latvia	40103766952	100	7 685 257	7 685 257	(148 649)
Pillar 20, SIA	Latvia	40103903056	100	163 043	163 043	(57 763)
Total				**91 286 021**	**99 148 948**	**(4 809 792)**

Company name	Country of registration	Registration number	Number of shares owned 31.12.2020 %	Investment balance sheet value 31.12.2020 EUR	Equity value of the related company 31.12.2020 EUR	Profit / (loss) of the related company during the reporting period EUR
Segment 1 - Service companies						
Pillar Management, SIA	Latvia	40103193211	100	510 939	512 152	212 150
Pillar Property Management, SIA	Latvia	40103731804	100	85 000	150 803	57 188
Pillar Contractor, SIA	Latvia	40103929498	100	1 850 000	2 025 506	277 380

Pillar Architekten, SIA	Latvia	40103437217	100	85 434	94 533	(9 699)
Hanzas Perons, SIA	Latvia	40203032439	100	46 487	46 157	(71 233)
Segment 2 - Companies owning real estate objects held for development						
Pillar Development, SIA	Latvia	40103222826	100	30 232 467	30 231 387	(569 703)
Hanzas Dārzs, SIA	Latvia	40203078059	100*	544 000	938 934	(19 298)
Pillar 23, SIA	Latvia	40203107574	100	22 760 000	22 871 596	(24 622)
New Hanza Centre, SIA	Latvia	40203037667	100	14 642 921	14 642 879	(196 761)
Pillar, SIA	Latvia	40103554468	100	712 143	712 143	(8 597)
Segment 3 – Companies owning lease revenue generating real estate objects						
NHC 2, SIA	Latvia	40103963977	100	3 000 000	3 561 595	43 734
NHC 4, SIA	Latvia	40203032424	100	2 600 000	5 362 453	(7 604)
NHC 5, SIA	Latvia	50203032411	100	8 393 170	8 498 985	(25 155)
Pillar 22, SIA	Latvia	50103966301	100	396 366	398 409	9 066
Segment 4 – Companies owning real estate objects held for sale						
Pillar 2, 12 & 14, SIA	Latvia	50103313991	100	109 299	177 312	252 682
Pillar 3, SIA	Latvia	40103193067	100	570 000	636 215	(383 768)
Pillar 4 & 6, SIA	Latvia	40103210494	100	3 810 877	3 811 588	(241 676)
Pillar 11, SIA	Latvia	40103258310	100	90 033	90 033	(63 456)
Pillar 18 SIA	Latvia	40103492079	100	1 939	1 939	(47 848)
Pillar 19, SIA	Latvia	40103766952	100	7 833 880	7 833 906	(185 541)
Pillar 20, SIA	Latvia	40103903056	100	23 606	23 606	(33 824)
Pillar 21, SIA	Latvia	40103929286	100	426 974	426 871	(78 533)
Total				**98 725 535**	**103 049 002**	**(1 115 118)**

* Public participation in companies takes place through 100% control of the parent company.
** The capital shares of Company's subsidiary Pillar 21, SIA owned by Company during the reporting period, are sold on the reporting date. Participation on 31 December 2021 has been reclassified to long-term investments held for sale (see also Note 29). All other Company's subsidiaries are included in these consolidated statements in accordance with going concern basis.

The Company's investments in subsidiaries:

	EUR
Balance sheet value 31.12.2019	**122 871 930**
Exclusion of investment	(11 603 702)
Reduction of investment	(14 550 000)
Increase of investment	5 010 000
Investment value adjustment	(3 002 693)
Balance sheet value 31.12.2020	**98 725 535**
Exclusion of investment	(512 878)
Reduction of investment	(3 415 922)
Reclassification of investments to long - term investments held for sale	(340 811)
Increase of investment	5 307 766
Investment value adjustment	(8 477 669)
Balance sheet value 31.12.2021	**91 286 021**

Reclassification and increase of investments in reporting period

In implementing optimisation of group structure provided for in the Pillar Capital, AS restructuring plan, in June 2020, liquidation of the limited partnership Pillar Holding Company, KS (hereinafter referred to as - PHC) owned by Pillar Capital, AS was carried out in accordance with Section 103 of the Commercial Law. Thus, on 25 June 2020, as a result of the transfer of the company, PHC transferred 100% of the 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 the investment owned by it - 0.95% shares of Pillar 23, SIA, to the Company as its stakeholder. As a result of the transfer of PHC company, the Company took over also other assets and liabilities of PHC.

22. Loans to subsidiaries

	Interest rate	Maturity date	Company 31.12.2021 EUR	Company 31.12.2020 EUR
Long-term part				
Loans to related companies till 5 years term			**22 854 072**	**10 937 133**
NHC 4, SIA	3.90%	30.06.2023	19 462 224	10 937 133
Tāla 1, SIA	3.90%	30.04.2024	3 226 848	-
Pillar 22, SIA	3.90%	30.06.2026	165 000	-
Short-term part				
Loans to related companies			**12 368 400**	**18 968 000**
NHC 2, SIA	3.90%	30.06.2022	10 363 000	10 363 000
NHC 4, SIA	3.90%	30.06.2022	-	-
Hanzas Dārzs, SIA	3.90%	30.06.2022	227 200	208 000
Pillar Development, SIA	3.90%	30.06.2022	663 000	6 674 000
Pillar 11, SIA	3.90%	30.06.2022	342 200	297 000
Pillar 19, SIA	3.90%	30.06.2022	396 000	190 000
Pillar 20, SIA	3.90%	30.06.2022	-	61 000
Pillar 21, SIA	3.90%	30.06.2022	253 500	181 000
Pillar 22, SIA	3.90%	30.06.2022	-	149 000
Pillar 23, SIA	3.90%	30.06.2022	123 500	845 000
Total			**35 222 472**	**29 905 133**

Loans to related companies include loans to subsidiaries in the form of a credit line. The interest rate on the loans is determined in accordance with the Group's regulations. Loans are unsecured.

23. Financial assets measured at fair value through profit and loss

	Group 31.12.2021 EUR	Group 31.12.2020 EUR
Investments in shares	59 945	35 313
Total	**59 945**	**35 313**

Financial instruments measured at fair value with representation in profit or loss statement include investments in listed shares. The fair value of these capital shares is determined on the basis of published price quotes on an active market.

24. Real estate held for sale

The Group consists of companies that develop real estate, which they sell in the ordinary course of business, and have entered into agreements for the sale of certain of these properties.

	Group 31.12.2021 EUR	Group 31.12.2020 EUR
Real estate objects held for sale	12 706 553	15 601 806
Total	**12 706 553**	**15 601 806**

The movement of real estate objects, intended for sale, during the reporting period is given below:

Group	Real estate held for sale EUR
31 December 2019	20 336 187
Acquired	59 055
Revaluated	(1 002 948)
Sales (recognized in Statements of Profit and Loss item "Operating expenses")	(3 790 488)
31 December 2020	**15 601 806**
Acquired	707
Revaluated	(55 200)

Invested in share capital	(147 200)
Reclassified to long – term investments held for sale	(357 000)
Sales (recognized in Statements of Profit and Loss item "Operating expenses")	(1 858 603)
Sales (recognized in Statements of Profit and Loss item "Discontinued operations")	(477 957)
31 December 20201	**12 706 553**

25. Trade receivables and contract assets

	Group 31.12.2021 EUR	Group 31.12.2020 EUR	Company 31.12.2021 EUR	Company 31.12.2020 EUR
Trade receivables at book value, including:	347 366	345 575	5 553	109 500
Trade receivables from real estate lease	*26 150*	*49 655*	-	-
Trade receivables from other contracts	*321.216*	*295 920*	*5 553*	*109 500*
Provisions for expected credit losses	(77 372)	(118 581)	-	-
Advance payments	184 544	244 770	-	-
Guarantee deposit	415 625	2 008 518	-	
Total	**870 163**	**2 480 282**	**5 553**	**109 500**

Changes in provisions for expected credit losses

	Group 31.12.2021 EUR	Group 31.12.2020 EUR
Provisions for expected credit losses at the beginning of the reporting year	**118 581**	**67 872**
Increase / (decrease) in provisions for expected credit losses	(40 209)	50 709
Provisions for expected credit losses at the end of the reporting year	**77 372**	**118 581**

Trade receivables are stated and presented in the statement of financial position according to the original invoice amount, less provisions for expected credit losses. The carrying amount of trade receivables corresponds to their fair value.

Information on buyer and customer credit risk management is provided in Note 8, which sets out how the Group and the Company manages the credit quality of their trade receivables.

26. Receivables from related companies

	Group 31.12.2021 EUR	Group 31.12.2020 EUR	Group 31.12.2021 EUR	Group 31.12.2020 EUR
Trade receivables at book value	-	-	2 500 674	1 827 207
Outstanding share capital	-	-	2 225 660	3 990 985
Other claims to ABLV Bank, AS in Liquidation	14 580 729	7 610 580	14 580 598	7 602 966
Balances in bank accounts: ABLV Bank, AS in Liquidation *	8 108 769	28 962 959	6 052 978	9 811 913
Total	**22 689 498**	**36 573 539**	**25 359 910**	**23 233 071**

Receivables from related companies are accounted for and presented in the statement of financial position at the original invoice amount, less provisions for expected credit losses. The carrying amount of receivables from related companies corresponds to their fair value.

* In respect of the funds of the Group's companies, which are held in the accounts of ABLV Bank in Liquidation, AS, the Group companies have submitted creditors' claims. The submitted creditors' claims will be satisfied during the liquidation process of ABLV Bank, AS in Liquidation, in accordance with the procedure specified in the Law on Credit Institutions of the Republic of Latvia. At the reporting date ABLV Bank in Liquidation, AS has satisfied Group's companies creditors' claims in a full amount.

On 19 November 2020, the Company adopted a decision to extinguish the remaining obligations arising from the Loan Agreement of 15 January 2019 towards ABLV Bank, AS in Liquidation, applying a unilateral set-off in the amount of these obligations from the claim of the creditors of the Company against ABLV Bank, AS in Liquidation (reducing the claim of the creditors of the Company by the balance of the principal amount of the loan and calculated interest as at 1 December 2020). On 11 December 2020, ABLV Bank, AS in Liquidation recognised the set-off notified by the Company's unilateral will as having taken place on 1 December 2020 and partial payment of the creditor's claim in the amount of EUR 5 818 745.

On 19 November 2020, the Company's subsidiary New Hanza Centre, SIA made a decision to extinguish the remaining obligations arising from the Loan agreement of 20 December 2018 towards ABLV Bank, AS in Liquidation, applying a unilateral set-off from the claim of the creditors of New Hanza Centre, SIA against ABLV Bank, AS in Liquidation (reducing the claim of the creditors of New Hanza Centre, SIA regarding the balance of the principal amount of the loan and calculated interest as at 1 December 2020). On 11 December 2020, ABLV Bank, AS in Liquidation recognised the set-off notified by New Hanza Centre, SIA unilateral will as having taken place on 1 December 2020 and partial payment of the creditor's claim in the amount of EUR 4 049 810.

On 23 December 2020, the ABLV Bank, AS in liquidation acknowledged the set-off as of 4 January 2021 and the partial payment of the creditor's claim in the amount of EUR 3 996 073.97, as announced by the Company in its unilateral statement of intent.

On 18 December 2018, the Group company New Hanza Centre, SIA resolved to extinguish its liabilities arising from the agreement on the payment of reduced share capital entered into on 3 December 2019 between ABLV Bank, AS in liquidation, the Company and New Hanza Centre, SIA in the following order:

- liabilities to ABLV Bank, AS in liquidation by offsetting against the creditor’s claim of New Hanza Centre, SIA against ABLV Bank, AS in liquidation (reducing the creditor’s claim of New Hanza Centre, SIA against ABLV Bank, AS in liquidation for the part of the investment to be paid out in the amount of EUR 9 871 875);
- liabilities to the Company by making a withdrawal of the instalment of the investment payable of EUR 28 125 by transfer to the Company's current account.

On 23 December 2020, ABLV Bank, AS in liquidation acknowledged the set-off announced by New Hanza Centre, SIA in its statement of intent as of 4 January 2021 and the partial payment of the creditor's claim in the amount of EUR 9 871 875.

27. Other assets

	Group 31.12.2021 EUR	Group 31.12.2020 EUR	Company 31.12.2021 EUR	Company 31.12.2020 EUR
Accrued income	693 682	154 737	85 281	6 440
Future period expenses	233 994	178 127	34 384	39 680
Overpaid taxes	263 796	275 188	-	16 847
Other assets	599 710	844 643	13 788	270
Total	**1 791 182**	**1 452 695**	**133 453**	**63 237**

28. Cash and cash equivalents

	Group 31.12.2021 EUR	Group 31.12.2020 EUR	Company 31.12.2021 EUR	Company 31.12.2020 EUR
Balances in bank accounts	3 380 030	6 248 521	1 864 423	4 562 020
Cash	9 260	5 998	-	-
Total	**3 389 290**	**6 254 519**	**1 864 423**	**4 562 020**

For the purposes of the cash flow statement, cash and cash equivalents as at 31 December 2021 include:

	Group 31.12.2021 EUR	Company 31.12.2021 EUR
Balances in bank accounts	3 380 030	1 864 423
Cash	9 260	-
Balances of long - term investments held for sale in bank accounts	489	-
Total	**3 389 779**	**1 864 423**

29. Long-term investments held for sale / Liabilities directly related to long-term assets held for sale

The long-term assets that the Group / Company is not planning to use in long-term perspective anymore and about which there is a decision made to sell them are classified by the Group / Company as long-term investments held for sale.

In 2021, the Company made decision to sell 100% of investments in subsidiary Pillar 21, SIA owned by it. In accordance with the decision made, the separate financial statement of the Company recognises these investments as long-term investments held for sale. In the Group’s consolidated financial statement these assets of subsidiaries are classified as long-term investments held for sale, while the liabilities – as liabilities directly related to the long-term investments held for sale.

On 23 December 2021 the Company with a purchaser concluded Pillar 21, SIA share capital sale agreement.

The principal groups of assets and liabilities of Pillar 21, SIA, which on 31 December 2021 were classified as held for sale are as follows:

	Group 31.12.2021 EUR	Group 31.12.2020 EUR	Company 31.12.2021 EUR	Company 31.12.2020 EUR
Real estate held for sale	357 000	-	-	-
Share in capital	-	-	340 811	-
Cash	489	-	-	-
Other assets	251 254	-	-	-
Total assets:	**608 743**	**-**	**340 811**	**-**
Other liabilities:	5 339	-	-	-
Total liabilities:	**5 339**	**-**	**-**	**-**

30. Share capital

Increase of share capital of the Company

In December 2019, the Company increased share capital by EUR 90 317 119 by issuing registered shares paid up by material contribution through investing in the fixed capital of the Company the shares owned by ABLV Bank, AS in Liquidation as current shareholder of the Company in the following limited liability companies: Pillar 23, SIA, Pillar Management, SIA, Pillar, SIA, Pillar Development, SIA, Hanzas Dārzs, SIA, New Hanza Centre, SIA, as well as investment in the limited partnership Pillar Holding Company, KS owned by ABLV Bank, AS in Liquidation as a partner.

Taking into account that the price of one share of the Company before the new share issue was higher than its nominal value of EUR 1, a share issue premium of EUR 19 869 766 is formed as the difference between the value of the property investment and the nominal value of the new shares.

On 3 July 2020, the Company increased its share capital by EUR 19 869 766 by issuing new 19 869 766 ordinary registered shares with voting rights with the nominal value of one share in the amount of EUR 1. New shares have been distributed to the existing shareholders proportionally to the nominal value of shares owned by them.

On 31 December 2021 the total share capital of the Company is EUR 135 186 885, which consists of 135 186 885 ordinary registered shares with voting rights, face value of each share amounting to EUR 1; all share capital is paid up in full.

Registered shares with voting rights provide equal rights to receiving dividends and voting rights at the shareholders' meeting.

	%	Group 31.12.2021 EUR	%	Group 31.12.2020 EUR	%	Company 31.12.2021 EUR	%	Company 31.12.2020 EUR
ABLV Bank, AS in Liquidation	97.4%	131 669 969	97.4%	131 669 969	97.4%	131 669 969	97.4%	131 669 969
Cassandra Holding Company, SIA	2.6%	3 516 916	2.6%	3 516 916	2.6%	3 516 916	2.6%	3 516 916
Total	**100.0%**	**135 186 885**	**100.0%**	**135 186 885**	**100.0%**	**135 186 885**	**100.0%**	**135 186 885**

31. Loans and bonds

	Group 31.12.2021 EUR	Group 31.12.2020 EUR	Company 31.12.2021 EUR	Company 31.12.2020 EUR
Long term loans from credit institutions	3 050 804	3 433 320	-	-
Other long-term loans of related companies	118 618	3 615 133	118 618	3 615 133
Bonds issued*		6 500 579	-	6 500 579
Total long-term loans	**3 169 422**	**13 549 032**	**118 618**	**10 115 712**
Short-term part of long-term loans from credit institutions	385 623	397 970	-	
Short term part of bonds issued	7 544 526	1 043 948	7 544 526	1 043 948
Accrued liabilities for coupon interest payments on bonds issued	76 007	76 170	76 007	76 170
Other short-term loans	-	540 000	-	540 000
Other loans from related companies	15 126 184	3 960 000	15 126 184	3 960 000
Total short-term loans	**23 132 340**	**6 018 088**	**22 746 717**	**5 620 118**
Total long- and short-term loans	**26 301 762**	**19 567 120**	**22 865 335**	**15 735 830**

Changes in loans	**Group 31.12.2021 EUR**	**Group 31.12.2020 EUR**	**Company 31.12.2021 EUR**	**Company 31.12.2020 EUR**
At the beginning of the reporting period	**19 567 120**	**27 441 467**	**15 735 830**	**21 541 425**
Loans received	11 629 668	4 724 013	11 629 668	3 615 133
Loans repaid	(4 894 863)	(12 598 360)	(4 500 000)	(9 420 728)
Changes in accrued loan and coupon interest liabilities	(164)	-	(164)	-
At the end of the reporting period	**26 301 762**	**19 567 120**	**22 865 335**	**15 735 830**

Loans by category of lender	**Group 31.12.2021 EUR**	**Group 31.12.2020 EUR**	**Company 31.12.2021 EUR**	**Company 31.12.2020 EUR**
Other credit institutions	3 436 427	3 831 290	-	-
Other related borrowers	15 244 802	7 575 133	15 244 802	7 575 133
Other borrowers	-	540 000	-	540 000
Debt securities (bonds) issued	7 620 533	7 620 697	7 620 533	7 620 697
Total loans	**26 301 762**	**19 567 120**	**22 865 335**	**15 735 830**

Loans by maturity	**Group 31.12.2021 EUR**	**Group 31.12.2020 EUR**	**Company 31.12.2021 EUR**	**Company 31.12.2020 EUR**
< 1 year (short-term part of long-term loan)	20 006 381	6 018 088	19 620 758	5 620 118
1 - 5 years	6 295 381	13 549 032	3 244 577	10 115 712
Total loans	**26 301 762**	**19 567 120**	**22 865 335**	**15 735 830**

Loans from credit institutions

On 7 February 2018, NHC 4, SIA entered into credit agreement with SEB banka, AS, registration no. 40003151743, for a loan of EUR 3 000 000. Maturity date of the loan is February 2023. Annual interest rate – 2.6% + 3 month EURIBOR. As the collateral of the loan serves a real estate object – A6 Logistics park at Maskavas iela 462 and Maskavas iela 464A in Riga. The loan agreement specify, that the borrower once in six months calculate indicator of interest payment coverage and collateral value against loan. NHC 4, SIA complies with the provided thresholds of indicators and fulfils the requirements of conditions of the loan. The maximum amount of the security is EUR 4 500 000.

On 21 August 2019 the Group’s company Pillar Contractor, SIA entered into credit agreement with Reģionālā investīciju banka, AS, registration no. 40003563375, for a loan of EUR 374 585 for acquisition of fixed assets (equipment necessary for the performance of construction works) necessary for the performance of economic activity of Pillar Contractor, SIA. Maturity date of the loan is 20 February 2023. Annual interest rate - 4.5% + 6 months EURIBOR. Pledge that serves as security — purchased construction machinery. Maximum security amount is EUR 749 170.

On 31 July 2020, the Group's company Pillar 22, SIA entered into a credit agreement with Signet Bank, AS, registration No. 40003076407, for a loan of EUR 1 000 000 to partially refinance the loan issued by the Company to Pillar 22, SIA. Maturity date of the loan is 28 July 2025. Annual interest rate – 3.9% + 6 months LIBOR. Pledge that serves as security — real estate office building in Riga, Brīvības gatve 275, property owned by Pillar 22, SIA as aggregation of things and 400 000 capital shares of Pillar 22, SIA. Maximum security amount is EUR 1 939 000.

On 16 November 2020, Group’s company Pillar Contractor, SIA entered into a loan agreement with Regional Investment Bank, AS, registration No. 40003563375, for a loan of EUR 75 000 to refinance the purchase of fixed assets (equipment necessary for the performance of construction works) necessary for the performance of economic activity of Pillar Contractor, SIA. Maturity date of the loan is 15 March 2024. Annual interest rate - 4.5% + 6 months EURIBOR. Pledge that serves as security — purchased construction machinery. Maximum security amount is EUR 150 000.

Other loans and receivables from related companies

On 20 December 2018, the company New Hanza Centre, SIA received a loan of EUR 4 000 000 from ABLV Bank, AS in Liquidation, registration No. 50003149401 to pay the suppliers for the performed works on the land plot, owned by New Hanza Centre, SIA in Riga, Mihaila Tāla iela 3. Annual interest rate – 2.93%. On 1 December 2020, New Hanza Centre, SIA extinguished the remaining obligations arising from the loan agreement towards ABLV Bank, AS in Liquidation, applying a unilateral set-off from the claim of the creditors of New Hanza Centre, SIA against ABLV Bank, AS in Liquidation (reducing the claim of the creditors of New Hanza Centre, SIA regarding the balance of the principal amount of the loan and calculated interest as at 1 December 2020).

On 15 January 2019, the Company concluded a loan agreement with ABLV Bank, AS in Liquidation, registration No. 50003149401, for the amount of EUR 5 790 000. The Company used this loan for the purchase of capital shares of NHC 5, SIA. Annual interest rate – 2.93%. On 1 December 2020, the Company extinguished the remaining obligations arising from the Loan Agreement of 15 January 2019 towards ABLV Bank, AS in Liquidation, applying a unilateral set-off in the amount of these obligations from the claim of the creditors of the Company against ABLV Bank, AS in Liquidation (reducing the claim of the creditors of the Company by the balance of the principal amount of the loan and calculated interest as at 1 December 2020).

On 3 December 2019, the Company received a loan from its shareholders - ABLV Bank, AS in Liquidation and Cassandra Holding Company, SIA in the amount of 2018 profit distributed to the Company and retained. Loan amount EUR 4 500 000. Maturity date of the loan - 31 July 2022 or as soon as the Company's creditor's claim against ABLV Bank, AS in Liquidation is satisfied in full. Annual interest rate — 3.5%. On 4 January 2021, the Company extinguished the remaining obligations arising from the loan agreement towards ABLV Bank, AS in Liquidation (reducing the creditor's claim of the Company by the balance of the principal amount of the loan and the calculated interest as of 4 January 2021) and Cassandra Holding Company, SIA (by repaying the balance of the principal amount and calculated interest as of 4 January 2021).

On 2 October 2020, the Company concluded a loan agreement with ABLV Bank, AS in Liquidation, registration No. 50003149401, for loan in the amount of EUR 14 000 000. The Company uses the said loan to provide the necessary funding for the construction of the Logistics Park A6, owned by the Group's subsidiary NHC 4, SIA. Maturity date of the loan is 1 December 2022. Annual interest rate — 3.5% + 6 months EURIBOR. Pledge that serves as a security – 2 600 000 capital shares of NHC 4, SIA. Maximum security amount is EUR 18 200 000. On 6 April 2022, the Company entered into an agreement with ABLV Bank, AS in liquidation on the loan agreement, according to which ABLV Bank, AS in liquidation issued a loan to the Company for financing the logistics park A6 of its subsidiary NHC 4, SIA, located at Maskavas Street 462 and Maskavas Street 464A, for partial repayment of the Company's liabilities to ABLV Bank, AS in liquidation in the amount of EUR 12 656 017.15, applying set-off against the Company's creditor's claim against ABLV Bank, AS in liquidation. On 12 April 2022, ABLV Bank, AS in liquidation recognized the settlement of the Company's liabilities by applying set-off against the Company's creditor's claim against ABLV Bank, AS in liquidation. (see also Note 39. "Subsequent events").

On 22 July 2021, the Company concluded a loan agreement with ABLV Bank, AS in Liquidation, registration No. 50003149401, for loan in the amount of EUR 18 776 530. The Company uses the said loan to provide the necessary funding for the construction of the A class office building, owned by the Group's subsidiary Tāla 1, SIA. Maturity date of the loan is 21 July 2023. Annual interest rate — 3.85% + 6 months EURIBOR. Pledge that serves as security — real estate land plot in Riga, Mihaila Tāla iela 1, property owned by Tāla 1, SIA as aggregation of things and 3 295 000 capital shares of Tāla 1, SIA. Maximum security amount is EUR 24 409 489. On 6 April 2022, the Company entered into an agreement with ABLV Bank, AS in liquidation on the loan agreement, according to which ABLV Bank, AS in liquidation issued a loan to the Company for financing the construction of a class A office building in Riga, Mihaila Tāla iela 1 by its subsidiary Tāla 1, SIA, for partial repayment of the Company's liabilities to ABLV Bank, AS in liquidation in the amount of EUR 3 125 959 applying set-off against the Company's creditor's claim against ABLV Bank, AS in liquidation. On 12 April 2022, ABLV Bank, AS in liquidation recognized the settlement of the Company's liabilities by applying set-off against the Company's creditor's claim against ABLV Bank, AS in liquidation. (see also Note 39. "Subsequent events").

Debt securities issued (bonds)

The currency of the bond issue is EUR (euro), the total nominal value of the issue is EUR 10 000 000 and the nominal value of the bond is EUR 1 000. The annual interest rate is fixed at 4.9%, with interest income paid twice a year. Their initial placement price is 100% of the face value. The issue date is 16 October 2017, the redemption date is 16 October 2022. As of 16 October 2019, the Company, as the issuer, has the right to redeem the bonds before maturity. The bonds were included in the regulated market of the Baltic debt securities list of the Nasdaq Riga stock exchange on 19 October 2017 (issue series: NHC FXD EUR 161022, ISIN LV0000802312). At the date of the bond issue, the financial liabilities were measured at fair value less directly attributable transaction costs.

In March 2020, the Board of the Company made a decision to purchase its issued bonds from bond holders in the secondary market by 30 April 2020 (issue series: NHC FXD EUR 161022, ISIN code: LV0000802312), included in the Baltic List of Debt Securities. According to the adopted decision, by 30 April 2020 the Company purchased bonds from the bond holders on the secondary market for the amount of EUR 2 490 000 according to their nominal value by concluding separate transactions with bond holders who wanted to sell their bonds according to current offers in the trading system of Nasdaq Riga.

32. Payables to related companies

	Group 31.12.2021 EUR	Group 31.12.2020 EUR	Company 31.12.2021 EUR	Company 31.12.2020 EUR
Outstanding share capital	3 500 000	13 371 875	3 500 000	3 500 000
Unpaid share capita	-	-	-	1 200 000
Debts to suppliers	-	-	10	53 105
Total	**3 500 000**	**13 371 875**	**3 500 010**	**4 753 105**

On 4 January 2021, the Group's company New Hanza Centre, SIA extinguished the remaining obligations arising from the agreement on the procedure of payment of the reduced fixed capital, concluded between ABLV Bank, AS in Liquidation, Company and New Hanza Centre, SIA on 3 December 2019 as follows:

- liabilities towards ABLV Bank, AS in Liquidation by applying set-off against the creditor's claim of New Hanza Centre, SIA towards ABLV Bank, AS in Liquidation (by reducing the creditor's claim of New Hanza Centre, SIA against ABLV Bank, AS in Liquidation by the investment share to be paid out of EUR 9 871 875);
- liabilities towards the Company by making a payment in the amount of the investment shares to be paid out of EUR 28 125 by transfer to the Company's current account.

On 23 December 2020, ABLV Bank, AS in Liquidation recognised the set-off notified by New Hanza Centre, SIA unilateral will as having taken place on 4 January, 2021.

33. Other liabilities and contract liabilities

	Group 31.12.2021 EUR	Group 31.12.2020 EUR	Company 31.12.2021 EUR	Company 31.12.2020 EUR
Long - term part				
Accrued liabilities	38 682	-	37 857	-
Short - term part				
Security received from tenants	395 363	350 185	13 800	13 800
Advance payments received	307 486	111 856	-	-
Deferred income	-	4 504	-	-
Other creditors	619	890	-	65
Total	**742 150**	**467 435**	**51657**	**13 865**

34. Lease

Operating lease liabilities mainly consist of lease payments for land, equipment and other low-value assets. If operating lease agreements are concluded for a long period, they include the right for the parties to terminate the agreements before the term. Certain lease agreements provide the Group / Company with a pre-emptive right to renew the agreement in the maturity date.

Expenses recognized in the Statement of profit or loss

	Group 31.12.2021 EUR	Group 31.12.2020 EUR	Company 31.12.2021 EUR	Company 31.12.2020 EUR
Expenses related to short-term lease (included in "Operating expenses")	13 496	14 085	-	-
Expenses related to low-value asset lease (included in "Operating expenses")	14 130	33 132	7 154	30 437
Expenses related to low-value asset lease (included in "Administrative expenses")	12 129	42 798	12 129	42 798
Total	**39 755**	**90 015**	**19 283**	**73 235**

Company's total cash outflow for lease payments in 2021 EUR 28 529 (in 2020: EUR 88 614).

Group's total cash outflow for lease payments in 2021 EUR 46 145 (in 2020: EUR 107 283).

35. Operating segments

Statement of profit or loss for the period from 01.01.2021 - 31.12.2021	Segment 1 - Service companies EUR	Segment 2 - Companies owning real estate objects held for development EUR	Segment 3 - Companies owning lease revenue generating real estate EUR	Segment 4 - Companies owning real estate objects held for sale EUR	Eliminated upon consolidation EUR	Total EUR
1. Net Turnover	18 327 981	1 906 748	4 350 534	2 803 445	(5 196 676)	**22 192 032**
2. Operating expenses	(18 238 690)	(3 387 460)	(2 679 667)	(2 760 896)	3 041 860	**(24 024 853)**
3. Gross profit	**89 291**	**(1 480 712)**	**1 670 867**	**42 549**	**(2 154 816)**	**(1 832 821)**
4. Selling expenses	(9 418)	(20 909)	(56 368)	(160 864)	117 860	**(129 699)**
5. Administrative expenses	(1 125 216)	(500 681)	(1 575 059)	(221 729)	(844 398)	**(4 267 083)**
6. Other operating income	347 470	-	403 960	3 526	(330 995)	**424 111**
7. Other operating expenses	(29 629)	(26 665)	(226 187)	(6 635)	166 629	**(122 487)**
8. Other interest received and similar income	5 223	-	1 323 687		(1 328 910)	**-**
9. Interest payments and similar expenses	(20 619)	(286 033)	(1 767 121)	(42 156)	1 328 910	**(787 019)**
10. Investment property revaluation		(4 455 434)	3 453 284	(58 000)	712 118	**(348 032)**
11. Impairment adjustments for long-term and short-term investments	-	-	(8 477 669)	-	8 477 669	**-**
12. Profit / (loss) before taxes	**(742 898)**	**(6 770 434)**	**(5 250 606)**	**(443 309)**	**6 144 217**	**(7 063 030)**
13. Corporate income tax	(2 653)	(250)	(411)	(3 347)		**(6 661)**
14. Profit / (loss) of the reporting period	**(745 551)**	**(6 770 684)**	**(5 251 017)**	**(446 656)**	**6 144 217**	**(7 069 691)**
Total segment assets as of 31.12.2021	**5 551 051**	**70 037 441**	**213 236 610**	**15 537 463**	**(134 297 703)**	**170 064 862**
Total segment liabilities as of 31.12.2021	**3 919 144**	**5 679 285**	**63 855 241**	**3 052 280**	**(42 765 190)**	**33 740 760**

Statement of profit or loss for the period from 01.01.2020 - 31.12.2020	Segment 1 - Service companies EUR	Segment 2 - Companies owning real estate objects held for development EUR	Segment 3 - Companies owning lease revenue generating real estate EUR	Segment 4 - Companies owning real estate objects held for sale EUR	Eliminated upon consolidation EUR	Total EUR
1. Net Turnover	21 188 318	1 430 228	3 859 554	4 846 548	(3 363 823)	**27 960 825**
2. Operating expenses	(20 096 320)	(1 824 037)	(2 031 811)	(4 201 239)	1 171 596	**(26 981 811)**
3. Gross profit	**1 091 998**	**(393 809)**	**1 827 743**	**645 309**	**(2 192 227)**	**979 014**
4. Selling expenses	(26 067)	(26 408)	(72 518)	(335 223)	247 862	**(212 354)**
5. Administrative expenses	(930 020)	(413 841)	(1 495 487)	(258 097)	1 188 788	**(1 908 657)**
6. Other operating income	2 150 023	2 823	6 281 519	888 302	(8 306 283)	**1 016 384**
7. Other operating expenses	(414 976)	(13 154)	(1 513 343)	(19 211)	1 758 439	**(202 245)**
8. Other interest received and similar income	3 272	3 696	997 906	144 286	(1 149 160)	**-**
9. Interest payments and similar expenses	(23 564)	(356 890)	(1 666 796)	(43 986)	1 149 160	**(942 076)**
10. Investment property revaluation	-	378 812	(9 820)	(890 748)	104 500	**(417 256)**
11. Impairment adjustments for long-term and short-term investments	-	-	(3 002 693)	(1 141 664)	4 144 357	**-**
12. Profit/(loss) before taxes	**1 850 666**	**(818 771)**	**1 346 511**	**(1 011 032)**	**(3 054 564)**	**(1 687 190)**
13. Corporate income tax	(507)	(210)	(1 434)	(400)	(533)	**(3 084)**
14. Extraordinary dividends	(1 384 373)	-	-	-	1 384 373	**-**
15. Profit/(loss) of the reporting period	**465 786**	**(818 981)**	**1 345 077**	**(1 011 432)**	**(1 670 724)**	**(1 690 274)**
Total segment assets as of 31.12.2020	**7 212 932**	**87 590 926**	**203 557 806**	**17 750 507**	**(135 871 761)**	**180 240 410**
Total segment liabilities as of 31.12.2020	**4 383 781**	**18 193 987**	**48 925 420**	**4 749 037**	**(39 533 192)**	**36 719 033**

36. Business combination

Reorganisation of the Company's subsidiaries

On 10 September 2021, the Company adopted a resolution on the reorganisation of its subsidiaries Pillar Contractor, SIA and Pillar Architekten, SIA – merger by absorption, whereby Pillar Architekten, SIA as the absorbed company was absorbed into Pillar Contractor, SIA as the acquiring company. The reorganization of the companies was completed on December 12, 2021. As a result of the merger, Pillar Contractor, SIA is now able to offer its customers not only construction services (work according to the customer's project and designer's instructions), but also Design & Build services (the main contractor assumes responsibility for the completion of the design process and the detailing of the project to the extent necessary for the contractors).

	Pillar Architekten, SIA EUR
Identified assets and liabilities fair value	
Assets	
Fixed assets	3 563
Other assets	38 946
Cash and cash equivalents	97 001
Total assets	**139 510**
Liabilities	
Total liabilities	**-**
Total identified net assets	**139 510**

37. Personnel costs and number of employees

	Group 31.12.2021	Group 31.12.2020	Company 31.12.2021	Company 31.12.2020
Average number of employees	118	105	35	26
including: Board of the companies	9	12	4	5

Remuneration of key management personnel

	Group EUR	Company EUR
Remuneration of the Board	812 521	459 767
Mandatory state social insurance contributions of the board	191 673	108 459

Members of the Company's Council perform their duties without remuneration.

38. Related party transactions

Parent company and beneficial owner

The Company is controlled by the following company:

	Registration number	Legal address	Registration country	Participation
ABLV Bank, AS in Liquidation	50003149401	Skanstes iela 7 k-1, Riga, LV-1013	Latvia	97.4%

The Company's statement of profit or loss and other comprehensive income for the financial years 2021 and 2020, as well as the statement of financial position as at 31 December 2021 and 31 December 2020, includes transactions and balances with related parties. Transactions between the Group / Company and its related parties take place at market prices and their justification is reflected in the Group's / Company's transfer pricing policy.

Transactions and amounts are the following:

Group related party	Transaction	31.12.2021 EUR	31.12.2020 EUR
ABLV Bank, AS in Liquidation	**Assets**		
	Deferred expenses	-	25 450
	Accrued income	1 197	207
	Fixed assets acquired	161	16 003
	Receivables from related companies	22 689 963	36 574 133
	Liabilities		
	Loans from other related companies	15 244 800	7 575 133
	Loans from related companies	3 500 000	13 371 875
	Trade payables	-	34 804
	Other liabilities and contractual liabilities	2 686	2 686
	Accrued liabilities	51 586	15 914
	Statement of profit or loss	**2021 EUR**	**2020 EUR**
	Services rendered	45 579	54 004
	Services received	51 527	105 354
	Purchase of low-value inventory	526	3 514
	Coupon payments	14 014	14 014
	Interest expense	305 617	420 810

Parties related to shareholders	Assets	31.12.2021 EUR	31.12.2020 EUR
	Unfinished construction	3 150	-
	Fixed assets acquired	1 960	-
	Trade receivables	87 135	694 591
	Accrued income	15 450	11 287
	Liabilities		
	Other loans	-	540 000
	Trade payables	37 468	5 201
	Other liabilities and contractual liabilities	24 673	30 149
	Accrued liabilities	-	7 268
	Statement of profit or loss	**2021 EUR**	**2020 EUR**
	Services received	400 341	366 043
	Services rendered	372 401	2 001 293
	Coupon payments	110 593	87 955
	Interest expense	207	18 952

* Includes services received / provided from related parties after the expansion of the Group.

** Includes services received / provided from related parties prior to Group expansion.

Company related party	Transaction	31.12.2021	31.12.2020
ABLV Bank, AS in Liquidation	**Assets**		
	Receivables from related parties	20 633 576	17 414 879
	Liabilities		
	Loans from other related companies	15 244 800	7 575 133
	Loans from related companies	3 500 000	3 534 935
	Accrued liabilities	49 176	15 914
	Statement of profit or loss	**2021 EUR**	**2020 EUR**
	Services received	49 176	64 987
	Coupon payments	14 014	14 014
	Interest expense	305 617	311 423

Parties related to shareholders	**Assets**	**31.12.2021 EUR**	**31.12.2020 EUR**
	Trade receivables	2 865	14 520
	Accrued income	33	-
	Liabilities		
	Other loans	-	540 000
	Trade payables	19 118	230
	Statement of profit or loss	**2021 EUR**	**2020 EUR**
	Services received	124 237	121 892
	Services rendered	27 365	12 000
	Coupon payments	110 593	87 955
	Interest expense	207	18 952

Intra Group transactions	**Assets**	**31.12.2021 EUR**	**31.12.2020 EUR**
	Loans	35 222 472	29 905 133
	Fixed assets acquired	-	90 971
	Receivables from related parties	4 726 334	5 818 192
	Contributions to share capital	5 307 766	2 967 000
	Accrued income	85 247	6 080
	Liabilities		
	Accrued liabilities	18 915	300
	Debts to related parties	10	1 218 170
	Statement of profit or loss	**2021 EUR**	**2020 EUR**
	Interest income	1 323 687	997 906
	Dividends received	207 000	1 469 566
	Service rendered	1 458 347	1 221 752
	Service received	114 419	177 727
	Interest income	-	16 982

39. Subsequent events

Satisfaction of creditor's claims of the Company

On 6 April 2022, the Company entered into an agreement with ABLV Bank, AS in liquidation on the loan agreement, according to which ABLV Bank, AS in liquidation issued a loan to the Company for financing the logistics park A6 of its subsidiary NHC 4, SIA, located at Maskavas iela 462 and Maskavas iela 464A, for partial repayment of the Company's liabilities to ABLV Bank, AS in liquidation in the amount of EUR 12 656 017.15, applying set-off against the Company's creditor's claim against ABLV Bank, AS in liquidation.

On 6 April 2022, the Company entered into an agreement with ABLV Bank, AS in liquidation on the loan agreement, according to which ABLV Bank, AS in liquidation issued a loan to the Company for financing the construction of a class A office building in Riga, Mihaila Tāla iela 1 by its subsidiary Tāla 1, SIA, for partial repayment of the Company's liabilities to ABLV Bank, AS in liquidation in the amount of EUR 3 125 959 applying set-off against the Company's creditor's claim against ABLV Bank, AS in liquidation.

On 12 April 2022, ABLV Bank, AS in liquidation recognized the settlement of the Company's liabilities by applying set-off against the Company's creditor's claim against ABLV Bank, AS in liquidation.

Following the application of the set-off, the remaining part of the Company's creditor's claim against the ABLV Bank, AS in liquidation was paid into the Company's current account in the amount of EUR 4 851 600.

Satisfaction of creditors' claims of the Company's subsidiaries

On 19 and 25 April 2022, ABLV Bank, AS in liquidation satisfied the recognised creditor's claims of all the Company's subsidiaries against ABLV Bank, AS in liquidation by making a payment to the current accounts of the Company's subsidiaries.

40. Going concern

Despite of the fact the largest Company's shareholder ABLV Bank, AS in Liquidation has started a process of self-liquidation, and according to the financial plans for the year 2022 approved within the liquidation process the Company and the Group continue their operations. The Company and the Group have prepared these financial statements on a going concern basis. However, a material uncertainty still exists regarding going concern of the Company and the Group, which is related to further decisions that will be taken in the self-liquidation process of ABLV Bank, AS in Liquidation.

On 27 April 2022 Group cash and cash equivalents amounted to EUR 7 488 136.

The Group companies continue to receive lease payments from the Group's investment properties tenants and proceeds from the sale of real estate owned by the Group. The majority of the Group's lessees are companies unrelated to the Group and the ABLV Bank, AS in Liquidation group. The payment discipline of tenants has not deteriorated compared to previous periods.

The Group continues to operate in accordance with its business objective to invest funds in commercial and residential properties, sustainably increase rental income and promote long-term property value and capital growth. The Group management continues to work on existing investment property improvements as well as additional commercial and residential property development. Given the Group capital structure the Group has the possibility to attract third party financing for its development projects. Company shareholders are also able to provide additional financing.

On behalf of the Board

Edgars Miļūns *Chairman of the Board*	Arnolds Romeiko *Member of the Board*	Inga Vēvere *Member of the Board*

Riga, 29 April 2022

THIS DOCUMENT IS SIGNED WITH A SAFE DIGITAL SIGNATURE AND CONTAINS TIMESTAMP

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INDEPENDENT AUDITOR'S REPORT

To the stockholders of
Pillar Capital, AS

Report on the Audit of the Separate and Consolidated Financial Statements

Our Opinion on the Separate and Consolidated Financial Statements

We have audited the accompanying separate financial statements of Pillar Capital, AS, reg.No. 50003831571 ("the Company") and accompanying consolidated financial statements of the Company and its subsidiaries ("the Group") set out on pages 9 to 60 of the accompanying separate and consolidated annual report, which comprise:

- the separate and consolidated statement of financial position as at 31 December 2021,
- the separate and consolidated statement of profit and loss and other comprehensive income for the year then ended,
- the separate and consolidated statement of changes in equity for the year then ended,
- the separate and consolidated statement of cash flows for the year then ended, and
- the notes to the separate and consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of the Company and the Group, respectively, as at 31 December 2021, and of their separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

In accordance with the Law on Audit Services of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibility for the Audit of the Separate and Consolidated Financial Statements* section of our report.

We are independent of the Company and Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and independence requirements included in the Law on Audit Services of the Republic of Latvia that are relevant to our audit of the separate and consolidated financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) and Law on Audit Services of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to the Going Concern of the Company and Group

We draw attention to Note 40 "Going Concern" of the separate and consolidated financial statements, which indicates that the largest Company's shareholder ABLV Bank, AS in Liquidation has started a process of self-liquidation and according to the plans for 2022 approved within this process the Company and the Group's companies continue their operations. Considering the above, the Company's and the Group's management has concluded that the principle of going concern is applied in the separate and consolidated financial statements. However, a material uncertainty still exists regarding going concern of the Company and the Group, which is related to further decisions that will be taken in the self-liquidation process of ABLV Bank, AS in Liquidation. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the *Material Uncertainty Relating to the Going Concern of the Company and Group* section, we have determined the matters described below to be the key audit matters to be communicated in our report:

Key audit matter	Our response
Valuation of goodwill (consolidated financial statements)	
The carrying amount of the goodwill in the Group's consolidated financial statements as at 31 December 2021: EUR 989 606. *Reference to the Notes to the Group's consolidated financial statements: Note 6 "Significant accounting policies" item d) "Intangible investments" and Note 18 "Goodwill".* Goodwill that is allocated to multiple cash generating units has to be assessed for impairment on a yearly basis by the Group's management. The impairment test is based on an assessment of value in use and significant assumptions and judgments of the Group's management, including estimated future cash flows, discount rates, long-term growth rates, as well as the determination of the cash generating units. We considered this issue to be one of our key audit matters, as the assessments made by the management involved significant estimates and judgments. These estimates and judgments may be affected by unexpected changes in future market or economic conditions or discount rates applied.	Our procedures included, among others: • we assessed the appropriateness of the cash generating units identified; • conducted interviews with the Group's management, evaluated aspects of the applied valuation methodology; • obtained an understanding of process related to the goodwill impairment testing; • evaluated the methodology used to test goodwill for impairment; • evaluated the methodical and mathematical accuracy of the model used for the impairment testing; • assessed the accuracy and completeness of the information presented in the notes to the consolidated financial statements regarding the Group's goodwill.

Key audit matter	Our response
Valuation of investments in subsidiaries (separate financial statements)	
The carrying amount of investments in subsidiaries in the Company's financial statements as at 31 December 2021: EUR 91 286 021. *Reference to the Notes to the Company's financial statements: Note 6 "Significant accounting policies" item h) "Investments in subsidiaries" and Note 21 "Investments in subsidiaries".* Investments in subsidiaries are carried at cost less any accumulated impairment losses. The determination of the recoverable amounts of investments in subsidiaries is a complex process and requires the management to make subjective judgements. Taking into account also that in the Company's statement on financial position as at 31 December 2021 the investments in subsidiaries amount to 58.9% of total assets, as well as the fact that the Company has issued significant loans to subsidiaries, we considered this issue to be one of our key audit matters.	Our procedures included, among others: • evaluating the reasonableness of management judgments as to the existence of impairment indicators, and consequently, the requirement to perform related impairment tests. This included, but was not limited to, examining the subsidiaries' financial information as at and for the year ended 31 December 2021, discussing the subsidiaries' performance with the Company's Board members, and assessing their strategy and cash flows forecasts.
Measurement of investment property (consolidated financial statements)	
The carrying amount of investment property in the Group's consolidated financial statements as at 31 December 2021: EUR 97 421 176. *Reference to the Notes to the Group's consolidated financial statements: Note 3 "Estimates and judgements", Note 6 "Significant accounting policies" item c) "Investment property" and Note 20 "Investment properties".* Investment property is property held either to earn rental income or for capital appreciation or for both, and represents a significant part of the financial position of the Group (57.3% of total assets). The Group's investment property is represented by investments in real estate, which it measures at its fair value, with all changes therein recorded in profit or loss. The valuation of the Group's investment properties requires the management to apply significant judgement and produce complex estimates, using the input obtained from external certified valuers, particularly in relation to the key assumptions, being those relating to discount	Our procedures included, among others: • analysing the reports of the external certified valuers and, through discussions with the Board members, obtaining an understanding of the Group's approach to estimating the fair value of investment property; • based on our in-depth understanding of the Group's approach to measurement of investment properties, assessing the measurement methodology applied by the Group in comparison with the relevant IFRSs as adopted by the European Union and the valuation practice adopted in the market; • considering the relevance of the Group's information to the assumptions and significant judgments used to estimate the fair value of the investment property.

Key audit matter	Our response
rates, cash flow projections and comparable market transactions. Due to the above factors, we considered this issue to be one of our key audit matters.	

Reporting on Other Information

The Company's and Group's management is responsible for the other information. The other information comprises:

- General Information, as set out on page 3 of the accompanying Annual Report,
- Group Management Report, as set out on pages 4-7 of the accompanying Annual Report,
- the Statement on Management's Responsibility, as set out on page 8 of the accompanying Annual Report,
- the Statement on Corporate Governance, prepared as a separate part of the annual report, indicating in the Group Management Report the website address on the Internet, where the Statement on Corporate Governance is available to the public in electronic form.

Our opinion on the separate and consolidated financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information* section of our report.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Company and the Group and their environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information

In addition, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the Law On the Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the separate and consolidated financial statements are prepared is consistent with the separate and consolidated financial statements; and
- the Management Report has been prepared in accordance with the requirements of the Law On the Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

In accordance with the Law on Audit Services of the Republic of Latvia with respect to the Statement of Corporate Governance, our responsibility is to consider whether the Statement on Corporate Governance includes the information required in section 56.[2], third paragraph of the Financial Instruments Market Law of the Republic of Latvia.

In our opinion, the Statement on Corporate Governance includes the information required in section 56.[2], third paragraph of the Financial Instruments Market Law of the Republic of Latvia.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation of the separate and consolidated financial statements that give a true and fair view in accordance with IFRSs as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and Group's financial reporting process.

Auditor's Responsibility for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and objectivity, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Other reporting responsibilities and confirmations required by the legislation of the Republic of Latvia and the European Union when providing audit services to public interest entities

We were appointed by the extraordinary shareholder's meeting on 29 November 2021 to audit the separate and consolidated financial statements of Pillar Capital, AS for the year ended 31 December 2021. Our total uninterrupted period of engagement is 4 years, covering the period ending 31 December 2021.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Council of the Company, which carries out the functions of the Audit Committee;
- as referred to in paragraph 37.[6] of the Law on Audit Services of the Republic of Latvia we have not provided to the Company and Group the prohibited non-audit services (NASs) referred to of

EU Regulation (EU) No. 537/2014. We also remained independent of the audited Company and Group in conducting the audit.

For the period to which our statutory audit relates, in addition to the audit, we have not provided any services to the Company and the Group other than those disclosed in the Group Management Report or the Company's separate and the Group's consolidated financial statements.

The responsible certified auditor on the audit resulting in this independent auditors' report is Marija Jansone.

AS "Nexia Audit Advice"
The Firm of Sworn Auditors, Licence No. 134

Marija Jansone
Member of the Board,
The responsible Certified Auditor,
Certificate No. 25

Andrejs Ponomarjovs
Chairman of the Board,
Director General

Riga, Latvia
29 April 2022

THIS DOCUMENT IS SIGNED WITH A SAFE DIGITAL SIGNATURE AND CONTAINS TIMESTAMP