

Terms of the Notes Issue

SIA “●”

Security:	Subordinated variable rate notes
Number of securities:	5,030
Nominal:	EUR ●
Size of the issue:	EUR ●
Coupon:	step-up
Maturity:	30 April 2014
Call option:	semi-annual

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1. Terms and Abbreviations Used

Arranger	: AS “Parex banka” (legal address: Smilšu iela 3, Rīga, LV – 1522, Latvia)
Business day	: A day (except Saturday and Sunday) when the Bank of Latvia is open for business
Coupon	: Interest payment for the Notes
Custodian	: Credit institution or investment brokerage company that has obtained the license from its local regulatory authority
Equity Kicker	: a one time payment to the Note holders at a call or maturity date
EUR	: Euro (single currency of the member states of the European Monetary System)
EURIBOR	: An index set by the European Banking Federation which is an interest rate that is used by banks in the European Union for borrowings on the inter-bank market for the respective period
FCMC	: Financial and Capital Market Commission of the Republic of Latvia (legal address: Kungu iela 1, Rīga, LV-1050, Latvia)
Group	: SIA “●” and all its direct or indirect subsidiaries with control of at least 51% of share capital
IFRS	: International Financial Reporting Standards
Interest calculation period	: The period of time between two Coupon payment dates
Issuer, ●	: SIA „, ” (legal address: Kronvalda bulvaris 3, Latvia)
Legal acts, or Legislation	: All legal acts including FCMC, NOR and LCD regulations, which were in force in Latvia at the time of the Notes issue and which will be in force until the maturity date of the Notes
LCD	: Stock company “Latvian Central Depository” (legal address Valnu iela 1, Rīga, LV – 1050, Latvia)
Nominal or Principal	: Face value of a Note
Note	: Debt security issued by the Issuer according to this Terms of the Notes Issue
Note holder	: A person that is an owner of one or more Notes and has a claim against the Issuer as stipulated by the Legislation
Potential Investor	: A person that has expressed interest or is planning to purchase for its own account one or more Notes
NOR	: A stock exchange NASDAQ OMX Rīga (legal address: Valnu iela 1, Rīga, LV-1050, Latvia)

2. Responsible Persons

I, David Allen De Rousse, chairman of the board of SIA “●”, on behalf of SIA “●” represent and warrant the following to Potential Investors and Note holders:

- to our best knowledge the information that is given in the Terms of the Notes Issue is true, complete and correct in all material respects and there are no unmentioned facts that could influence the accuracy of information included in it;
- SIA “●” is a legal person duly incorporated and validly existing under the laws of the Republic of Latvia;
- SIA “●” is entitled to conduct its business pursuant to the articles of association and Latvian law;
- the obligations assumed by SIA “●” in connection with the Notes are lawful, valid and legally binding;
- the compliance with the obligations arising from the Notes by SIA “●” is not and will not result in infringement upon:
 - any legislation,
 - the articles of association of SIA “●”, or
 - any contract or agreement, by which SIA “●” or its assets are bound;
- SIA “●” has the power and authority to comply with the obligations arising from the Notes;
- no circumstance exists which, under the Terms of the Notes Issue, might be considered as an event of default;
- no judicial or arbitration procedure concerning SIA “●” is pending or, so far as SIA “●” is aware, threatened against SIA “●”, which, if adversely determined, would reasonably result in a material adverse effect on the financial status of SIA “●”.

David Allen De Rousse

3. Summary

This section of the Terms of the Notes Issue is a summary and it should be read as an introduction to the Terms of the Notes Issue. Any decision to invest in the securities should be based on consideration of all information in the Terms of the Notes Issue by the Potential Investor.

Where a claim relating to the information contained in the Terms of the Notes Issue is brought before a court, the plaintiff Note holder might, under the national legislation of the European Union Member States, have to bear the costs of translating the Terms of the Notes Issue before the legal proceedings are initiated;

and civil liability attaches to those persons who have tabled the summary including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Terms of the Notes Issue.

3.1. Summary of the Securities to be Admitted for Trading

Issuer	SIA “●”
Security	Notes
Size of the Issue	EUR ●
Number of Notes	5,030
Notes nominal value	EUR ●
Coupon rate	Y1 – 0%, Y2 – 4%, Y3 – 5%, Y4 – 6%, Y5 – 7%
Coupon payment dates	Quarterly on 30 July, 30 October, 30 January and 30 April
Notes maturity date	30 April 2014
Notes maturity value	EUR ● per 1 (one) Note
Early redemption of Notes (call option)	The Issuer has a right to redeem the Notes before the maturity date according to the provisions set out in the Terms of the Notes Issue.
Regulated market	Baltic bond list of the NASDAQ OMX Riga
Guarantees	The Notes are guaranteed by third parties according to the respective Guarantee agreements

3.2. Risks

The risk factors that influence SIA “●” are macroeconomic, industry, legal and tenants’ credit risk, market risks (interest rate risk, foreign exchange risk), liquidity risk and operational risks. Risks related to the Notes are liquidity, guarantee and price risks. Detailed information on the impact of different risks on SIA “●” and its Notes can be found in Section 4 “Risk Factors” of the Terms of the Notes Issue. Potential Investors and Note holders should independently analyse risks because risks can substantially influence SIA “●”’s ability to pay interest on the Notes and repay the Notes face value.

3.3. Issuer

The Issuer is a holding company founded in April 2009 to consolidate real estate assets previously owned directly by the shareholders. The main business of SIA “●” is to own, develop, manage and lease commercial property in Latvia through its subsidiaries – SIA “Apex investments”, SIA “Neatkarīgā Patentu Aģentūra”, SIA “InvestBūve”, SIA “Tukuma projekts” and SIA “Big Truck”. SIA “Apex investments” owns retail space which is leased out to SIA “RIMI Latvia”, SIA “Supernetto” and AS “Rautakesko” among others. SIA “Neatkarīgā Patentu Aģentūra” and SIA “Inevstbūve” own office buildings located in downtown Riga, on Kronvalda bulvaris 3 and 3a, and Citadeles 12 where the main clients are L’Oreal Baltic, Unilever Baltic, TNS Latvia and Olympic Casino Latvia. SIA “Tukuma projekts” owns one retail property in Tukums and it is leased to Rautakesko’s Do-It-Yourself store “K-Rauta”. SIA “Big Truck” is a legal vehicle that purchased two adjacent land plots in Kekava parish (Riga region) to develop a logistics/industrial park.

SIA “●” owns over 22,800 m² of gross lease area for retail stores, over 9,300 m² of gross lease area for office tenants and 25.6 hectares of land.

SIA “●” chairman of the Management Board is Mr. David Allen De Rousse.

SIA “●”’s shareholders are David Allen De Rousse OR Svetlana Kunder-De Rousse and Gerald Allen Wirth.

3.4. Financial Information

The Issuer, SIA “●”, was founded in April 2009 therefore no audited financial statements are available yet. However, the subsidiaries have been operating for a number of years and the subsidiaries’ financial statements on a consolidated and individual basis are provided in the Terms of the Notes Issue.

In 2008, SIA “Apex investments” had consolidated unaudited revenue in the amount of EUR 3.1 million and net loss of EUR 1.1 million. SIA “Neatkarīgā patentu aģentūra” revenue was EUR 1.22 million and net profit was EUR 0.401 million. SIA “InvestBūve” revenue in 2008 amounted to EUR 563 thousand, net profit to EUR 157 thousand. SIA „Big Truck “ did not have any revenues in 2008, made a net loss of EUR 80 thousand.

Total secured borrowings from credit institutions by the Group at the end of 2008 were over EUR 28 million. The Group’s service company R.B. Management had an interest rate swap (IRS) agreement to hedge risk of the floating rate for the Group’s secured loans. IRS agreement became a liability of over EUR 1.1 million as at 31 December 2008.

4. Risk Factors

4.1. Important Notice

The risks described in this section may potentially undermine SIA “●”’s ability to service its obligations and, at the extreme, may cause SIA “●”’s insolvency and default of the Notes. Note holders should keep in mind that although the repayment of Notes and the relevant Coupon payments are guaranteed by the Issuer’s subsidiaries, financial strength of the subsidiaries may be affected by risks stated in this section. This section may not cover all potential risks that may affect the Group.

4.2. Risks Related to Latvia

SIA “●” operates in Latvia and most of risks affecting the company are related to the general state of the local economy and legal regulations imposed by central government and respective municipalities where the company owns assets.

4.2.1. Macroeconomics

After the period of rapid growth of the economy which ended in 2007, currently Latvia has been experiencing a recession with shrinking gross domestic product, rising unemployment rates and a declining inflation rate. Latvia’s credit ratings assigned by leading international agencies – Moody’s Investors Service, Standard & Poor and Fitch have been cut several times and all have negative outlook. Such a challenging environment has put pressure on SIA “●” cash flows as tenants have demanded lower rent rates, with some even declaring insolvency. However, the most important tenants under SIA “●” are large, international companies which so far have fully met obligations against the Group.

4.2.2. Legal environment

Changes in legal acts regulating directly or indirectly real estate development, management or lease can negatively impact the company’s operations. One of the Issuer’s subsidiaries is SIA „Big Truck” which owns two land plots in Kekava parish. Due to delay in approval of the zoning plan, the company had difficulties to sell or develop land plots. In 2009, it is envisaged to complete administrative reform of Latvian regions, and after the coming municipal elections in June 2009, the legal aspects of land use in Kekava parish could be resolved.

4.2.3. Currency

The official currency of Latvia is the Lat, which is fixed to the euro at the rate of 0.702804 LVL per EUR and is allowed to float +/-1% around the fixed rate. Although the Issuer’s income and financial liabilities are denominated in EUR—as well as 80% of its revenues—a weakening of LVL against EUR beyond the current trading band can negatively affect the Issuer’s tenants, which in turn could diminish the Issuer’s capabilities to meet financial obligations in a timely matter. The Latvian government and the Central Bank of Latvia (Latvijas Banka) have publicly stated numerous times that it is not planning to take any measures to allow the Lat to trade beyond the current limits.

4.3. Risks Related to the Group

Activities of the Group are related to investing, developing and managing real estate, and building long-term relations with tenants. SIA “●”’s ability to fulfil obligations to Note holders depends on whether tenants will fulfil their obligations towards the Group. A relatively small number of tenants have a considerable share in SIA “●”’s consolidated income. The share of the six largest out of 120 tenants accounted for around 70% of revenues in 2008. In the cases of the smaller tenants, the Group may not be unable to assess tenants’ credit risk correctly. Thus, the Group is exposed to some of the smaller tenants’ credit risk.

The activities of the Group are influenced by competition risk, refinancing risk, dependence on key employees and taking interest rate risk. Also, successful operations of the Group depend on the ability to motivate and retain both top and middle management personnel and on opportunities to attract new employees.

4.3.1. Competition Risk

According to SIA “●”, the strategy by far the most important factor affecting competition with other property investors is location. Since starting the business in 1998, the management has looked for key

features that drive value of investment property – location, tenant strength and long-term, unbreakable agreements. SIA “Apex investments” owns retail space in densely populated districts in Riga and other cities in Latvia. SIA “InvestBūve” and SIA “Neatkarīgā patentu aģentūra” own office space in an attractive location in downtown Riga. As the major tenants are international companies operating in Latvia, the management of SIA “●” strongly believes that it has managed to extract the maximum long-term value of its investment portfolio.

4.3.2. Refinancing risk

As of 31 December 2008, total liabilities of all the companies included in SIA“●” group were around EUR 28.5 million in senior loan facility with Swedbank, and approximately EUR 1.14 million from the interest rate swap with SEB. The senior loan facility has a legal maturity in September 2012, and there is risk that Swedbank might refuse to refinance the current facility on favourable terms. Given the high quality of SIA “●” assets, however, it is likely that a refinancing will occur.

4.3.3. Dependence on Key Employees

SIA “●”’s success in growing its business will depend, in part, on its ability to continue to attract, retain and motivate qualified and skilled personnel. Management of the property owned by SIA “●” is done by related party SIA “RB Management”. Both companies rely on its senior management for the implementation of the strategy and operation of its day-to-day activities. Competition in Latvia for personnel with relevant expertise is intense. Should either SIA “●” or SIA “RB Management” be unable to retain key members of its senior management and unable to hire new qualified personnel in a timely manner, its business and results of operations could be adversely affected.

4.3.4. Ownership Concentration/ Change of Control

SIA “●”’s shareholders are Mr. David Allen De Rousse OR Svetlana DeRousse and Mr. Gerald Allen Wirth, controlling 100% of the share capital. By virtue of such shareholding, they have the ability to influence the company’s business significantly through their ability to control actions which require shareholders approval. If circumstances were to arise where the interests of the shareholders conflict with the interests of the Note holders, Note holders could be disadvantaged by any such conflict, as the shareholders could take actions contrary to the Note holders’ interests.

4.3.5. Interest Rate Risk

The Group in its activities is subject to interest rate risk that relates to the possibility of experiencing losses as a result of unfavourable fluctuations in EURIBOR interest rates. SIA “Apex investments” entered into a derivatives contract with SEB to swap the floating rate with a fixed one, and the contract expires at the end of 2010. Should SIA “Apex investments” choose not to prolong the agreement, and should the loan facility’s interest rate remain floating, monthly payments to the senior lender might increase, leaving less cash flow available to service obligations to Note holders.

4.3.6. Operational Risks

Operational risk presents the possibility to incur losses due to the impact of inadequate or unsuccessful internal processes, activities by personnel, systems, or external circumstances. The Group’s organisational structure, precise job specifications, division of responsibilities, as well as direct involvement of shareholders in management of the Group allow the company to lower operational risks.

4.4. Risks Connected to the Public Circulation of the Notes

4.4.1. Liquidity Risk

Although the Notes will be listed on the NASDAQ OMX Riga (Baltic list of Debt securities), neither SIA “●” nor any other party guarantees minimum liquidity for the Notes. Potential Investors and Note holders should be aware that it might be difficult to sell the Notes in the secondary market.

4.4.2. Price Risk

The Notes will be redeemed at par, but while they are listed on the NOR the price may fluctuate significantly. Neither SIA “●” nor any other party undertakes to provide any price support.

5. Information on the Notes

5.1. Use of the Proceeds

Notes issue is done to refinance SIA “Apex investments” debt security issue (LV0000601201) that matures on 30 April 2009. No cash proceeds are expected from this issue.

5.2. General Information

The issued Notes are bearer and any person or entity that holds the Notes in his securities account has the right to receive accrued interest and the Principal payment.

The issue size is 5,030 Notes with nominal value of EUR ● for one Note and total nominal value of EUR●. Notes issue ISIN (International Security Identification Number) will be assigned by the LCD prior to the settlement date.

5.3. Legislation

The Notes were issued according to the legal acts of the Republic of Latvia. The Notes accounting in depository is arranged in compliance with the legal acts of the Republic of Latvia (Financial Instrument Market Law) and the LCD regulations.

All disputes arising in relation to the Notes will be settled in the courts of the Republic of Latvia according to the Latvian legislation in force.

5.4. Form and Calculation of the Notes

The Notes are in dematerialised form and appear as a book entry in the Latvian Central Depository, which provides the accounting function for the Notes.

5.5. Currency of the Notes

The Notes are denominated in EUR.

5.6. Subordination of the Notes

In case of its insolvency, the Notes rank *pari passu* with other unsecured obligations of SIA ●”. The Note holders will be entitled to recover their investment on the same terms as other creditors in the respective claims’ group according to the legal acts of Latvia. There are no contracts or other transaction documents that would subordinate the claims of the Note holders to other unsecured liabilities of SIA “●”.

The Notes are guaranteed by the third parties in accordance with Sections 5.12 “Guarantees”.

5.7. Rights and Restrictions Connected with the Notes

Any Note holder has the right to receive the Coupon, the Principal payment and the Equity Kicker in accordance with Sections 5.8 “Coupon Payments”, 5.9 “Procedure of the Notes Repayment” and 5.11 “Equity kicker” of the Terms of the Notes Issue, as well as exercise other rights fixed in the Terms of the Notes Issue and Latvian legislation.

5.8. Coupon Payments

The Coupon rate for the Notes is set as follows:

- Year 1 – 0% of the Principal;
- Year 2 – 4% of the Principal;
- Year 3 – 5% of the Principal;
- Year 4 – 6% of the Principal;
- Year 5 – 7% of the Principal.

The Coupon payments are made on a quarterly basis – on the 30th of July, the 30th of October, the 30th of January and 30th of April. The first coupon payment is made on 30 July 2010, the last – on 30 April 2014. The Coupon calculation (record) date is the 5th Business date before the coupon payment date. The Issuer will fix the list of Note holders on the Coupon calculation (record) date.

Coupon payments are done through the LCD in accordance with the LCD regulations No 8 “On the dividend, interest rate, principal and other income payment” that regulate the terms of repayment of income for debt securities.

If the date of a Coupon payment is a holiday SIA “●” makes the relevant Coupon payment on the first Business day after the holiday. However if the closest Business day after the holiday occurs in the next month, the Coupon payment is made on the Business day preceding the holiday.

The Coupon payment is determined according to the following formula:

$CPN = F * C / 4$, where

CPN – value of a Coupon in EUR;

F – Nominal;

C – Coupon annual interest rate.

If the Issuer has not made Coupon or Principal payments on the dates stated in the Terms of the Notes Issue the Note holders have the right to submit claims for Coupon and Principal repayments no earlier than 5 (five) Business days after the relevant Coupon or Principal payment date.

5.9. Procedure of the Notes Repayment

The Principal of the Notes will be repaid as a lump sum at the date of maturity of the Notes. Note holders will receive EUR ● for each Note less the amount already paid according to the Section 5.10 “Call Option”. The Notes mature on 30 April 2014.

SIA “●” will make payment of Principal of the Notes on the Notes maturity date through the LCD in accordance with the LCD regulations No 8 “On the dividend, interest rate, principal and other income payment” that are in force.

If the Notes repayment date is a holiday, SIA “●” will repay Principal of the Notes on the first Business day after the holiday observing the terms stated in this section. However, if the nearest Business day after the holiday falls in the next month, Principal of the Notes is to be repaid on the Business day preceding the holiday.

SIA “●” has the right to repay Principal prior to maturity by exercising a call option or in cases when the Notes are purchased on the secondary market. If SIA “●” purchases the Notes on the secondary market and takes the decision on repayment of the Notes, the Bank at the latest of 5 days prior to the date of redemption of the Notes puts the corresponding announcement in the information system of the NOR, indicating the date of redemption and the amount of the Notes.

5.10. Call Option

SIA “●” has a right to repay the Principal every year on the 30th of October and on the 30th of April. The Principal can be repaid in the amount which is at least 10% of the outstanding Principal and 10% increments therefore. The price payable shall be calculated by the Issuer according to the formula. In order to calculate the value the following input figures are used:

- yield to maturity (YTM) is 8%,
- all prior cash flows and cash flows expected on the call date.

$$P = (1,000 - \sum_{i=1}^i CF / (1 + YTM / 4)^{d1/90}) * (1 + YTM / 4)^{d2/90}, \text{ where}$$

P – value of each callable Note, EUR;

YTM – yield to maturity, YTM=8%;

d1 – number of from the issue Notes issue date till the cash flow date using 360 days in one year / 30 days in one month day count method;

d2 – number of days from the Notes issue date using 360 days in one year / 30 days in one month day count method;

CF – Cash flow (Coupons and any Principal repayments).

i – the number of Cash Flow since the issue date;

The value shall be rounded up to the nearest 1/10 (one tenth) of EUR. The Issuer shall publish the call date and the call value 30 (thirty) days in advance.

5.11. Yield and Accrued Interest Calculation

The yield of the Notes or yield rate is an interest rate (using bond equivalent yield (BEY) method), which equals the discounted cash flow of the Notes (discounting the cash flow with this yield rate) to the price of the Notes.

The yield rate is calculated with the aid of iteration process by changing the value of the yield rate until the discounted cash flow of the Notes equals the price of the Notes.

$$P = \sum_{i=1}^i 100 * C / 4 / (1 + YTM / 4)^{d/90} + 100 / (1 + YTM / 4)^{d/90}, \text{ where}$$

P – Price per Note including accrued Coupon;

C – Coupon annual interest rate;

YTM – yield rate;

i – the number of Coupon payments till maturity date;

d – the number of days till the corresponding date of Coupon payment or Principal payment using 360 days in one year / 30 days in one month day count method.

The Coupon starts to accrue on 30 April 2009. The accrued Coupon is calculated assuming that there are 360 days in one year and 30 days each month (according to the convention – „European 30/360”). Accrued interest between Coupon payment dates shall be calculated as follows:

$$AI = F * C / 360 * D, \text{ where}$$

AI – accrued interest;

F – nominal value;

C – Coupon annual interest rate;

D – days from the beginning of the Coupon accrual period using 30/360 day count method.

5.12. Equity kicker

The Issuer shall pay the Note holders a one time payment (Equity Kicker) at a call date or at maturity date. Equity Kicker is calculated according to the formula:

$$EQ = (RE - L - IRS - N) * 0.25, \text{ where}$$

EQ – equity kicker, EUR;

RE – value of all the real estate owned by the Group, EUR;

L – outstanding loans of the Group, EUR;

IRS – liability of interest rate swap if negative, EUR;

N – outstanding total size of the Issue at nominal value or at call value whichever is smaller;

The Issuer shall revalue all the real estate owned by the Group not earlier than six months and not later than one month before a call or maturity date. The valuation shall be performed by a certified company with an office in Riga and which is accepted by at least two commercial banks or branches of foreign banks in Latvia at the date of valuation.

5.13. Guarantees

The Coupon payments, Principal and Equity Kicker payments are jointly and irrevocably guaranteed by SIA “Apex investments”, SIA “Tukuma projekts”, SIA “Neatkarīgā patentu aģentūra”, SIA “InvestBūve” and SIA “Big Truck”. The original copies of the guarantee agreements certified by notary public are submitted to the Agent. Each Note holder has a right to exercise the rights defined in the guarantees individually without any consent from other Note holders. The Agent shall provide Note holders a copy of guarantee agreements upon their request.

5.14. Representation of the Note Holders

The Note holders agree to accept SC “Parex banka” as the Agent for the Notes issue. The Agent shall call a Note holders meeting upon request of the Note holders, count votes in case changes in the Terms of the Notes Issue require approval of the Note holders and perform other tasks as specified in the Agency agreement.

The Agent does not represent the Note holders in case of the insolvency of SIA “●”. Every Note holder has the right to represent his own interests in creditors’ meetings. The Note holders will have equal rights for satisfaction of their claims with other creditors in the same group of claims.

5.15. Decisions on the Notes Issue

On 20 April 2009, SIA “●”’s Management Board passed the decision (Minutes No. ____) to issue debt securities (Notes) and to conduct offering of the Notes.

5.16. Restrictions on Free Circulation of the Notes

There are no restrictions regarding transfer (sale and purchase) of the Notes in the secondary market.

6. Special Conditions

6.1. The Issuer and Group's duties

Starting from the Notes issue date, the Issuer undertakes to:

- Take all reasonable measures to merge SIA “Neatkarīgā patentu aģentūra” and SIA “InvestBūve” by 31 March 2010;
- Take all reasonable measures to merge SIA “Tirdzniecības centrs Purvciems” and SIA “TC Purvciems Holdings” and SIA “Apex investments” by 31 January 2010;
- Buy 100 % of shares of SIA “Tukuma projekts” from SIA “Apex investments” by 31 January 2010;
- Take all reasonable measures to complete conversion of land to logistics or commercial use for two land plots owned by SIA “Big Truck” by 30 April 2010.

6.2. Disclosure of Information

Starting from the issue date till the listing of the Notes the Issuer undertakes to provide Note holders with the following information by sending it to ib@parex.lv:

- the Issuer's and each of the subsidiaries quarterly, consolidated balance sheet and profit and loss statement (unaudited) with the appendices one calendar month after the end of a quarter;
- the Issuer's and each of the subsidiaries audited consolidated previous year's financial report with appendices by 1 May of the current year starting from 2010;
- information on any derivatives agreements the Issuer or its subsidiaries enter into or modify;
- information on changes in the shareholder structure, the supervisory board and the board of directors, indicating the name, surname and professional experience of a new member within 5 (five) business days since the occurrence of the event;
- information on the Issuer's intent to accomplish reorganization or liquidation, to make amendments to the Articles of Association, dividend payments, increase or decrease of the registered capital not later than 5 (five) business days prior to taking of the respective decision;
- information on prohibitive actions within 1 (one) business day after they have been taken;
- statement on default if the Issuer delays payments for any of its financial liabilities in the amount of more than EUR 10,000 and for longer than 5 (five) business days, indicating the form of indebtedness (limited to loan, leasing, or rent), amount and the reason for delayed payments.

Starting from the issue until the redemption of all the Notes the Issuer undertakes to provide investors with the following information by sending it to ib@parex.lv or publishing it on the stock exchange's web-site:

- quarterly statements on compliance or failure to comply with the covenants within 5 (five) business days after the end of the quarter.

The Issuer has a right to send any other information to the above mentioned e-mail address. The Issuer is liable for all information it sends. Information received by the Agent may be forwarded to a Note holder upon its request.

If information is not disclosed on time, the Issuer undertakes to disclose the required information within 5 (five) Business days after the Issuer has received a written Note holder's request.

6.3. Event of Default

SIA “●” is in default if at least one of the following occurs:

- the Issuer has not paid the Coupon in full amount for more than 5 Business days;
- the Issuer has not paid the Equity Kicker in full amount for more than 5 Business days;
- the Issuer has not paid the Principal in full amount for more than 5 Business days;
- the Issuer has not fulfilled other liabilities according to terms of respective liability;

- Insolvency proceedings have been initiated by the relevant state authorities and have not been resolved within sixty (60) days;
- the Issuer has filed for liquidation in the appropriate state authorities of Latvia;
- state authorities of Latvia have cancelled, revoked or suspended license(s) necessary to conduct current business operations;
- the Issuer has violated terms of the Section 6.4 “Prohibitive actions”

In the case of non-compliance or inadequate compliance with a payment obligation arising from the Notes, the Note holder in question shall be entitled to require and SIA “●” shall be obliged to pay late payment interest which shall accrue on the outstanding amount as of the day following the due date for payment until the day of discharge of the payment obligation at the rate of 0.025% (zero point zero twenty five percent) per day.

6.4. Prohibitive actions

Starting from the issue till redemption of the Notes the Issuer and its subsidiaries are prohibited to take the following actions without receiving a consent from Note holders owning 2/3 or more of the Issue:

- receive new loans or increase the amount of existing loans from credit institutions and/ or banks, or other secured lender except if the proceeds are used for partial or full bond repayment or to restructure derivatives agreement with a credit institution;
- receive loans from legal persons or private individuals, who according to the Latvian legislation are not credit institutions and/ or banks, except for such loans, that concurrently are unsecured, subordinated (as evidenced by the respective loan agreement), interest free, and mature after the Notes or except if the proceeds are used for partial or full bond repayment or except from other companies in the Group;
- derivative agreements except if entered with a credit institution and serve only to hedge interest rate exposure;
- redeem the existing loans from legal entities and private individuals, who are the Issuer’s shareholders, members of the board and council, employees, or other affiliated persons;
- distribute dividends to or buy back shares from the Issuer’s shareholders;
- make any transactions with employees, shareholders or other affiliated persons, unless the transactions are executed on ‘arm’s length’ basis except management remuneration;
- invest in enterprises, unless the amount of investments in one enterprise is at least 51% of its share capital;
- sell, rent or in any other way hand over the right to use any registered brands of the Issuer and/ or its subsidiaries;
- grant any loans except to other companies in the Group or guarantees;
- operate directly or through investments in other enterprises in the fields other than real estate development, management, maintenance, construction;
- decide on reorganisation or liquidation of the Issuer’s company, as well as on amendments to the Articles of Association, distribution of dividends, increase or decrease of the registered capital.

6.5. Actions

In the event of default a Note holder has the right to demand repayment of the Principal, the accrued interest and the Equity Kicker from SIA “●”. The Issuer undertakes within 5 (five) Business days to offer the Note holder to redeem the Notes at the Principal value plus all accrued interest.

6.6. Procedure for Applying for the Waiver

SIA “●” may apply for the consent of Note holders to alter the terms stated in the Terms of the Notes Issue (waiver).

The changes in the Terms of the Notes Issue can attribute to such specifications of the Notes as the currency and the Coupon rate, the Coupon calculation method, the procedure of Coupon payments and of

the Notes repayment, the admission of the Notes for trading on other regulated markets, and other terms if only they do not interfere with Latvian legislation in force.

SIA “●” can apply for the waiver by itself or through the agency of an authorised person (“Agent”). To apply for the waiver, SIA “●” or its Agent shall submit an application for the waiver to Note holders via the Agent or when the Notes are listed via the NOR web page and the Central Storage of Regulated Information ORICGS, setting out at least the following information:

- a description of the changes applied for;
- a justification of the necessity of the changes applied for;
- the date when the list of Note holders eligible to grant the waiver will be fixed;
- the term within which a Note holder can grant the waiver to the Bank or refuse to waive;
- instructions concerning notification about the granting of the waiver to the Issuer or refusal to grant the waiver, and the questionnaire to be filled in by a Note holder;
- a statement that a Note holder willing to grant the waiver to the Issuer shall notify the Issuer or its Agent about it within the term specified in the application, and if a Note holder does not notify about the approval to grant the waiver to the Issuer or the Agent within the term specified in the application, a Note holder shall be deemed as not having granted the waiver;
- contact details of the Issuer and/ or the Agent to be used for notification (telephone number for queries, address for sending filled in and signed questionnaires, and list of representative offices and/ or branches of SIA “●” and/ or its Agent where Note holders can submit the questionnaires in person);
- other information.

The list of Note holders shall be inquired from the LCD as of the date falling to the 5th (fifth) Business day after the placement of the application on the NOR web page. The term allowed to Note holders for deciding upon refusal to grant the waiver to SIA “●” may not be shorter than 14 (fourteen) calendar days sending the application to the Custodians through the LCD or when listed after the placement of the application on the NOR web page.

Note holders shall submit signed questionnaires with their decision to SIA “●” or its Agent by a deadline set in the application. The waiver is deemed to be approved if Note holders owning at least 2/3 (two thirds) of the issue have voted for granting the waiver. The Notes owned by SIA “●” and / or its affiliated persons (subsidiaries, shareholders, management or employees) are not eligible to participate in the voting.

SIA “●” or its Agent shall sum up the received votes and notify the results of the voting within 1 (one) Business day after the deadline for submitting the questionnaires by placing a relevant advertisement on the NOR web page and ORICGS. If the waiver is granted, SIA “●” shall, within a month’s time after the placement of the advertisement with the voting results on the NOR, register the changes in the Terms of the Notes Issue with the FCMC. The changes in the Terms of the Notes Issue become effective as of the date of their registration with the FCMC.

If the accepted changes refer to specifications of the Notes and/ or Coupon calculation method, as well as procedure of Coupon payments and/ or repayment of the Principal, SIA “●” shall at short notice inform the LCD on the mentioned changes.

7. Terms of the Offering

7.1. Subscription to the Notes

7.1.1. Subscription period

The initial offering shall commence on 20 April 2009 at 10:00 and shall end on 27 April 2009 at 17:00 Riga time zone.

7.1.2. Subscription Terms

According to the Agreement concluded between SIA “Apex investments” and Parex banka on 21 January 2009, subscription to the Notes during the initial offering shall take place at Parex banka. Subscription orders to the Notes can be submitted to Parex banka every Business day from 9:30 to 18:00. More detailed information on the submission of the subscription orders is available by phone +371 7010558, +371 7010199, +371 7010847.

Subscription order can be also submitted to other Custodians. Business relations between Potential Investors and Custodians are regulated by contracts between them and by the Legislation. The Arranger has no rights to determine any special conditions for the procedure of submitting orders by Investors to their Custodians.

The number of demanded Notes should be stated in the order.

Potential Investors have the right to submit several subscription orders during the offering. However, all Investor's orders will be aggregated and considered as one order. Subscription orders to the Notes are irrevocable. Parex banka will register all submitted subscription orders in the Notes order book.

The minimal subscription size is EUR ● (● euro) or 1 (one) Note for a qualified Investor, EUR ● (● euro) or ● (●) Notes for other investors. The maximum subscription size is EUR ● (● euro) by nominal value, or 5,030 (five thousand thirty) Notes.

7.1.3. Reduction of the Notes Issue Size

At the end of the initial offering, if the total number of the Notes subscribed is less than as defined in section 5.2. “General Information”, the Issuer has the right to declare the issue completed in the actual subscribed amount, reduce the amount of issued Notes defined in the section 5.2. “General Information” or declare the issue null and void and terminate the initial offering.

7.1.4. Allocation of the Notes to Potential Investors

The Notes will be allocated to Investors according to the following algorithm:

- If the total number of the Notes subscribed is less than as defined in the Section 5.2. “General Information”, Potential Investors' orders will be satisfied in full amount;
- If the total number of the Notes subscribed is equal to the number defined in the Section 5.2. “General Information”, Potential Investors' orders will be satisfied in full amount;
- If the total number of the demanded Notes exceeds the number defined in the Section 5.2. “General Information” the Notes will be allocated to Potential Investors at the discretion of the Issuer and Parex banka.

7.2. Settlement and Delivery of the Notes

The settlement date is 28 April 2009 for all the Notes regardless of order submission date. The payment for the Notes can be only in the form of SIA “Apex investments” notes (LV0000601201). Investors will receive one note SIA “●”Note per one note SIA “Apex investments”.

The Custodians execute instructions for the Notes based on the results of the subscription provided by Parex banka. The Notes will be transferred to Investors' financial instrument accounts on 28 April 2009.

Settlement for the Notes can be executed according to other procedure, which is agreed to by Parex banka and a Potential Investor.

The date when the interest starts to accrue is 30 April 2009.

7.3. Announcement of the Offering Results

On the last day of the initial offering (27 April 2009 before 18:00) Parex banka announces the results of the subscription to all Custodians that have submitted subscription orders on their behalf or on behalf of Potential Investors.

7.4. Pre-emptive Rights

None of Potential Investors has the rights of pre-emption in respect to acquisition of the Notes in the initial placement.

7.5. Authorised Payer and Depository

The authorized depository and payer of the Notes issue is LCD.

8. Admission of the Notes for Trading

The market organiser for the Notes is NASDAQ OMX Riga (NOR) with legal and visiting address at Valnu iela 1, Riga, LV-1050, Latvia. The NOR may be contacted by phone (+371 7212431), by fax (+371 7229411) or by e-mail (riga@nasdaqomx.com). The official web site for general information is <http://www.nasdaqomxbaltic.com/>

The Issuer undertakes to register the prospectus with the FCMC not later than 12 (twelve) months after the Notes issue. The Issuer will submit all the required documents for inclusion of the Notes in the Baltic Bond list of the NOR after the prospectus's registration with the FCMC. Trading of the Notes will not commence prior to the day of the decision of the NOR management board on the inclusion of the Notes in the regulated market. All the Notes sold in the initial placement will be listed on the Baltic Bond list of the NOR.

The Issuer has not signed any agreement with any legal person for Notes liquidity maintenance on the secondary market.

9. Taxes

9.1. Notice

This summary is of general nature and should not be considered a legal or tax advice. This section does not contain full and complete information on all the taxes that relate to investment in the Notes. Tax rates and conditions for paying taxes may change during the life of the Notes. Prospective Note holders should consult with their own tax advisors with respect to their particular circumstances and the effects of the Latvian or foreign tax laws to which they may be subject to.

9.2. Definition of Residents and Non-residents

An individual is considered resident of Latvia for tax purposes if his or her permanent place of residence is Latvia; or he or she stays in Latvia for more than 183 days within any 12-month period; or he or she is a citizen of Latvia and is employed abroad by the government of Latvia.

If an individual does not meet any of the above mentioned criteria he or she is considered a non-resident for tax purposes.

Any legal entity is considered a resident of Latvia for tax purposes if it is or should be established and registered in Latvia according to the Latvian legislation. Other legal entities are considered non-residents for tax purposes.

If a non-resident is a resident of a country that has signed a double taxation treaty with Latvia, then tax relief determined in such treaties shall apply. The application procedures of tax relief are determined by the Cabinet of Ministers Regulation No. 178 “Procedures for Application of Tax Relief Determined in International Agreements for Prevention of Double Taxation and Tax Evasion” passed on 30 April 2001 and published in “Latvijas Vestnesis” on 4 May 2001.

Table 1 – Taxation of Notes

Legal status	Tax rate on discount and coupon rate	Capital gains tax rate	Conditions
Individual resident	23%	0%	Tax is withheld by the payer of interest
Company resident	15%	0%	Income is added to taxable income of a company, from which the company pays income tax
Individual non-resident	23%	0%	Tax is withheld by the payer of interest
Company non-resident	-	0%	<ul style="list-style-type: none"> Income is added to taxable income of a company, from which the company pays income tax, but only in case the Issuer and the income payee are related companies as determined by LR Law on Corporate Income Tax; If a company non-resident is registered in any of the low tax or zero tax countries and territories as defined by the Regulations No. 276 of the Cabinet of Ministers of Latvia - the 15% tax is withheld by the payer of the interest.

Source: LR legal acts

Potential investors should consult their own tax and legal advisors on their individual tax circumstances.

10. Additional Information

10.1. Advisors Involved in the Issue

SIA “●” has not used any outside advisory services related to the Notes issue except for the services of Parex banka.

10.2. The External Audit of the Information Included in the Securities Description

The auditors have not verified the information included in the securities description.

10.3. Statements or Reports Included in the Securities Description

The securities description does not contain any expert statements or reports.

10.4. Credit Ratings

SIA “●” does not have any credit ratings assigned.

11. The Issuer

11.1. General Information about the Issuer

11.1.1. Name

The Issuer's firm is a limited liability company (SIA) “●”.

11.1.2. Registration Number, Place and Term

The Issuer is registered in the Commercial Register of Latvia on __ April 2009 with the unified registration No. _____. The term of SIA “●”'s activities is indefinite.

11.1.3. Legal Information

The Issuer's legal and registered address is Kronvalda bulvaris 3, Riga, LV-1010, Latvia. The Issuer's phone number is (+371) _____; fax number - (+371) _____ and e-mail address - info@rbm.lv.

Legal form – a limited liability company, legal status – legal person. The place of foundation is the Republic of Latvia.

SIA “●” carries out its activities in accordance with the legal acts of Latvia such as Civil Law and Commercial Law among others. The Notes issue is also regulated by Financial Instruments Market Law and Rules of NASDAQ OMX Riga and Latvian Central Depository.

11.1.4. Recent Significant Developments

Below are described the most significant developments of SIA “●” and its subsidiaries since 2006:

2009	<ul style="list-style-type: none"> ▪ In April, SIA “●” was established to consolidate real estate investment assets in one group; ▪ Starting from February, a number of meetings with note holders were held to restructure short-term liabilities of the Group; ▪ In February, merger of SIA “O.P.M.1” to SIA “InvestBūve” was completed.
2008	<ul style="list-style-type: none"> ▪ Merger of SIA “Tuhkatriinu” into SIA “Neatkarīga patentu aģentūra” in 4Q 2008 was finalized; ▪ Acquisition in June of a commercial property in Purvciems, a suburb of Riga, Latvia. The subject of the purchase was the well-established “Minska Centrs,” anchored by Rimi Latvia; ▪ SIA “Rēznas centrs” was merged into SIA “Apex investments” in January.
2007	<ul style="list-style-type: none"> ▪ Acquisition in December of commercial property in Tukums, Latvia, property is fully let to Rautakesko (DIY retailer “K-Rauta”); ▪ In October, subscription for SIA “Apex investments” subordinated debt security issue was publicly listed for trading on NASDAQ OMX Riga; ▪ In June, SIA “Apex Investments” privately raised an additional EUR 300 thousand by selling 300 more bonds.
2006	<ul style="list-style-type: none"> ▪ In October, private subscription for SIA “Apex investments” subordinated debt security issue was completed with EUR 4.1 million cash raised (4,730 bonds sold).

11.1.5. Investments

The last published financial report of the Issuer's subsidiaries is as of 31 December 2008. Since that date none of the Group companies has made any significant investments.

12. Business Overview

The main business area of SIA “●” and its subsidiaries is investments in commercial real estate in Latvia. The shareholders of SIA “●” made the first investment in 1996 and have been continuing buying mostly cash flow generating property through various legal vehicles. According to the SIA “●”, management of the Group can be considered as one of the largest in its industry in Latvia, holding over 22,800 m² of retail space and 9,300 m² office space as well as 25.6 hectares of land.

The management of SIA “●” strongly believes that the long-term value of its real estate is directly related to its location. The Group’s retail arm owns property in high density residential areas in Riga, Tukums, Aizkraukle and Daugavpils, where the stores operating in the Group’s premises are one of the largest if not the largest ones in the respective neighbourhoods. This enables the Group to sign long-term agreements with well known tenants on favourable terms and at competitive rent rates. Total rent revenue in 2008 was EUR 3.4 million.

The office arm of SIA “●” owns “B 1” class office buildings in downtown Riga. Given the close proximity to the business district and easy access both by car and public transportation, the management is proud that such internationally known companies such as L’Oreal and Unilever chose to have their main local offices in SIA “●” buildings. Total rent revenue in 2008 was EUR 1.8 million.

The only development project the Group has consists of two land plots in Kekava parish. The land is ideally suitable for either logistics park or manufacturing as it is located at the crossing of two major highways - “Via Baltica” and Riga’s ring road. All the necessary infrastructure is available near the site. At the moment the management of SIA “●” is not considering any further development.

12.1. Competition

12.1.1. Competitive environment

Competition in the real estate investment market depends on the type of property being considered. There are significant differences between residential, office, retail and industrial segments of the market in terms of institutional investor participation, quality of property and size of the market.

The Group is active only in office and retail segments as the logistics/ industrial park could be developed in the mid-term future. The main competing properties are the ones that are located in the same area (for retail space) or are of the same quality (for office space).

The Group through SIA “Apex investments” owns small and medium size stores in Riga and three other cities in Latvia. This particular segment has received little attention from international institutional investors due to the small size of each property and unconsolidated market; therefore, there are little competitive pressures from similar companies. Location is the most critical factor that affects the investment success of stores located in high density residential areas. The Group is well positioned in this segment, also due to the fact that many stores were initially built by anchor tenants or build-to-suit, thus decreasing risk that the key tenants (Rimi and Rautakesko) vacate.

The office segment can be described as highly institutionalised due to a larger number of international players holding property.

12.1.2. Competitive Strengths

Strong market position

The Group generates income from retail and office space located in key commercial or residential areas in Riga. Limited available land, heavy municipal regulation for erecting new buildings and historical heritage status of Riga center limits potential competition. At the same time, the current market downturn with falling rent rates creates a challenging environment as tenants have stronger negotiating power to lower rent rates and improve other terms which are influencing all property owners. The management believes that the Group’s property mix will enable the Group to withstand a possible decrease in income in the coming years.

Experienced management

All of the Group’s companies are managed by at least one of the shareholders. Gerald Wirth and David DeRousse have experience in excess of ten years in actively managing real estate in Latvia. David DeRousse also has an MSc degree in Property Investment from College of Estate Management, University of Reading, UK. The current management has successfully exited a number of cash flow (PriceWaterhouseCoopers Latvia office building) and development projects (SIA “Happy trails”,

hospitality) in the past. Such broad experience gives the Group certain advantages when operating under recessionary pressures.

Strong relationships with R.B. Management

A related party, SIA “R.B. Management” (RBM), provides property acquisition and management services to the Group companies. Highly skilled RBM employees under management of Gerald Wirth and David DeRousse ensure that the Group’s tenants are satisfied with the quality of the premises throughout the term of the lease, which in many cases exceed 5 years.

12.2. Strategy

SIA “●”’s strategic objectives are to maximise real estate portfolio value through leasing it to financially strong tenants on a long-term basis. SIA “●” acquires real estate with its own funds, bank loans, bond issues or a mixture of the sources. SIA “●” regularly invests in renovation of buildings and interiors according to the needs of tenants and to preserve long-term value.

12.3. Principal Activities

SIA “●” is a holding company which consolidates real estate assets in retail, office and logistics sectors. Properties are owned by various subsidiaries of the Group. Retail and office space is cash flow generating and most of lease agreements have original terms in the range of five to ten years. Land for logistics/ industrial park is to be developed in the future and sold.

Due to the recession, the Group’s property value has fallen dramatically. However, real estate keeps generating cash flow from tenants; therefore, the management is confident that the Issuer will be able to service its liabilities.

Table 1 – The Group’s property valuation

Appraisals	Owned by	Feb 2009 Appraisal	2009 Cap Rate	Apr 2007 Appraisal	2007 Cap Rate	Value Change
A. Dombrovska 23	Apex Investments	2 666 000 €	12.0%	4 220 000 €	8.0%	-37%
Dzelzavas 78	Apex Investments	1 090 000 €	12.0%	2 267 000 €	7.0%	-52%
Kreimeņu 4a	Apex Investments	761 000 €	13.0%	1 155 000 €	8.0%	-34%
Nīcgaļes 2	Tirdzniecības centrs Purvciems	3 384 000 €	13.0%	4 075 000 €	10.0%	-17%
Slokas 161	Apex Investments	1 719 000 €	13.0%	4 071 000 €	7.5%	-58%
Smilšu 92b	Apex Investments	754 000 €	14.0%	959 000 €	10.0%	-21%
Spīdolas 17	Apex Investments	636 000 €	14.0%	834 000 €	10.0%	-24%
Vienības 95	Apex Investments	1 619 000 €	15.0%	2 742 000 €	8.0%	-41%
Viestura 10	Apex Investments	1 859 000 €	13.0%	2 758 000 €	9.0%	-33%
Kurzemes 46	Tukuma projekts	1 532 000 €	17.0%	3 200 000 €	8.5%	-52%
Citadeles 12	InvestBūve	2 488 000 €	13.5%	5 704 000 €	7.5%	-56%
Kronvalda 3	NPA	4 803 000 €	15.0%	12 266 000 €	7.5%	-61%
Kronvalda 3a	NPA	<i>Included in Kronvalda 3</i>				
Total		23 311 000 €	13.8%	44 251 000 €	8.1%	-47%

Source: the Issuer’s management

Note: Value in Apr 2007 column for Nīcgaļes 2 is purchase price of TC Purvciems Holdings in June 2008; the value for Kurzemes 46 displays the purchase price for Tukuma projekts in December 2007.

12.3.1. SIA “Apex investments”

Legal information. SIA “Apex investments” (Apex) registration number is 40003612223, legal address Andreja Pumpura iela 3, Rīga, LV-1010, paid in share capital is LVL 238,659. The management board consists of Mr. Gerald Allen Wirth (chairman) and Mr. David Allen De Rousse (member).

Business description. Apex is the retail arm of the Group. The company was established in 2002 with the aim to acquire cash flow generating retail property. The strategy of retail real estate represented by SIA “Apex investments” with its subsidiaries is founded on two simple concepts:

- In an illiquid and thin market, a portfolio approach to real estate investment is the safest method for equity investors. Rather than a few large scale developments, Apex’s aim is to build a large portfolio of small stores, with risk spread across the portfolio and diversified geographically and by retailer;

- The most recession-proof real estate sector is in the food retail (grocery stores). These range from small neighbourhood discount stores to large regional hypermarkets. They are all anchored by international retailers on institutional quality leases, backed by corporate parent guarantees.

Today, Apex and its subsidiaries directly owns ten retail small and medium size shopping centers. Apex directly owns eight stores with Rimi being the anchor tenant. The stores are located in Riga, Aizkraukle and Daugavpils. Apex through its subsidiary SIA “TC Purvciems holdings” owns “Minsk” shopping center in Riga. Through SIA “Tukuma projekts” Apex owns one do-it-yourself store in Tukums and it is fully leased to “K-Rauta”.

As of 31 March 2009 Apex including its subsidiaries had lease agreements with 118 tenants. The top 3 tenants by revenue are SIA “RIMI Latvia”, AS “Rautakesko” and SIA “DLV”, which lease nearly 75% of available retail space. Lease agreements with SIA “RIMI Latvia” have various expiration dates, starting from December 2009 to April 2014. The agreement with AS “Rautakesko” is valid until 2017 and with SIA “DLV” agreement expire from 2010 to 2014. Depending on the terms negotiated, the agreements might include annual indexation of rents tied to Latvian consumer price index (CPI) with minimum and maximum increases, unbreakable periods and other terms that are common in the Latvian real estate market.

Table 2 – Information on property of Apex and its subsidiaries

Property	City	Anchor	Tenants	Avg Lease Term	GLA*, m ²	Vacancy	NLA**, m ²	Avg EUR / m ²	Annual rent
A. Dombrovska 23	Rīga	Rimi Latvia	23	3.4 years	6 176	3%	6 020	5.07 €	366 444 €
Dzelzavas 78	Rīga	Rimi Latvia	7	3.6 years	1 261	0%	1 261	10.51 €	159 096 €
Kreimeņu 4a	Rīga	Rimi Latvia (Supernetto)	2	5.1 years	953	0%	953	10.15 €	116 028 €
Nīcgales 2	Rīga	Rimi Latvia	24	5.0 years	2 819	0%	2 819	15.28 €	516 804 €
Slokas 161	Rīga	Supernetto	26	4.8 years	2 135	6%	2 008	9.06 €	218 316 €
Smilšu 92b	Daugavpils	Rimi Latvia (Supernetto)	4	1.2 years	1 069	0%	1 069	9.42 €	120 804 €
Spīdolas 17	Aizkraukle	Rimi Latvia (Supernetto)	5	5.3 years	962	0%	962	9.47 €	109 320 €
Vienības 95	Rīga	Rimi Latvia	1	4.3 years	1 500	0%	1 500	15.43 €	277 800 €
Viestura 10	Daugavpils	Rimi Latvia (Supernetto)	12	4.5 years	2 602	0%	2 602	9.23 €	288 048 €
Kurzemes 46	Tukums	Rautakesko	1	8.1 years	3 370	0%	3 370	7.19 €	290 868 €
Total	4 Cities	Rimi, Supernetto & K-Rauta	105	4.7 years	22 847	1%	22 564	9.09 €	2 463 528 €

Source: the Issuer's management

* Gross leasable area (GLA)

** Net leased area (NLA)

In 2008, Apex had consolidated unaudited revenue in the amount of EUR 3.1 million and net loss of EUR 1.1 million. Value of investment property was EUR 16.1 million, total borrowings of EUR 21.8 million. Borrowings are comprised of a senior secured loan from Swedbank with maturity in September/December 2012 and a bond issue with maturity on 30 April 2009. In January 2008, Apex provided a guarantee in favour of Swedbank as additional collateral for a loan to SIA “Big Truck”. The amount of the outstanding loan as of 31 December 2008 was EUR 1.18 million.

SIA “R.B. Management” (RBM) has entered into an interest rate swap (IRS) agreement with AS “SEB banka” to hedge interest rate risk. Under the agreement, RBM pays a 3.97% annual fixed rate and receives the 3 months floating EURIBOR rate. The agreement expires in December 2010 with initial notional of EUR 41.8 million. Shares of RBM and personal guarantees limited to EUR 150,000 from both shareholders serve as collateral for the IRS agreement. There is an agreement between Apex and RBM according to which Apex is effectively liable to cover any loss from IRS agreement.

Apex financial statement as presented below are prepared in accordance with International Financial Reporting Standards as adopted in the European Union on a going concern basis.

SIA “APEX INVESTMENTS” CONSOLIDATED BALANCE SHEET

	31.12.2008. LVL Unaudited	31.12.2007. LVL Audited	31.12.2008. EUR Unaudited	31.12.2007. EUR Audited
Investment property	11,340,174	9,145,354	16,135,614	13,012,666
Property, plant and equipment	47,969	15,917	68,254	22,648
Goodwill	324,958	324,958	462,374	462,374
Loans and other receivables	2,386,334	2,846,734	3,395,447	4,050,538
Non-current assets	14,099,435	12,332,963	20,061,689	17,548,226
Loans and other receivables	1,169,622	553,156	1,664,222	787,070
Derivative financial instruments	-	125,306	-	178,294
Current income tax assets	-	710	-	1,010
Cash and cash equivalents	361,130	953,523	513,842	1,356,741
Current assets	1,530,752	1,632,695	2,178,064	2,323,115
Total assets	15,630,187	13,965,658	22,239,753	19,871,341
Share capital	238,659	238,659	339,581	339,581
Accumulated deficit	(1,070,114)	(290,065)	(1,522,635)	(412,725)
Total equity	(831,455)	(51,406)	(1,183,054)	(73,144)
Borrowings	11,422,580	13,132,707	16,252,867	18,686,159
Deferred income tax liabilities	364,324	384,790	518,386	547,507
Non-current liabilities	11,786,904	13,517,497	16,771,253	19,233,666
Trade and other payables	269,864	254,625	383,982	362,299
Current income tax liabilities	-	11,604	-	16,510
Derivative financial instruments	478,374	-	680,665	-
Borrowings	3,926,500	233,338	5,586,906	332,010
Current liabilities	4,674,738	499,567	6,651,553	710,819
Total liabilities	16,461,642	14,017,064	23,422,806	19,944,485
Total equity and liabilities	15,630,187	13,965,658	22,239,752	19,871,341

SIA “APEX INVESTMENTS” CONSOLIDATED INCOME STATEMENT

	2008 LVL Unaudited	2007 LVL Audited	2008 EUR Unaudited	2007 EUR Audited
Revenue	2,166,409	1,484,343	3,082,522	2,112,030
Cost of sales	(1,443,084)	(915,777)	(2,053,323)	(1,303,033)
Gross profit	723,325	568,566	1,029,199	800,997
Distribution costs	(4,685)	(9,660)	(6,667)	(13,744)
Administrative expenses	(70,436)	(53,500)	(100,221)	(76,124)
Other operating income	177,978	300,865	253,240	428,092
Other operating expenses	(606,666)	(114,365)	(863,208)	(162,727)
Operating profit	219,516	691,906	312,343	984,494
Finance income	1,900	6,837	2,703	9,728
Finance costs	(1,054,570)	(778,655)	(1,500,518)	(1,107,926)
Finance costs – net	(1,052,670)	(771,818)	(1,497,815)	(1,098,198)
Loss before income tax	(833,154)	(79,912)	(1,185,472)	(113,704)
Income tax	53,105	(45,715)	75,561	(65,047)
Loss for the year	(780,049)	(125,627)	(1,109,911)	(178,751)

Attributable to:				
Equity holders of the Company	(780,049)	(125,627)	(1,109,911)	(178,751)

The Apex bond issue, which matures in April 2009, is listed on NASDAQ OMX Riga and Apex has disclosed all the relevant information and has published financial statements on NOR web-page.

12.3.2. SIA “Neatkarīgā patentu aģentūra”

Legal information. SIA “Neatkarīgā patentu aģentūra” (NPA) registration number is 40003391818, legal address is Citadeles iela 12, Riga, LV-1010, paid in share capital is LVL 205,000. The management board consists of Mr. William Rueben Stuart Chapman (chairman).

Business description. NPA is a part of the Group’s office arm. NPA has invested in two buildings located on Kronvalda 3 and Kronvalda 3a, Riga. This is historic property originally built in the 18th century. In 2000, the buildings were renovated and now are “B1” class offices. Kronvalda 3 building’s net area leased is 2,800 m² and Kronvalda 3a building’s net area leased is 576 m². The average rent rate for both buildings is EUR 12.65/m² (does not include parking).

Being inside the main business district of Riga, close to the Old Town and being accessible by cars and public transport makes NPA’s offices one of the top choices for large international and local companies. Such companies as Olympic Casino, TNS Latvia and Unilever Baltic LLC are key tenants.

Usually the agreements have 2-8 year original terms, and unbreakable periods from three months to several years. NPA’s policy is to have financially strong tenants that are ready to sign long-term leases with longer than typical market unbreakable terms. In return NPA is ready to accept lower than market rent rates. In some cases rents are annually indexed.

In 2008, NPA’s revenue was EUR 1.22 million and net profit was EUR 0.401 million. As at 31 December 2008 the property was worth EUR 3.9 million and borrowings from banks were EUR 5.7 million.

SIA “NEATKARĪGĀ PATENTU AĢENTŪRA” INCOME STATEMENT

	2008 LVL	2007 LVL	2008 EUR	2007 EUR
	Unaudited	Audited	Unaudited	Audited
Net turnover	864 006	874 614	1 229 370	1 244 464
Costs of disposed services	-382 748	-324 859	-544 601	-462 233
Gross income	481 258	549 755	684 768	782 231
Selling/administrative expenses	-3 942	-20 708	-5 609	-29 465
Management expenses	-11 808	-15 672	-16 801	-22 299
Other income from operations	907	363	1 291	517
Other expenses from operations	-5 951	-8 936	-8 468	-12 715
Income from securities and loans from long term investments			-	-
Other interest income and related	12 514	8 639	17 806	12 292
Interest expenses and related	-156 856	-96 420	-223 186	-137 193
Earnings before taxes (EBT)	316 122	417 021	449 801	593 367
Corporate income tax	-	-40 386	-	-57 464
Accrued tax	-	-17 087	-	-24 313
Other taxes	-33 774	-37 507	-48 056	-53 368
Net income / (loss)	282 348	322 041	401 745	458 223

SIA “NEATKARĪGĀ PATENTU AĢENTŪRA” BALANCE SHEET

	31.12.2008. LVL	31.12.2007. LVL	31.12.2008. EUR	31.12.2007. EUR
	Unaudited	Audited	Unaudited	Audited
Balance sheet - Assets			-	
Total non-material investments	300	155	427	221
Other fixed assets	10 828	7 335	15 407	10 437
Land, buildings, and construction	2 729 424	2 856 147	3 883 620	4 063 931
Total long-term assets	2 740 552	2 863 637	3 899 454	4 074 588

Loans to clients and customers	5 161	65	7 343	92
Other receivables (debtors)	49 445	5 317	70 354	7 565
Prepaid expenses	9 006	105	12 814	149
Accrued income	11 246	16 561	16 002	23 564
Cash	47 880	91 720	68 127	130 506
Total short-term assets	122 738	113 768	174 640	161 877
Total assets	2 863 290	2 977 405	4 074 095	4 236 466
Share capital	205 000	205 000	291 689	291 689
Retained earnings	-5 540 096	236 607	-7 882 846	336 661
Net income / (loss)	282 348	322 041	401 745	458 223
Total owners' equity	-5 052 748	763 648	-7 189 413	1 086 573
Loans from related companies	-	1 881 339	-	2 676 904
Deferred taxes	-	64 684	-	92 037
Loans from credit institutions	5 727 753	-	8 149 858	-
Loans from related companies	2 020 696	-	2 875 191	-
Total long-term liabilities	7 748 449	1 946 023	11 025 050	2 768 941
Loans from related companies	-	112 415	-	159 952
Customer advances	53 039	62 517	75 468	88 954
Loans from suppliers and contractors	25 129	11 050	35 755	15 723
Imposed taxes and state social insurance installments	64 699	20 121	92 058	28 630
Other payables (creditors)	-	46 413	-	66 040
Deferred payments	24 722	15 218	35 176	21 653
Total short-term liabilities	167 589	267 734	238 458	380 951
Total liabilities	7 916 038	2 213 757	11 263 507	3 149 892
Total liabilities and equity	2 863 290	2 977 405	4 074 095	4 236 466

12.3.3. SIA “InvestBūve”

Legal information. SIA “InvestBūve” (InvestBūve) registration number is 40003384892, legal address is Citadeles iela 12, Riga, LV-1010, paid in share capital is LVL 652,580. In February 2009, InvestBūve was merged with SIA „O.P.M.1”, its holding company. The management board consists of Mr. David Allen De Rousse (chairman) and Mr. Gerald Allen Wirth (member).

Business description. InvestBūve is the second company that represents the office arm of the Group. InvestBūve owns property on Citadeles street 12, Riga. The building was originally built at the end of the 18th century. Today it is fully renovated as “B1” class office and houses L’Oreal Baltic’s representative office, Grant Thornton partner accounting firm, a local advertising agency, as well as other companies. The building’s net area leased is 2,500 m² and the average rent rate is EUR 12.70 / m² (does not include parking).

InvestBūve’s revenue in 2008 amounted to EUR 563 thousand and net profit of EUR 157 thousand.

SIA “INVESTBŪVE” INCOME STATEMENT

	2008	2007	2008	2007
	LVL	LVL	EUR	EUR
	Unaudited	Audited	Unaudited	Audited
Net turnover	395 788	332 226	563 156	472 715
Costs of disposed services	(199 832)	(179 607)	(284 335)	(255 558)
Gross income	195 956	152 619	278 820	217 157
Selling/administrative expenses	(30 190)	(14 632)	(42 956)	(20 819)
Management expenses	(8 888)	(6 394)	(12 646)	(9 098)
Other income from operations	2 907		4 136	-
Other expenses from operations	(6 640)	(3 061)	(9 448)	(4 355)
Income from securities and loans from long term investments			-	-
Other interest income and related	115	3 371	164	4 797
Interest expenses and related	(23 794)	(20 980)	(33 856)	(29 852)
Earnings before taxes (EBT)	129 466	110 923	184 214	157 829

Corporate income tax	-	(11 085)	-	(15 773)
Accrued tax	-	(2 531)	-	(3 601)
Other taxes	(18 446)	(20 241)	(26 246)	(28 800)
Net income / (loss)	111 020	77 066	157 967	109 655

SIA “INVESTBŪVE” BALANCE SHEET

	2008	2007	2008	2007
	LVL	LVL	EUR	EUR
	Unaudited	Audited	Unaudited	Audited
Total non-material investments	300	155	427	221
Machinery and equipment	26 275	31 868	37 386	45 344
Other fixed assets	9 486	2 569	13 497	3 655
Establishment of fixed assets and costs of unfinished developments		112 912	-	160 659
Total fixed assets	36 061	147 504	51 310	209 879
Land, buildings, and construction	1 346 692	1 228 591	1 916 170	1 748 128
Total long-term assets	1 382 753	1 376 095	1 967 480	1 958 007
Total reserves		895	-	1 273
<i>Accounts receivable (debtors):</i>			-	-
Loans to clients and customers	15 135	2 725	21 535	3 877
Other receivables (debtors)	28 066	46 009	39 934	65 465
Prepaid expenses	40	33	57	47
Accrued income	8 767	5 521	12 474	7 856
Total accounts receivable (debtors)	52 008	54 288	74 001	77 245
Cash	25 123	21 359	35 747	30 391
Total short-term assets	77 131	76 542	109 748	108 909
Total assets	1 459 884	1 452 637	2 077 228	2 066 916
Share capital	652 580	652 580	928 538	928 538
Retained earnings	206 859	129 793	294 334	184 679
Net income / (loss)	111 020	77 066	157 967	109 655
Total owners' equity	970 459	859 439	1 380 839	1 222 872
Loans from related companies	331 053	447 990	471 046	637 432
Deferred taxes	89 453	89 453	127 280	127 280
Total long-term liabilities:	420 506	537 443	598 326	764 712
Loans from related companies		17 813	-	25 346
Customer advances	53 363	13 482	75 929	19 183
Loans from suppliers and contractors	1 676	324	2 385	461
Imposed taxes and state social insurance installments	29	15	41	21
Other payables (creditors)		14 495	-	20 625
Deferred payments	13 851	9 626	19 708	13 697
Total short-term liabilities	68 919	55 755	98 063	79 332
Total liabilities	489 425	593 198	696 389	844 045
Total liabilities and equity	1 459 884	1 452 637	2 077 228	2 066 916

12.3.4. SIA „Big Truck”

Legal information. SIA “Big Truck” (Big Truck) registration number is 40003723285, legal address is Andreja Pumpura iela 3, Riga, LV-1010, paid in shared capital is LVL 4,000. The management board consists of Mr. William Rueben Stuart Chapman (member).

Business description. Big Truck is the Group’s newest company established in 2005 to develop an industrial / logistics park on the outskirts of Riga. Big Truck has purchased ~ 26 hectares of land at convergence of Via Baltic (major North-South highway) and Riga’s ring road. Two land plots were acquired and are being re-zoned. Infrastructure will be pulled, and serviced sites (with utilities and appropriate zoning) will be sold. As market demand warrants, Big Truck will also offer turnkey facilities for off-balance sheet long term leases – to qualifying customers on institutional quality leases.

Big Truck was formed in anticipation of:

- Expected dramatic growth in Latvia’s logistics / transport sector driven by international operators;
- A lack of Western quality product on the market to facilitate that growth.

Due to the downturn of the global economy, Big Truck has put the development of the land on hold. In 2008, Big Truck did not have any revenues, made net loss of EUR 80 thousand. Big Truck has a secured loan from Swedbank. As at 31 December 2008 the outstanding balance was EUR 1.18 million.

SIA “BIG TRUCK” INCOME STATEMENT

	2008 LVL Unaudited	2007 LVL Unaudited	2008 EUR Unaudited	2007 EUR Unaudited
Net turnover	0	0	0	0
Cost of goods sold	0	0	0	0
Gross profit (loss)	0	0	0	0
Administration expenses	-15 319	-17 198	-21 800	-24 471
Other income from operations	-	333 840	0	475 012
Other expenses from operations	-23 755	-6 910	-33 805	-9 832
Other interest income and related	56 682	1 853	80 663	2 637
Interest expenses and related	-74 073	-62 841	-105 411	-89 415
Earnings before taxes (EBT)	-56 465	248 744	0	353 931
Corporate income tax	-	-22 710	0	-32 313
Accrued tax	-14	-21	-20	-30
Real estate tax	-73	-80	-104	-114
Net income / (loss)	-56 552	225 933	-80 478	321 474

SIA “BIG TRUCK” BALANCE SHEET

	31.12.2008. LVL Unaudited	31.12.2007. LVL Unaudited	31.12.2008. EUR Unaudited	31.12.2007. EUR Unaudited
Non-material investments	300	141	427	201
Land	701 036	701 036	997 484	997 484
Loan	-	801 197	-	1 140 001
Total long-term assets	701 336	1 502 374	997 911	2 137 686
Loan	830 394	1 660	1 181 544	2 362
Other receivables (debtors)	21 484	2 044	30 569	2 908
Prepaid expenses	24	19	34	27
Cash	506	20 032	720	28 503
Total short-term assets	852 408	23 755	1 212 867	33 800
Total assets	1 553 744	1 526 129	2 210 779	2 171 486
Share capital	4 000	4 000	5 691	5 691
Retained losses	120 078	-105 855	170 856	-150 618
Net income / (loss)	-56 552	225 933	-80 466	321 474
Total owners' equity	67 526	124 078	96 081	176 547
Loans from credit institutions	-	-	-	-
Loans from related persons and companies	560 858	161 645	798 029	230 000
Deferred taxes	35	21	50	30
Total long-term liabilities:	560 893	161 666	798 079	230 030
Loans from credit institutions	832 687	851 084	1 184 807	1 210 983
Loans from related persons and companies	91 584	362 056	130 312	515 159
Other payables (creditors)	-	280	-	398
Taxes	-	22 710	-	32 313
Accrued liabilities	1 054	4 255	1 500	6 054
Total short-term liabilities	925 325	1 240 385	1 316 619	1 764 909
Total liabilities and equity	1 553 744	1 526 129	2 210 779	2 171 486

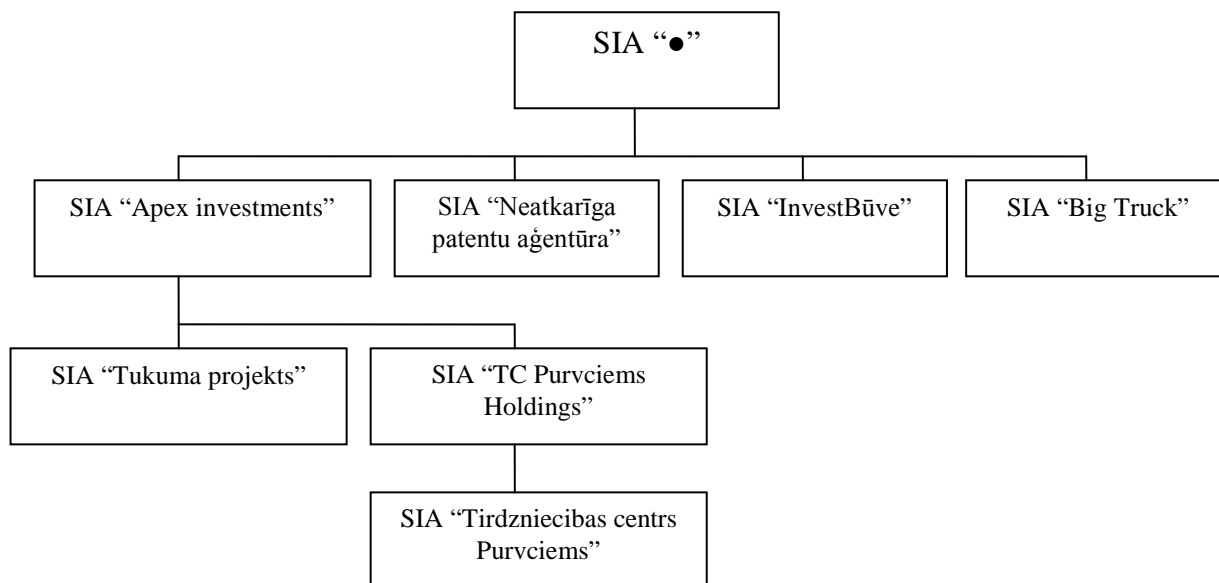
12.4. Employees

Real estate investment business requires the employment of significant capital, but major daily operations can be outsourced relatively efficiently; therefore, the Group currently employs less than five people outside the management board.

13. Organisational Structure

The Issuer is a holding company which has interest in several companies owned directly: SIA “Apex investments”, SIA “Neatkarīga patentu aģentūra”, SIA “InvestBūve”, SIA “Big Truck”, and controlled indirectly: SIA “Tukuma projekts”, SIA “TC Purvciems Holdings”, SIA “Tirdzniecības centrs Purvciems”. In all of the subsidiaries the Issuer owns either directly or indirectly 100% of the share capital. All subsidiaries are incorporated under Latvian law and operate in Latvia.

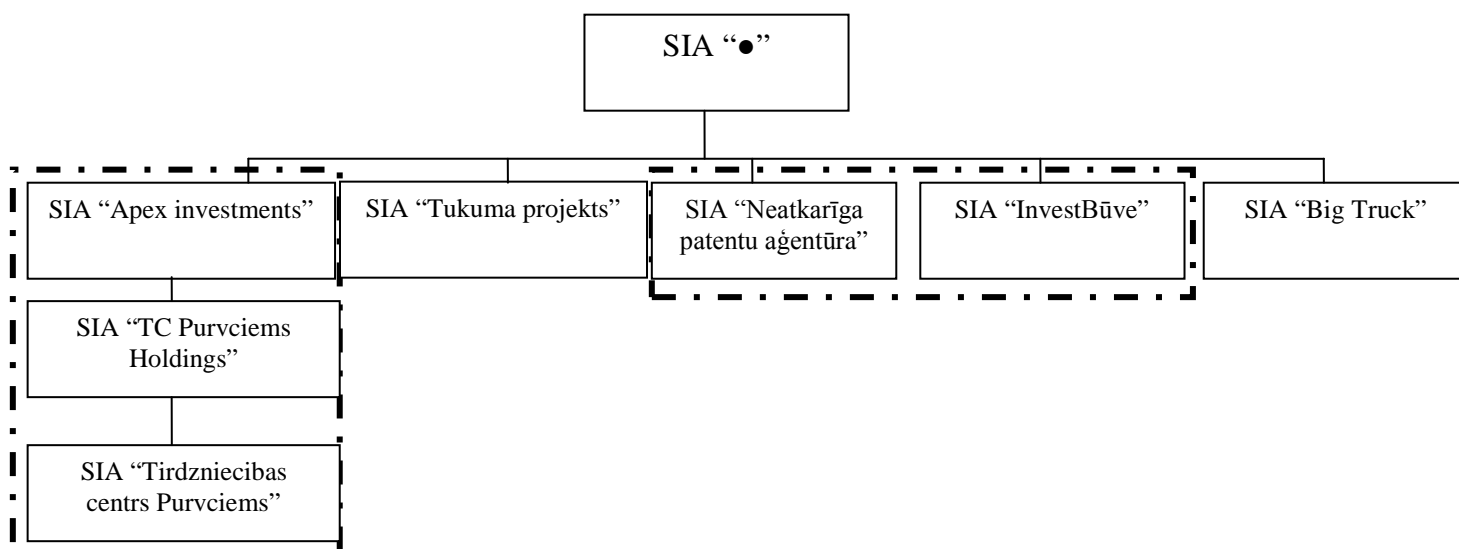
Figure 1 – SIA “●”’s Organisational Structure as at 20 April 2009



Source: Issuer’s management

SIA “●”’s subsidiaries are operating in commercial real estate investment industry. There are no plans to engage in any other business in the near future.

Figure 2 – Target Organisational Structure of SIA “●”



By 31 January 2010, the Issuer’s management will take all the reasonable actions to merge SIA “Apex investments” and SIA “TC Purvciems Holdings” and SIA “Tirdzniecības centrs Purvciems”. By 30 March 2010, the Issuer’s management will take all the reasonable actions to merge SIA “Neatkarīga patentu aģentūra” and “InvestBūve”.

14. Trend Information

At SIA “●”’s disposal there is no information on trends, external factors, claims, obligations or events that can substantially influence its perspectives in the current financial year except for those mentioned in the Terms of the Notes Issue.

15. Profit Forecasts

SIA “●” chooses not to include any profit forecasts or estimates in this Terms of the Notes Issue.

16. Management Bodies of the Issuer

SIA “●” is governed by the General Assembly of Shareholders and the Management Board. The legal address of all members of the Management Board is Kronvalda bulvaris 3, Riga, LV-1010, Latvia.

16.1. Management Board

SIA “●”'s Management Board consists of one member:

- **Mr. David Allen De Rousse** (personal code 290665-11815), chairman of the Management Board.

Mr. DeRousse arrived in the Baltics in 1992 on assignment with the U.S. Peace Corps as a business development specialist. After completing Peace Corps Service, Mr. DeRousse joined EDF Man Sugar, Ltd. to manage their Baltic Sugar subsidiary in Latvia. He was recruited from EDF Man in 1997 by Mr. Wirth at Celcius Properties.

In late 2001, Mr. DeRousse founded R.B. Management together with Mr. Wirth to outsource Celcius Properties' facilities management. Together with Mr. Wirth, Mr. DeRousse has grown R.B. Management and related group of SPVs from a single asset, to the diversified portfolio listed in the Terms of the Notes issue.

Prior to arrival in the Baltics, Mr. DeRousse worked as an Assistant Controller at Midland Property Management Company in the United States. He holds a MSc in Property Investment (*College of Estate Management, University of Reading*) and B.S.B.A in Accounting (Rockhurst College, Kansas City, Missouri). Mr. DeRousse passed the American Certified Public Accountant examination in 1997.

He lives in Riga with his wife and four daughters. He speaks English and Latvian.

16.2. Conflicts of Interests of Administration, Management and Supervision Bodies

The person mentioned in this section may have conflict of interests between his obligations against SIA “●” and its creditors and their private benefit as Shareholders or any other obligations. In order to minimise the effect of possible conflicts of interests, SIA “●” abides by all restrictions stipulated under the regulations of Latvia regarding transactions with members of board and shareholders.

17. Shareholders

SIA “●”’s legal and beneficial shareholders are Mr. Gerald Allen Wirth, and Mr. David Allen De Rousse OR Ms. Svetlana Kunder-De Rousse (the “Shareholders”). Each of them owns __ of shares which together represent 100% of the share capital.

17.1. Other businesses of shareholders

The Shareholders are involved also in the real estate management business through SIA “R.B. Management”. The company structures deals, searches for financing, provides project development services, manages tenant relations, supervises renovation works, and provides legal counselling to the Group for a fee. The company does not own any real estate. In 2008, the total amount of fees paid by the Group to SIA “R.B. Management” was in the amount of EUR 232,000. The fee is in the range of 6% to 7% of Group’s rental income. SIA “R.B. Management” employs more than 10 professionals and provides real estate management services to non-related parties as well.

18. Corporate Governance

SIA “●” carries its business in accordance with the best practices relating to corporate governance. In order to ensure the understanding of its activities by partners and clients, and to increase the confidence in its long-term economic potential, SIA “●” pays attention to ensuring of transparency of its business, personnel training, improvement of the quality of its services and provision of high quality services focused on client needs. SIA “●” operates in accordance with public interests while trying to achieve the best possible results for its shareholders.

19. Important Agreements

SIA “●” has no knowledge of any important agreements that could have been concluded between its shareholders and that could affect its capability to fulfil its liabilities due to investors regarding the securities to be issued.

20. Legal Proceedings and Arbitrage

To the best knowledge of the management there have not been and as at the moment of the Notes Issue there are no government interventions, lawsuits or arbitrage processes which could affect or have affected substantially its financial situation.

21. Documents on Display

The following documents (or copies) may be inspected:

- SIA “●”’s registration documents including Articles of Association;
- historical financial information of the Issuer and its subsidiaries, including consolidated financial statements of SIA “Apex Investments”;
- the Terms of the Notes Issue;
- the Agency Agreement with SC “Parex banka”;
- the Guarantee agreements.

at SIA “●”’s office at Kronvalda bulvaris 3 Riga, Latvia or request an electronic copy by e-mail info@rbm.lv.

22. Other Information

All disputes between Note holders and SIA “●” shall be settled in courts of the Republic of Latvia in accordance to the legal acts in force. FCMC will register the prospectus in Latvian, and any translations of the prospectus into another language are unofficial and made exceptionally for the Investors’ convenience. In case of any disputes’ settlement, interpretation of the norms of the prospectus in the Latvian language takes precedence.