LIMITED LIABILITY COMPANY
"Marijas 2"

UNIFIED REGISTRATION NUMBER 50203281461

ANNUAL REPORT FOR THE YEAR 2023

PREPARED IN ACCORDANCE WITH THE LAW OF THE REPUBLIC OF LATVIA

ON ANNUAL REPORTS AND CONSOLIDATED ANNUAL REPORTS

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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INFORMATION OF THE COMPANY

COMPANY NAME	SIA "Marijas 2"
COMPANY LEGAL STATUS	Limited liability company
REGISTRATION NUMBER, PLACE AND DATE	50203281461 Riga, 21.12.2020
TYPE OF OPERATIONS (NACE CLASSIFICATION CODE)	68.20 (renting and managing own or leased real estate)
COMPANY LEGAL ADDRESS	Riga, Marijas street 2A, LV-1(8
EMAIL ADRESE	www.noviraplaza.lv
SHAREHOLDERS	65.38% - Evernord Real Estate Fund III Closed-end fund intended for informed investors (Lithuania) 34.62% - Novira SIA (Latvia)
MEMBERS OF THE BOARD	Nikolay Kryzhanovskiy - member of the Board Jolanta Jurga - member of the Board
ACCOUNTING YEAR	01.01.2023-31.12.2023
RESPONSIBLE ACCOUNTANT	Edgars Sniegs SIA Cipari Baltic Kr. Valdemara Street 33-19, Riga, LV-1010 Phone: (371) 67212468 | www.cipari.com
NAME AND ADDRESS OF AUDITOR AND CERTIFIED AUDITOR IN CHARGE	PricewaterhouseCoopers SIA Certified Auditors' Company, Licence Nr. 5 Kr. Valdemāra iela 21-21, Rīga LV-1010 Responsible Certified Auditor: Ilandra Lejiņa, Certificate Nr. 168

MANAGEMENT REPORT

Type of operations

According to the Statistical Classification of Economic Activities, the main activity of Marijas 2 SIA (hereinafter referred to as the Company) is renting and managing own or leased property (NACE code 68.20).

Information on Company's share capital

The Company's registered and fully paid share capital is EUR 14,502,800, it consists of 145,028 ordinary shares with EUR 100 nominal value per share.

Performance of the Company during the year

The Company owns and develops a modern seven-floor A-class office building Novira Plaza in central Riga located at Marijas 2 and Marijas 2A. The building's architecture was inspired by the historical city center and is in-line with modern offices' design principles.

Total aboveground gross area of the building is 29 700 m2 which comprises ground floor retail area and A-class offices on the upper floors. In addition to that, two underground floors with area of 9 900 m2 will accomodate 255 car parking spaces and spacious bike storages. The whole property consists legally of two separate buildings that will be united after commissioning – Marijas 2A and Marijas 2. An approximate proportion of two buildings is 80% and 20% respectively.

The construction works have started in 2021, underground works were completed in February 2022. The aboveground construction agreement was signed in December 2021. In order to offer maximum flexibility to the potential tenants, the completion of the buildings is done in stages. The first stage envisages commissioning of the buildings with completion of ca 25% of the leasable premises as well as common areas in final finishing and remaining premises in grey finishing in Q1 2024. The second stage includes completing the leased-out premises of ca 20% of the buildings in Q2 2024. Remaining fit-out works on the currently vacant premises will be done according to tenants' needs after signing of respective lease agreements.

After the COVID-19 pandemic and increased remote working, the changes of workplace set-up have stabilized. New hybrid work model will have significant role for companies moving forward, increasing their demand for flexibility.

Workplace strategy and ESG considerations have become the focus of interest when looking for a new space, especially for international companies. The size of an average leased office has decreased compared to previous years while the companies opt for smaller spaces but increase investments in fit-out to improve working conditions. New projects offer the companies a perfect opportunity to update and optimize the office area as well as provide them with the capability to use new know-how and solutions to adapt and make a modern working space most suitable for the Company's needs. Increase of the accessory costs and mainly utilities have kept the average range of rent rates for A-class offices in Riga stable at 15 - 18 EUR/m2 but have widened the gap between A and B class offices thanks to higher energy efficiency of the former. High inflation has been a major factor in an increase of prime yield estimation for offices to 6%-6,5%. However, calculation of more precise number has been more difficult as the total investment volume in 2023 has nearly halved in comparison to 2022 numbers and landlords seem to hold premium assets longer waiting for more favorable economic environment.

The year 2023 has been very prominent for Riga real estate market. Some of the highly anticipated projects have been commissioned with few more, including Novira Plaza, to be commissioned in 2024. The office take-up in 2023 has reached 65 000 m2, a nearly 30% increase from last year's number. The amount of pre-leases in projects under development remained stable totaling approximately 20 000 m2. This trend has been present for the past few years, confirming rising interest of tenants in new sustainable and technically advanced projects. Despite the commissioning of few A-class projects, the A-class vacancy has decreased by 33 percentage points (bps) in 2023 while the overall vacancy in Riga has increased 38 bps. This merely supports the trend of companies increasing interest toward higher quality A-class offices can offer. Even though the current pipeline suggests Riga supply of A-class offices increases over the next two years, the vacancy rate of A-class offices is expected to keep downward trend. The vacancy may have a temporary spike because new buildings will not be fully leased at commissioning, however, landlords can expect even stronger interest from tenants after main construction works are completed.

The company has issued bonds to finance its business operations until the completion of the construction works and commissioning the building. The total nominal value of the bonds is 45 million EUR, which are planned to be issued starting from 2022 during 18 months in 10 bond tranches. Up to 31 December 2023 the total nominal value of the placed bonds is 37.275 million EUR. In June 2023 the bonds were admitted for trading on Nasdaq Baltic Alternative market First North with ISIN code LV0000802551. The company plans to continue with quarterly issues of bonds.

Risk management

The Company's most significant financial instruments are borrowings from banks, other borrowings, cash and bank deposits. The main task of these financial instruments is to provide financing for the Company's business operations. The Company also has a number of other financial assets and liabilities, such as trade receivables and payables to suppliers and contractors, arising directly from its operations.

Market risk is the risk that changes of current market factors will significantly influence the Company's business and ability to attract funding. Company sees that the main factor is the rent rate of offices that influences both the value of the assets and covenants to secure the bank financing. To mitigate the risk the Company is in constant contact with real estate agents who help assess the market situation and provide counsultations about planned pre-lease contracts.

Interest risk is the risk of increasing financial costs due to changes in interest rates for the Company due to rising EURIBOR value. The company will continue to manage the interest risk by keeping a close eye on the interest rates on the market and look for more favorable financing options.

The Company adheres to prudent liquidity and cash flow risk management, ensuring that adequate credit resources are available to settle liabilities in a timely manner.The Company's management manages liquidity and cash flow risk by maintaining adequate cash reserves and providing sufficient funding through loans, credit lines, financial leases, etc., as well as by constantly monitoring expected and actual cash flows and harmonizing the maturity structure of financial assets and liabilities.

The company is not subject to a currency risk since business is conducted in euros.

Future prospects

In 2024, the Company management will focus on completing the construction project, finding tenants for the vacant premises as well as fit-out those premises to their needs.

Post balance sheet events

The bigger building, Marijas 2A, has been commissioned in mid-February 2024. Tenants have started to move in and the Company has started its main business activity – renting out its own property. The smaller building, Marijas 2, is planned to be commissioned by the end of April 2024.

The Company has completed the ninth tranche of the secured bond program raising 5 million eur reaching total raised amount of 42,28 million EUR in February 2024. The Company will plan another issue before maturity of the bonds if required to continue development of the project.

Current year profit

The Company’s Board proposes to add current year profit 13,343 EUR to the Company’s retained earnings.

This management report is signed electronically.

Nikolay Kryzhanovskiy, Member of the Board

Jolanta Jurga, Member of the Board

PROFIT OR LOSS ACCOUNT

	Notes	2023	2022
		EUR	EUR
Selling expenses	2.	(26 291)	(30 164)
Administrative expenses	3.	(67 107)	(88 167)
Other operating expenses		(151)	(213)
Other interest income and similar income	**4.**	109 124	-
(b) from other parties		109 124	-
Profit (loss) before corporate income tax		**15 575**	**(118 544)**
Corporate income tax for the reporting year		(2 232)	-
Current year's profit (loss)		**13 343**	**(118 544)**

The notes on pages 11 to 18 is an integral part of these financial statements.

Financial statements are signed electronically.

Statements signed by:
Nikolay Kryzhanovskiy, Member of the Board
Jolanta Jurga, Member of the Board

Statements prepared by:
Edgars Sniegs, accountant
SIA Cipari Baltic

BALANCE

ASSETS	Notes	31.12.2023.	31.12.2022.
		EUR	EUR
Non-current assets			
Intangible assets			
Other intangible assets	5.	5 006	10 013
Total intangible assets		**5 006**	**10 013**
Fixed assets			
Land and buildings	6.	14 500 000	14 500 000
(a) land and buildings		14 500 000	14 500 000
Construction in progress	6.	45 788 483	20 811 699
Total fixed assets		**60 288 483**	**35 311 699**
Financial investments			
Participation in related companies	**7.**	2 800	-
Deferred expenses	9.	-	64 086
Total financial investments		**2 800**	**64 086**
Total non-current investments		**60 296 289**	**35 385 798**
Current assets			
Debtors			
Trade receivables		304 920	65 146
Deferred expenses	9.	332 883	372 068
Other debtors	8.	60 177	48 701
Accrued income		7 187	-
Total debtors		**705 167**	**485 915**
Cash	10.	**5 623 908**	**9 932 144**
Total current assets		**6 329 075**	**10 418 059**
Total assets		**66 625 364**	**45 803 857**

BALANCE

LIABILITIES AND EQUITY	Notes	31.12.2023. EUR	31.12.2022. EUR
Equity			
Share capital	11.	14 502 800	14 502 800
Accumulated losses			
Prior year accumulated (loss)		(173 022)	(54 477)
Current year's profit (loss)		13 343	(118 544)
Total equity		**14 343 121**	**14 329 779**
Creditors			
Long-term creditors			
Bonds	12.	-	19 500 000
Amounts due to related companies	13.	12 577 028	11 672 570
Other creditors	15.	464 446	84 620
Long-term creditors total		**13 041 474**	**31 257 190**
Short-term creditors			
Bonds	12.	37 483 636	109 146
Trade payables		57 280	46 339
Amounts due to related companies	14.	9 220	40 016
Taxes and social security contributions		2 693	-
Other creditors		26 140	12 800
Accrued liabilities		1 661 800	8 587
Total short-term creditors		**39 240 769**	**216 888**
Total creditors		**52 282 243**	**31 474 078**
Total liabilities and equity		**66 625 364**	**45 803 857**

The notes on pages 11 to 18 is an integral part of these financial statements.

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Nikolay Kryzhanovskiy, Member of the Board
Jolanta Jurga, Member of the Board

Statements prepared by:
Edgars Sniegs, accountant
SIA Cipari Baltic

CASH FLOW STATEMENT	Notes	2023	2022
		EUR	EUR
Operating activities			
Profit (loss) before taxes and corporate income tax		15 575	(118 544)
intangible asset amortisation		5 007	5 006
Profit or loss before current asset and liability changes		**20 582**	**(113 538)**
accounts receivable and deferred expenses increase		(59 366)	(522 496)
accounts payable increase		627 077	156 894
Net cash from operating activities		**588 293**	**(479 140)**
Investing activities			
acquisition of fixed assets	6.	(20 679 233)	(11 734 128)
investments in the capital of subsidiaries		(2 800)	-
Net cash from investing activities		**(20 682 033)**	**(11 734 128)**
Financing activities			
loans received	13.	-	3 210 000
bond emission	12.	17 499 879	19 279 690
interest paid		(1 714 375)	(484 250)
Net cash from financing activities		**15 785 504**	**22 005 440**
Net change in cash		**(4 308 236)**	**9 792 172**
Cash at the beginning of the year		9 932 144	139 972
Cash at the end of the year	10.	**5 623 908**	**9 932 144**

The notes on pages 11 to 18 is an integral part of these financial statements.

Financial statements are signed electronically.

Statements signed by:
Nikolay Kryzhanovskiy, Member of the Board
Jolanta Jurga, Member of the Board

Statements prepared by:
Edgars Sniegs, accountant
SIA Cipari Baltic

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

General principles

Legal adress of Marijas 2 is Marijas street 2A, Riga, LV-1050. The Company is registered in the Commercial register of the Republic of Latvia under number 50203281461. The Company's shareholders are Evernord Real Estate Fund III Closed-end fund intended for informed investors (Lithuania), which owns 65.38% of the Company's share capital and Novira SIA, which owns 34.62% of the Company's share capital. Company's members of the Board are Nikolay Kryzhanovskiy and Jolanta Jurga. The Company's auditor is PricewaterhouseCoopers SIA, and certified auditor in charge is Ilandra Lejiņa.

General principles

Financial statements are prepared in accordance with the Law on Accounting and Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia, on a going concern basis. The profit and loss account is classified by function of expense. According to the law on "Annual financial statements and consolidated financial statements" Article 5, Section 2 the company is classified as micro company. Compared to the previous reporting year, the accounting and valuation methods used by the Company have not changed.

Going concern

Growing inflation in Latvia and particularly in the construction sector may negatively affect volume of funds the Company intends to raise in order to finance the ongoing development.

As of 31 December 2023 the Company's current liabilities have exceeded its current assets by 32.9 million EUR.

The Company has been issuing bonds to finance the construction of the building. As of 31 December 2023 total outstanding bond liability is 37,28 million EUR. In February 2024 the Company has completed the ninth tranche of the secured bonds program raising 5,5 million EUR reaching the total nominal raised amount of 42,78 million EUR. The bonds will mature on 30 May 2024.

The main plan for refinancing the outstanding bonds and continuing financing fit out costs of remaining vacant premises envisages a new secured bond emission on the public market. The company is finishing drafting a prospectus for the amount of up to 50 million EUR to be raised in tranches. Public placement will allow the Company to reach more potential investors without restrictions of a private one, mitigate the risks and obtain financing at a shorter time period.

The Company has received a binding offer from a financial institution in the amount of 30 million EUR. The other option of refinancing under consideration is combining the secured bank loan with subordinated bonds to cover the remaining amount. In this case the Company will use the whole bank loan amount and plan several tranches of bonds to refinance the existing obligation and complete the development.

The Company is in active discussions with financial advisors about both strategies for a new bond issue. At the date of signing these financial statements, the Company is still processing the information and negotiating with the parties involved. The final decision on refinancing will be made in early May based mostly on the best financial outcome.

The Company's management believes that the going concern assumption is appropriate for the preparation of these financial statements.

Currency

The amounts presented in these financial statements are expressed in the official currency of Latvia - the euro (EUR). Cash and cash equivalents consist of cash balances on the current bank accounts.

Intangible and tangible fixed assets

All intangibles and fixed assets are recorded at cost net of accumulated amortisation and depreciation. Depreciation or amortization is calculated on a straight-line basis to write down each asset to its estimated residual value over its estimated useful life as follows:

	% per annum
Intangible assets	20%
Buildings	5%
Technological equipment	20%
Other assets	20%

Land is not subject to depreciation.

Interest costs on borrowing to finance the fixed assets under construction and other direct charges related to the particular fixed asset under construction are capitalized. This is during the period of time that is required to complete and prepare the asset for its intended use, as part of the cost of the asset. Capitalization of the borrowing costs is suspended during extended periods in which active developments are interrupted.

Where the carrying amount of an intangible asset or property, plant and equipment exceeds its recoverable amount, the intangible asset or property, plant and equipment is written down immediately to its recoverable amount. Recoverable amount is the higher of an intangible asset's or property, plant and equipment's fair value less costs to sell and value in use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Such costs are depreciated over the remaining useful life of the asset. When capitalizing the cost of an installed spare part, the residual value of the replaced part is written off in the profit or loss account.

The costs of repairs and maintenance of property, plant and equipment are charged to the income statement in the period in which they are incurred.

Accounts receivable

Receivables are carried in the balance sheet at amortized cost less any allowance for impairment. Impairment losses are recognized when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount of the receivable and its recoverable amount. The amount of the provision is included in the profit or loss account.

Taxation

Corporate income tax for the reporting period is included in the financial statements based on management’s calculations which are prepared in accordance with Latvian Republic tax legislation.

Corporate income tax is calculated on distributed profits (20/80 of the net distributed amount). The corporate income tax tax on distributed profits is recognized when the Company's shareholders decide on profit distribution.

The Company also calculates and pays corporate income tax on conditionally distributed profits (20/80 of the calculated taxable base), including statutory taxable items such as non-operating expenses, accrued doubtful debts and loans to related parties, if they meet the certain criteria, as well as other costs that exceed the statutory deductible thresholds. Corporate income tax is recognized in the income statement in the year in which it arises. Corporate income tax on distributed profit and corporate income tax on conditionally distributed profit are presented in the income statement line “Corporate income tax for the reporting year”, and disclosed by the components in the notes to the financial statements.

Amounts due to related parties and borrowings against bonds

Borrowings are recognized initially at the proceeds received net of transaction costs incurred. In subsequent periods, borrowings are stated at the amortized cost using the effective interest method. Any difference between proceeds net of any transaction costs and the redemption value as part of construction in progress, in accordance with the accounting policy for property, plant and equipment.

Related parties

Related parties are defined as shareholders of the Company, members of the board, their close relatives, and companies in which they have a significant influence or control.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Future events may affect the assumptions underlying the respective estimates. Any impact of changes in estimates is reflected in the financial statements in the period when they arise.

Subsequent events

Post-period-end events that provide additional information about the Company’s position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-period-end events, that are not adjusting events, are disclosed in the notes when material.

2. Selling expenses

	2023	2022
	EUR	EUR
Marketing and public relations	17 337	30 164
Representation	8 954	-
	26 291	**30 164**

3. Administrative expenses

	2023	2022
	EUR	EUR
Professional services	33 462	64 034
Bond comissions	9 587	-
Bank comissions	7 660	13 167
Payroll and taxes	4 136	-
Office rent	960	960
Other	11 302	10 006
	67 107	**88 167**

4. Other interest income and similar income

	2023	2022
	EUR	EUR
Interest income from short term deposits in LHV bank	109 124	-
	109 124	**-**

5. Intangible assets

	Other intangible assets	Total
	EUR	EUR
Historical cost		
31.12.2022.	**15 019**	**15 019**
31.12.2023.	**15 019**	**15 019**
Amortisation		
31.12.2022.	**5 006**	**5 006**
Current year amortisation in 2023	5 007	5 007
31.12.2023.	**10 013**	**10 013**
Net book value		
31.12.2022.	**10 013**	**10 013**
31.12.2023.	**5 006**	**5 006**

Intangible assets include costs of creating the Company's website.

6. Fixed assets

	Land and buildings	Construction in progress	Total
	EUR	EUR	EUR
Historical cost			
31.12.2022.	**14 500 000**	**20 811 699**	**35 311 699**
Additions	-	24 976 784	**24 976 784**
31.12.2023.	**14 500 000**	**45 788 483**	**60 288 483**
Accumulated depreciation			
31.12.2022.	-	-	-
31.12.2023.	-	-	-
Net book value			
31.12.2022.	**14 500 000**	**20 811 699**	**35 311 699**
31.12.2023.	**14 500 000**	**45 788 483**	**60 288 483**

Fixed assets include land and an unfinished construction site, both located in Riga, at Marijas Street 2 / 2A, where a modern seven-story Class-A office complex is being developed.

The total planned investment in the object, excluding the value of the land, is 57.5 million EUR. During the reporting period, investments were made in the amount of 24.98 million EUR, or 43% of the total planned investments. The share of the financial investment made corresponds to the actual stage of completion of the project.

During the reporting year, interest capitalized in construction costs, amortization of bond issue expenses and bond discount amortization amounted to EUR 5,385,928 (2022: EUR 1 939 609).

Due to the Nasdaq-registered bond issue of EUR 37,275,000 EUR, a mortgage of EUR 58,000,000 was registered in 2021 on the plots in favor of the security agent. The mortgage ensures bond coupon and principal payment, anticipating future growth in the volume of issued bonds.

7. Participation in related companies

	31.12.2023.	31.12.2022.
	EUR	EUR
SIA Elektrības Sadale (100%)	2 800	-
	2 800	**-**

8. Other debtors	**31.12.2023.**	**31.12.2022.**
	EUR	**EUR**
Tax overpayment	52 677	48 701
Security deposits	7 500	-
	60 177	**48 701**

9. Deferred expenses	**31.12.2023.**	**31.12.2022.**
	EUR	**EUR**
The unamortized part of bond issue expenses		
long term part	-	40 363
short term part	171 898	229 728
The unamortized portion of the bond discount		
long term part	-	23 723
short term part	160 985	142 340
Long term part total	**-**	**64 086**
Short term part total	**332 883**	**372 068**

10. Cash	**31.12.2023.**	**31.12.2022.**
	EUR	**EUR**
BluOr bank account balance	12 907	198 382
LHV bank account balance	385 946	9 730 416
AB Šiaulių bankas account balance	5 225 055	3 346
	5 623 908	**9 932 144**

11. Share capital

As at 31 December 2023 and 2022, the Company's registered and fully paid-up share capital consisted of 145,028 ordinary shares with a nominal value of EUR 100 each. The capital consists of a cash investment of EUR 2,800 and a property investment of EUR 14,500,000.

12. Bonds	**31.12.2023.**	**31.12.2022.**
	EUR	**EUR**
Issue of bonds		
Nominal value of bonds (long-term liabilities)	-	19 500 000
Nominal value of bonds (short-term liabilities)	37 275 000	-
Accrued interest (short-term liabilities)	208 636	109 146
	37 483 636	**19 609 146**

In 2022 the Company has started issuing bonds to finance its business operations until the completion of the construction works and commissioning the building. The total nominal value of the bonds is 45 million EUR, which are planned to be issued during 18 months in 10 bond tranches. During 2022 the Company has issued 4 tranches for the total nominal value of 19.5 million EUR. During 2023 4 more tranches were placed with the total nominal value of 17.775 million EUR. As a result, as of 31 December 2023 the total nominal value of the placed bonds is 37.275 million EUR. In June 2023 the bonds were admitted for trading on Nasdaq Baltic Alternative market First North with ISIN code LV0000802551. The Company plans to continue with quarterly issues of bonds. The maturity date of the bonds is 30 May 2024, and they have a 6.5% coupon rate.

The Company has started negotiations with several credit institutions to refinance bonds at maturity.

13. Due to related companies (long-term)	**31.12.2023.**	**31.12.2022.**
	EUR	**EUR**
Loan from Evernord Real Estate Fund III		
Years interest rate 7%-9% , repayment date 31.12.2027 .		
At the beginning of the reporting year	7 633 564	4 941 438
Loans received during the reporting year	-	2 099 340
Interest calculated during the reporting year	591 516	592 786
At the end of the reporting year	**8 225 080**	**7 633 564**
Loan from SIA Novira		
Years interest rate 7%-9% , repayment date 31.12.2027 .		
At the beginning of the reporting year	4 039 006	2 614 728
Loans received during the reporting year	-	1 110 660
Interest calculated during the reporting year	312 942	313 618
At the end of the reporting year	**4 351 948**	**4 039 006**
In total, the loans are repayable in more than 4 years	**12 577 028**	**11 672 570**

Loans are unsecured. The principal amount and interest of the loan must be repaid by 31.12.2027, but if the Company has free funds, it will begin gradual repayment earlier, in 2024, when the Company will start to earn revenue from renting the premises. 01.10.2023 loan interest rates were decresed from 9% to 7%.

14. Amounts due to related companies (short-term)	**31.12.2023.**	**31.12.2022.**
	EUR	**EUR**
Interest free short term debt to related company SIA Novira Capital	9 220	40 016
	9 220	**40 016**

15. Other creditors (long-term)	**31.12.2023.**	**31.12.2022.**
	EUR	**EUR**
Tenants security deposits	464 446	84 620
	464 446	**84 620**

16. Average number of emplyees	**2023**	**2022**
	1	**-**

17. Capital commitments

Completion of the building is planned for the 2nd quarter of 2024 and the total investment is planned to be 64 million EUR. At the end of the reporting period, the Company had capital payment obligations in the amount of 3.6 million EUR.

18. Post balance sheet events

The bigger building, Marijas 2A, has been commissioned in mid-February 2024. Tenants have started to move in and the Company has started its main business activity – renting out its own property. The smaller building, Marijas 2, is planned to be commissioned by the end of April 2024.

The Company has completed the ninth tranche of the secured bond program raising 5 milion euros reaching total raised amount of 42,28 million EUR in February 2024. The Company will plan another issue before maturity of the bonds if required to continue development of the project.

Financial statements are signed electronically.

Statements signed by:
Nikolay Kryzhanovskiy, Member of the Board
Jolanta Jurga, Member of the Board

Statements prepared by:
Edgars Sniegs, accountant
SIA Cipari Baltic

Independent Auditor's Report

To the Shareholders of SIA "Marijas 2"

Our opinion

In our opinion, the financial statements set out on pages 7 to 18 of the annual report give a true and fair view of the financial position of SIA "Marijas 2" (the "Company") as at 31 December 2023, and the Company's financial performance and cash flows for the year ended 31 December 2023 in accordance with the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

What we have audited

The Company's financial statements comprise:

- the profit and loss account for the year ended 31 December 2023,
- the balance sheet as at 31 December 2023,
- the cash flow statement for the year ended 31 December 2023, and
- the notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

Basis for opinion

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 Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Law on Audit Services that are relevant to our audit of the financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Law on Audit Services.

Reporting on Other Information

Management is responsible for the other information. The other information comprises:

- Information on the Company as set out on page 3 of the annual report,
- the Management Report as set out on pages 4 to 6 of the annual report,

but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with

PricewaterhouseCoopers SIA
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the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Management Report, we also performed the procedures required by the Law on Audit Services. Those procedures include considering whether the Management Report is prepared in accordance with the requirements of the Law on Annual Reports and Consolidated Annual Reports.

Based on the work undertaken in the course of our audit, in our opinion, in all material respects:

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

In addition, in light of the knowledge and understanding of the entity and its operating environment obtained in the course of our audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this respect.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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.

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- 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 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 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

PricewaterhouseCoopers SIA
Certified audit company
Licence No. 5

Eva Jansen-Diener
Person per procura

Ilandra Lejiņa
Certified auditor in charge
Certificate No.168

Riga, Latvia
22 April 2024

Independent Auditor's Report is signed electronically with a secure electronic signature and contains a time stamp.

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