



Publisko aktīvu pārvaldītājs

Possessor

Akciju sabiedrība

2019 REPORT

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INFORMATION ABOUT THE COMPANY

Full name of the company	JSC "Public assets manager Possessor"	
Legal status of the company	Corporation	
Registration number, place and date	40003192154 in Riga, April 22, 1994	
	Re-registration was carried out in the commercial register of the Enterprise Register on November 1, 2004	
Members of the Board	Alvis Mitenbergs – member of the board Vladimirs Loginovs – chairman of the board (until 27.02.2020) Juris Vaskjyns – member of the board (until 27.02.2020)	
Legal address	Cr. 31 Valdemāra Street, Riga, LV-1887	
Financial reporting period	January 1, 2019 - December 31, 2019	
News about subsidiaries	<p>LAS "Reverta" Cr. 31 Valdemāra street, Riga, LV-1010 Equity share 96.89%</p> <p>SIA "REAP" Cr. 31 Valdemāra street, Riga, LV-1010 Equity share 100%</p> <p>LSIA "Hiponia" Cr. 31 Valdemāra street, Riga, LV-1010 Equity share 100%</p> <p>SIA "FeLM" Cr. 31 Valdemāra street, Riga, LV-1010 Equity share 100%</p>	
Auditors	<p>SIA "Ernst & Young Baltic" Muits iela 1a, Riga, LV-1010 License No. 17</p> <p>Dijna Krišjūne Sworn auditor Certificate No. 124</p>	
Shareholder's representative		
Arvil Asheraden	until 23.01.2019	Minister of Economy
Ralfs Nemiro	from 24.01.2019 to 02.07.2019	Minister of Economy
Eriks Eglītis	from 03.07.2019	State Secretary of the Ministry of Economy

MANAGEMENT REPORT

The most important developments in 2019

In order to ensure the compliance of the capital company's firm (name) with the main field of activity (fulfilment of delegated tasks of the state administration and tasks specifically given by the orders of the Cabinet of Ministers), the name of the state joint-stock company "Privatization Agency" was changed. The process of changing the name of the capital company was completed on August 23, 2019, and the new name of the capital company is JSC "Public assets manager Possessor" (hereinafter - the Company).

In 2019, the Company continued its work on the development (privatization and expropriation) of the portfolio of state assets in its possession, as well as continued to fulfill the tasks specifically assigned by the Cabinet of Ministers, related to the management of the subsidiary companies it owns.

The most important indicators

The company's net turnover in 2019 is 3.57 million. *euros*. The total amount of the company's assets as of December 31, 2019 is 12.63 million. *EUR* and equity is 9.41 million. *euros*.

In 2019, as a result of the development of the state property portfolio, the Company concluded a total of 273 purchase contracts worth 5.12 million. worth of *euros*, including:

• 55 contracts for the purchase of built-up plots of land and real estate objects for 3.42 million. worth of *euros*; • 215 apartment property expropriation contracts for 1.27 million. worth of *euros*; • expropriation contracts 0.43 million worth of *euros* for 3 packages of capital shares.

In fulfillment of the tasks of the state administration delegated to the Company, within the framework of the development of the portfolio held by the Company in 2019: 45

- planned privatized and accelerated privatized apartment properties, residential houses or their intended parts purchase contracts were concluded; 362
- agreements were concluded on the transfer of the assumed parts of the land into ownership without compensation according to the assumed part of the joint ownership of the privatized object; • 24 residential houses were transferred to the management of the
- owners; completed privatization of 70 state-owned objects; 132
- land redemption (purchase) agreements were concluded.

As a result of the development of the portfolio of state assets in possession, the Company has transferred to the state budget and other state institutions revenues from the privatization, expropriation, leasing of state property and land purchase agreements of 1.12 million. in the amount of *euros*.

Subsidiaries

LAS "Reverta"

In 2019, LAS "Reverta" continued to defend its interests in court proceedings. As of December 31, 2019, the group includes one subsidiary of LAS "Reverta" - Regalite Holdings Limited (Cyprus). The total value of LAS "Reverta" assets on December 31, 2019 was 2.98 million. *euros*.

SIA "REAP"

During the reporting period, SIA "REAP" continued work on the realization of the claim rights taken over from LAS "Reverta" (including against debtors in the Russian Federation, the Republic of Cyprus and Latvia), while also ensuring the maintenance, management and disposal of the taken over real estate. The total value of SIA "REAP" assets on December 31, 2019 was 19.58 million. *euros*.

LSIA "Hiponia"

In 2019, LSIA "Hiponia" continued to defend its interests in court proceedings. During the reporting period, LSIA "Hiponia" continued to develop its real estate portfolio. The total asset value of LSIA "Hiponia" on December 31, 2019 was 2.11 million. *euros*.

MANAGEMENT REPORT

SIA "FeLM"

In 2019, the insolvency administrator of MAS KVV Liep̄jas Metalurģs continued to hold auctions in which SIA "FeLM" participated and took over movable property (including technological equipment), as well as real estate at Br̄v̄v̄bas Street 92C, Liep̄ja, and the inseparably related improvements for the total amount of 2.66 million *euros*. The total value of SIA "FeLM" assets on December 31, 2019 was 8.19 million *euros*. During the reporting period, SIA "FeLM" started the realization of the acquired assets.

Financial risk management

The most important sources of financing for the Company are funds that the Company receives as a result of concluded transactions in the form of regulatory deductions and from credits in the reserve fund. The company also has several other financial tools at its disposal, such as other debtors, debts to suppliers and contractors and other creditors, which result directly from its economic activity.

The main financial risks related to the Company's financial instruments are credit risk, currency risk, liquidity risk and litigation risk. The company's management has implemented appropriate procedures to control material risks.

Credit risk

The company is exposed to credit risk in connection with issued short-term and long-term loans and cash and its equivalents. The company controls its credit risk by constantly evaluating the solvency of business partners and the most important debtors, ensuring payment monitoring, as well as making provisions for potential losses.

Currency risk

Based on the current structure of the Company's financial assets and liabilities, the currency risk is not significant.

Liquidity risk

The company controls its liquidity risk by maintaining an adequate amount of cash and cash equivalents and constantly monitors payments related to the purchase and lease agreements of state property objects. The company improves cash flow planning and monitoring tools, as well as regularly analyzes liquidity and funding provision.

Risk of litigation

The company is exposed to the risk of legal proceedings in connection with its operation, as well as the execution of the tasks of the state administration delegated to it and specially assigned tasks, the control of the execution of contracts for the purchase of state-owned objects and the conditions of privatization or expropriation contained in them. The company has developed procedures to mitigate the impact of this risk. In case of necessity, the Company makes provisions for certain legal proceedings in the amount of possible future expenses.

Future activity of the company

In 2020, in accordance with the general strategic goal set by the Cabinet of Ministers and the non-financial and financial goals defined in the strategy, the Company will continue to work on the development (privatization and expropriation) of the portfolio in its possession, as well as continue to fulfill the tasks specifically assigned by the Cabinet of Ministers, related to the property in its possession management of subsidiaries.

The recent pandemic outbreak of the coronavirus and the measures taken by the government to limit its spread have significantly affected all areas of Latvia's economy. The company has implemented measures to ensure the safety of its employees, as well as the continuity of its activities and services. Therefore, the Company believes that the disease caused by the coronavirus, Covid-19, will not have a significant impact on the Company's future operations.

MANAGEMENT REPORT

Events after the balance sheet date

At the extraordinary meeting of shareholders of the company on February 27, 2020, amendments were made to the company's statutes, providing that the board consists of one board member.

In 2020, the renovation works of the Company's administrative building were completed and on April 23, they were put into operation. In February 2020, the cession agreement between the Republic of Latvia and the Company entered into force for the 722.77 thousand shares of the state's claim against LSIA "Hiponia". transfer to the Company in the amount of *EUR* . At the same time, in February 2020, a court ruling entered into force, according to which the Company took over all the procedural rights and obligations of LSIA "Hiponia" as a defendant in a civil case between LSIA "Hiponia" and a third party. The total claim maintained by the third party in the civil case is 392.90 thousand. *euros*.

Taking into account the announcement of the World Health Organization on March 11, 2020, that the disease caused by the coronavirus, Covid-19, has reached the proportions of a pandemic, on March 12, 2020, the Cabinet of Ministers issued order No. 103 "On declaring a state of emergency", the purpose of which is to determine the epidemiological security and other measures to limit its spread. Taking this into account, the Company has implemented a series of precautionary measures aimed at protecting its employees, customers and partners from the possible impact of Covid-19, and has also taken a series of actions to reduce disruptions in the capital company's operations during a possible outbreak of Covid-19. Society constantly assesses the impact of the spread of the Covid-19 virus.

All security measures are implemented in accordance with the decisions and recommendations made by the Cabinet of Ministers and other responsible state institutions.

The announced emergency situation in the country does not affect the provision of the Company's services to clients, however, in 2020, the pace of sales of properties to be privatized and expropriated may slow down, as well as the volume may be smaller than previously planned. The global pandemic and the announced emergency situation in the country do not affect the information included in the Company's annual report for 2019.

Alvis Mittenberg
Member of the Board

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CALCULATION OF PROFIT OR LOSS

	Note	2019 EUR	2018 EUR
Net sales	3		
Other operating income	4		
Personnel costs:			
⁹ compensation for		3,565,689,331,683	(1,855,124,659,306,800,241)
⁹ work state social insurance mandatory		(352,458)	(353,998)
⁹ contributions other social security costs		(35,915)	(34,603)
Impairment corrections: ÿ Impairment corrections of fixed assets and intangible investments		(108,785)	(90,355)
Other costs of economic activity	5	(748,762)	(1,407,485)
Other interest income and similar income: ÿ from related companies	6	1,065	2,152
Impairment adjustments for long-term and short-term financial investments: other		-	(3,000,000)
⁹ impairment adjustments		-	(3,000,000)
Profit or loss before corporate income tax		1,185,716	(3,395,350)
Corporate income tax for the reporting year		(8)	-
Profit or loss for the reporting period		1,185,708	(3,395,350)

The appendix from pages 12 to 26 is an integral part of this financial report.

Alvis Mittenberg
Member of the Board

Jolanta Roze
Head of the Finance Department

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BALANCE SHEET

		31.12.2019	31.12.2018
		EUR	EUR
Active	Note		
Long-term investments			
Intangible assets			
Concessions, patents, licenses, trademarks and similar rights		151 351	216 910
Total intangible assets	7	151 351	216 910
Fixed assets			
Real estate: land plots, buildings and engineering structures		1,667,601	1,688,792
Other fixed assets and inventory		39,503	42,421
Creation of fixed assets and costs of unfinished construction objects		821 642	46,416
Fixed assets	8	2 528 746	1,777,629
Long term financial investment			
Participation in the capital of related companies		6,000	6,000
Loans to related companies	9 10	-	1,300,000
Long-term financial investments together		6,000	1,306,000
Long-term investments together		2,686,097	3,300,539
Current assets			
Savings			
Raw materials, basic materials and auxiliary materials		27	54
Stocks together		27	54
Debtors			
Trade payables	11	198,716	217 246
Debts of related companies		-	27 270
Other debtors	12	611 488	827
payments of the next period	13	24 784	27 894
Accrued income		1 337	2 152
Debtors together		836 325	275 389
Short-term financial investments			
Participation in the capital of related companies	9	2	2
Short-term financial investments in total		2	2
Money	14	9,106,948	8,648,698
Total current assets		9,943,302	8,924,143
Total assets		12,629,399	12,224,682

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BALANCE SHEET

		31.12.2019	31.12.2018
		EUR	EUR
	Note		
Passive			
Equity			
Share capital (share capital)	15	446 064 930	446 064 930
Revaluation reserve for long-term investments	16	511 035	518 828
Reserves:			
other reserves			
Uncovered losses of previous years		1 1 (438,346,478)	1 1 (434 951
Profit or loss for the reporting period		1,185,708	128) (3 395
Total equity		9,415,196	350) 8 237 281
Savings			
Other savings	17	666 799	988 584
Total savings		666 799	988 584
short-term creditors			
Debts to suppliers and contractors		78,434	63,932
Taxes and mandatory state social insurance contributions	18	32 971	56 680
Other creditors	19	2 199 788	2 232 172
Deferred earnings	20	26 958	465 353
Accrued liabilities	21	209 253	180 680
Short term creditors together		2,547,404	2,998,817
Creditors together		2,547,404	2,998,817
Total liabilities		12,629,399	12,224,682

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CASH FLOW STATEMENT

	31.12.2019 EUR	31.12.2018 EUR
Operating cash flow		
Profit or loss before corporate income tax	1,185,716	(3,395,350)
Adjustments:		
adjustments for impairment of fixed assets impairment	30 992	33 978
of intangible assets impairment of intangible assets creation of	70 000	48 585
provisions (except for provisions for bad debts) profit or loss from fluctuations	27 163	482 192
in foreign exchange rates other interest income and similar	158	(4)
income adjustments for impairment of long-term and short-term financial investments	(1 065)	(2 152)
	-	3,000,000
Profit or loss before adjustments for the effect of changes in current assets and current accounts payable balances	1,312,964	167 249
Increase in accounts receivable balances	(563 088)	(75,011)
Reduction of inventory balances	27	(24)
Reduction of balances of debts payable to suppliers, contractors and other creditors	(800,369)	(1,388,362)
Gross operating cash flow	(50,466)	(1,296,148)
Expenses for corporate income tax payments		(11,306)
Net operating cash flow	(50,466)	(1,307,454)
Cash flow from investing activities		
Purchase of fixed assets and intangible investments	(794 343)	(231,249)
Loans issued	-	(1,300,000)
Income from repayment of loans	1,300,000	-
Interest received		83
Net cash flow from investing activities	3,217,508,874	(1,531,166)
The result of fluctuations in foreign exchange rates	(158)	
Net cash flow for the reporting period	458 250	4 (2,838,616)
Balance of cash and cash equivalents at the beginning of the reporting period	8,648,698	11,487,314
Balance of cash and cash equivalents at the end of the reporting period	9,106,948	8,648,698

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STATEMENT OF CHANGES IN EQUITY

	Share capital (share capital)	Revaluation reserve for long-term investments	Reserves	Retained earnings	In total
	EUR	EUR	EUR	EUR	EUR
On December 31, 2017	443 064 930	526,620	1	(434 951 128)	8,640,423
Increase in share capital Losses for the reporting year	3,000,000 -	- -	- -	- (3,395,350)	3,000,000 (3,395,350)
Reduction in the balance of the long-term investment revaluation reserve On	-	(7,792)	-	-	(7,792)
December 31, 2018	446 064 930	518,828	1	(438 346 478)	8,237,281
Reduction in the balance of the long-term investment revaluation reserve Profit for the reporting year on	- -	(7,793) -	- -	- 1,185,708	(7,793) 1,185,708
December 31, 2019	446 064 930	511 035	1	(437 160 770)	9,415,196

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APPENDIX TO THE FINANCIAL STATEMENT

1. General information about the Company

The company was founded on April 22, 1994 as a non-profit organization, a state joint-stock company. On November 1, 2004, the Company was registered in the commercial register of the Enterprise Register as a state joint-stock company "Privatization Agency". On June 3, 2019, the name of the state joint-stock company "Privatization Agency" was changed, becoming JSC "Public asset manager Possessor".

The process of changing the name of the capital company was completed on August 23, 2019.

According to the statutes and the NACE classification, the Company carries out the following commercial activities: operations with securities (66.12), fund management (66.30), operations with real estate (68), consulting in commercial activities and management (70.22), general public service activities (84.11).

In accordance with the procedures set forth in legal acts and in compliance with the rights and obligations set forth therein, the Company manages and, within the scope of its competence, handles state-owned property objects transferred to its possession and possession - prepares state-owned objects for sale, organizes and conducts evaluation of state-owned objects, organizes and conducts auctions, evaluates the offers of potential buyers of state-owned objects, concludes contracts on behalf of the state for the sale of state-owned objects transferred to the Company, controls the execution of concluded contracts, as well as performs the actions specified in laws and contracts to ensure the execution of contracts.

The company carries out the tasks of the state administration delegated to it, as well as the special tasks assigned by separate orders of the Cabinet of Ministers, which in the context of its daily operations are grouped into five business directions - "Land and real estate objects", "Residential houses and apartment properties", "Capital shares and problem assets", "Contract control" and "Privatization certificates".

1. Land plots and real estate objects

The company performs the task of the state administration delegated to it - the privatization of real estate objects, including state plots of land in the Law "On the Privatization of State and Municipal Property Objects" (hereinafter - the Privatization Law) and in the Law on the Completion of the Use of Privatization Certificates and Privatization of State and Municipal Property (hereinafter - Privatization Completion law) within the defined competence. The task of the state administration has been delegated to the Company in accordance with the Cabinet of Ministers' Regulation No. 557 of November 26, 2019 "Regulations on the delegation of the administration task of the institution carrying out the privatization of state assets" (hereinafter - Regulation No. 557).

2. Residential houses and apartment properties By

the order of the Cabinet of Ministers of May 29, 2009 No. 353 "On the liquidation of the State Agency for Construction, Energy and Housing" were transferred to the Company from July 1, 2009 in accordance with the law "On state and local government residential Privatization of houses" includes the functions of privatization and management of state-owned and state-owned residential houses (apartment properties). The task of the state administration has been delegated to the Company in accordance with the Cabinet of Ministers Regulation No. 431 of September 17, 2019 "Regulations on the delegation of the administration task of the institution carrying out the privatization of state residential houses" (hereinafter - Regulations No. 431).

In the cases specified in Section 9, Part 1.3 of the Law on the Expropriation of Property of a Public Person (hereinafter - the Expropriation Law) (if the residential house or apartment property is in the possession of the Company), the Company carries out the expropriation of state-owned and state-owned residential houses, their presumed parts or apartment properties in accordance with the 2011 Regulations No. 109 of February 1, 2009 "Procedure in which the property of a public person is expropriated" (hereinafter - Regulations No. 109).

3. Equity shares and problem assets

The company manages and privatizes state capital shares in accordance with the Privatization Law and the Completion Law.

The task of the State Administration has been delegated to the Company in accordance with Regulations No. 557.

The Company implements the management and disposal of state capital shares in accordance with the Law on the Management of Capital Shares of Public Persons and Capital Companies (hereinafter - the Law on the Management of Capital Companies).

The management of state capital shares is ensured in accordance with the principles and guidelines of corporate governance recommended by the Economic Cooperation and Development Organization and the Baltic Corporate Governance Institute, observing the competences and conditions specified in the Commercial Law, the Law on the Management of Capital Companies and other regulatory acts.

APPENDIX TO THE FINANCIAL STATEMENT

1. General information about the Company (continued)

The company ensures the management of problematic assets (subsidiaries) in accordance with the decisions made by the Cabinet of Ministers and the European Commission:

- LAS "Reverta" (as of December 31, 2019, the Company's participation is 96.89%): in accordance with the decision of the Cabinet of Ministers of February 24, 2009, the Company purchased shares of LAS "Reverta" (at that time - AS "Parex banka") with the aim to ensure the management of capital shares and the organization of the sale of shares. on July 6, 2017
The decision to start the liquidation of LAS "Reverta" was registered in the commercial register;
- LSIA "Hiponia" (as of December 31, 2019, the Company's participation - 100%): following the decision of the Cabinet of Ministers of May 21, 2013, on June 28, 2013, the Company became LSIA "Hiponia" (at that time - SIA "Hipotýku bankas nekustama property agency") 100% of the owners of capital shares. On July 2, 2018, a decision on the initiation of liquidation of LSIA "Hiponia" was registered in the Commercial Register;
- SIA "FeLM" (as of December 31, 2019, the Company's participation - 100%): on April 1, 2016, in accordance with the decision of the Cabinet of Ministers dated March 22, 2016, SIA "FeLM" was established, whose sole purpose of operation is the claim against MAS Management of "KVV Liepýjas Metalurģs";
- SIA "REAP" (as of December 31, 2019, the Company's participation - 100%): in compliance with the permission given by the Cabinet of Ministers at the meeting of November 14, 2017, the Company founded a subsidiary company with the sole purpose of operation - the assets taken over from LAS "Reverta", in it including claim rights, management.

4. Control of contracts

As part of the execution of the tasks of the state administration delegated to the Company, the Company ensures the control of the execution of the conditions of privatization and expropriation included in the purchase contracts of real estate objects, land plots, apartment properties and capital shares until the completion of privatization or the fulfillment of all obligations. In accordance with the regulatory enactments, buyers of state-owned objects are provided with the opportunity to make payments with a 5-year payment period (the maximum payment period was 10 years in the purchase contracts concluded until July 3, 2019).

5. Privatization certificates

According to Cabinet of Ministers Regulation No. 172 of April 1, 2014 "Regulations on delegation of the task of administering the circulation of privatization certificates" (hereinafter - Regulations No. 172), the public administration task is delegated, within the framework of which the allocation, issuance, and use of privatization certificates is controlled and deletion, as well as other actions related to monitoring the circulation of privatization certificates are performed.

5.1. Privatization certificate account servicing

From October 1, 2016, the Company ensures the maintenance of all privatization certificate accounts, providing their owners with services related to the circulation of privatization certificates. This state administration task has been delegated to the Company in accordance with Cabinet of Ministers Regulation No. 624 of September 20, 2016 "Regulations on delegation of the task of servicing accounts of privatization certificates" (hereinafter - Regulations No. 624). Also, the Company provides servicing of privatization certificate accounts in which payments are made for the privatization of state and local government residential houses, based on the Cabinet of Ministers' regulations No. 625 of September 20, 2016 "Regulations on the servicing of privatization certificate accounts of the state administration task, in which payments are made for for the objects of privatization of residential houses and the transfer of ownership of apartments, artist's workshops and non-inhabitable premises until the privatization of the residential house, - delegation" (hereinafter - Regulations No. 625).

5.2. Land redemption within the framework of land reform

The company, in compliance with the Cabinet of Ministers' regulations of October 15, 2013 No. 1106 "Procedures for concluding land redemption (purchase) contracts", within the framework of land reform, concludes land redemption (purchase) contracts with former land owners or their heirs, if the restored or assigned equivalent plot of land the area is larger than the area of the land to which property rights are to be renewed, and it exceeds the boundaries of non-connection permitted in the land cadastral survey. This task of the state administration has been delegated to the Company in accordance with the Cabinet of Ministers' regulations of September 20, 2016 No. 623 "Regulations on the conclusion of state administration tasks - land redemption (purchase) contracts, control of the execution of these contracts and transfer of unredeemed land to the ownership of local governments - delegation" (hereinafter - Regulations No. 623). Within the framework of the above-mentioned task, the Company also controls the fulfillment of the obligations specified in the previously concluded land payment redemption agreements, dividing the received funds between the state and relevant local government budgets.

APPENDIX TO THE FINANCIAL STATEMENT

2. Summary of important accounting principles

Guidelines for the preparation of the financial report

The company's financial report is prepared in accordance with the Law on Annual Reports and Consolidated Annual Reports and covers the period from January 1, 2019 to December 31, 2019.

In accordance with the criteria established by law, the Company is classified as an average Company.

The law provides additional relief for small and medium-sized companies in the preparation of the financial report, but at the same time it also stipulates that the financial report must provide a true and clear picture of the company's financial position and profit or loss, and the annual report of medium-sized and large companies must also present the cash flow.

The financial report is prepared in accordance with the principle of initial value accounting.

In the financial statement, the monetary unit is *the euro* (EUR).

The income statement is classified by type of expense. The cash flow statement is prepared using the indirect method.

Continuation of the company's activities

The financial statement has been prepared based on the assumption that the Company will continue to operate.

On June 6, 2017, the Cabinet of Ministers made a decision to maintain the state's participation in the Company, as well as defined its general strategic goal. Taking this into account, the Company's medium-term operational strategy for the period up to 2020 was developed and approved at the shareholders' meeting. The company will continue to fulfill the state administration tasks corresponding to its specialization, related to the privatization, expropriation and management of state assets, as well as continue to fulfill the additional tasks given to it by the orders of the Cabinet of Ministers. In accordance with Article 57 of the Law on the Management of Capital Companies, in 2020, the Company's medium-term operational strategy for the period until 2023 will be developed.

Use of estimates

When preparing the financial report, the management has to rely on certain estimates and assumptions, which affect the balances of the balance sheet and profit or loss statement items reflected in individual reports, as well as the amount of possible liabilities.

Future events may affect the assumptions on which the relevant estimates are made. Any impact of changes in estimates is reflected in the financial statements at the time they are determined.

Revaluation of foreign currencies

The functional currency of the company and the currency used in the financial statement is the monetary unit of the Republic of Latvia, *the euro* (EUR). All transactions in foreign currencies are revalued in EUR according to *the euro* reference rate published by the European Central Bank on the day of the relevant transaction. Monetary assets and liabilities denominated in foreign currency are converted into EUR at the *euro* reference rate published by the European Central Bank on the last day of the reporting year. Exchange rate differences arising from settlements in currencies or when reflecting asset and liability items using exchange rates that differ from the exchange rates originally used for accounting transactions are recognized in the profit or loss statement at net value.

Intangible assets

Intangible assets are recorded at their original cost, which is amortized over the asset's useful life using the straight-line method. If any events or changes in circumstances indicate that the carrying value of intangible assets may be irrecoverable, the value of the relevant intangible assets is reviewed for impairment. Impairment losses are recognized when the carrying amount of intangible assets exceeds their recoverable amount.

Fixed assets

Fixed assets are recorded at their original value less accumulated depreciation and impairment. Depreciation is not calculated for land. Depreciation is calculated over the useful life of the asset using the straight-line method:

Buildings	in 100 years
Technological equipment and devices	in 5 years
Other fixed assets	in 3 – 7 years

APPENDIX TO THE FINANCIAL STATEMENT

2. Summary of significant accounting principles (continued)

Fixed assets (continued)

Depreciation is calculated starting from the next month after the fixed assets are put into operation or involved in economic activity. For each part of the fixed asset, if the costs are significant in relation to the total costs of this fixed asset, depreciation must be calculated separately. If the Company separately depreciates some parts of the fixed asset, it also separately depreciates the remaining parts of the same fixed asset. The balance consists of those parts of the fixed asset that are not individually important. Depreciation of the remaining parts is calculated using approximation methods to truly reflect their useful lives.

If any events or changes in circumstances indicate that the carrying value of fixed assets may be irrecoverable, the value of the relevant fixed assets is reviewed to determine their impairment. When determining the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market expectations regarding changes in the asset's value and the risks attributable to them. For an asset that does not itself generate significant cash flows, the recoverable amount is determined according to the cash-generating asset to which it belongs. Impairment losses are recognized in the income statement as other costs of economic activity.

The recognition of the accounting value of fixed assets is stopped if it is disposed of or if no economic benefits are expected from the further use of the asset in the future. Any gain or loss resulting from the derecognition of an asset (calculated as the difference between the net proceeds from disposal and the asset's carrying amount) is recognized in the income statement in the period when the asset is derecognised.

The costs of the creation of fixed assets and unfinished construction objects are accounted for at their initial value. The initial value includes construction costs and other direct costs. For unfinished construction, depreciation is not calculated until the relevant assets are completed and put into operation.

The company carries out periodic revaluation of fixed assets, if a significant difference appears between the balance sheet value of the fixed asset and the market value.

Participation in subsidiaries

Investments in subsidiaries (companies in which the Company owns more than 50% of the share capital or which it controls in some other way) are accounted for using the cost method. After initial recognition, investments in subsidiaries are carried at their original cost less impairment losses. If any events or changes in circumstances indicate that the balance sheet value of investments in subsidiaries may be irrecoverable, the value of the respective investments in subsidiaries is reviewed to determine their impairment.

Other financial assets

Financial assets are classified as investments that the Company initially recognizes at fair value with revaluation recognition in the income statement, investments that are by definition loans and receivables, held-to-maturity investments and available-for-sale investments, as appropriate. On initial recognition, financial assets are recorded at their fair value plus directly attributable transaction costs, if the corresponding investments in profit or loss are not recorded at their fair value. After initial recognition, the Company determines the classification of its financial assets and, if permissible and appropriate, reviews this classification at the end of each financial year.

The purchase or sale of ordinary financial assets is recognized and derecognized on the day of the transaction, that is, on the day when the Company undertakes to purchase the relevant asset. A regular purchase or sale of financial assets is a purchase or sale of financial assets that requires the delivery of the asset within a period of time determined by regulations or conventions in force in the market.

Loans and receivables

Loans and receivables are non-derivative financial assets with a fixed or determinable payment schedule that are not quoted in an active market. Gains and losses are recognized in the income statement at the time of derecognition of these assets or their value decrease, as well as during the amortization process.

Savings

Inventories are stated at the lower of acquisition cost or market price. Inventories are valued using the FIFO method.

APPENDIX TO THE FINANCIAL STATEMENT

2. Summary of significant accounting principles (continued)

Accounts payable and other receivables

Debts from buyers and customers are recorded and reflected in the balance sheet according to the original amount of invoices, less provisions for bad debts. Provisions for bad debts are estimated when receipt of the full amount owed is no longer probable. Debts are written off when their recovery is considered impossible.

Cash and cash equivalents

Cash and cash equivalents consist of cash in banks and short-term deposits, the original maturity of which does not exceed three months.

Loans and borrowings

Loans and borrowings are initially reflected in their initial value, which is determined by adding to the fair value of the loan or borrowing amount the costs associated with issuing the loan or deducting the costs associated with receiving the loan.

After initial recognition, loans and borrowings are recorded at their amortized cost using the effective interest method. The amortized value is calculated taking into account the cost of issuing the loan or borrowing, as well as any discounts or premiums associated with the loan or borrowing. Gains or losses resulting from amortization are reflected in the income statement as interest income and expense.

Savings

Provisions are recognized when the Company has a current obligation (legal or practice-related) caused by a past event, and there is a probability that the fulfillment of these obligations will require an outflow of resources containing economic benefits from the Company, and the amount of the obligation can be estimated reliably enough. If the Company anticipates that the expenses necessary for the creation of provisions will be partially or fully reimbursed, for example within the framework of an insurance contract, the reimbursement of these expenses is recognized as a separate asset only when it is practically clear that these expenses will really be reimbursed. Costs associated with any provision are reflected in the income statement less amounts that have been recovered.

The company reviews the reserves on each balance sheet date. If, under the influence of further events, the conditions that were the basis for the previous assessment of provisions change, or new information is obtained, the Company changes the estimate and adjusts the amount of the relevant provisions by increasing or decreasing it. If the conditions for recognition of the relevant provisions are no longer met, they are excluded.

Contingent liabilities and assets

Contingent liabilities are not recognized in this financial statement. They are recognized as liabilities only when the probability that the funds will be issued becomes sufficiently reasonable. Contingent assets are not recognized in this financial statement, but are reflected only when the probability that the economic benefits related to the transaction will reach the Company is sufficiently justified.

Revenue recognition

The company's revenues and financing procedures are basically regulated by Regulations No. 557, Regulations No. 431, Regulations No. 623, Regulations No. 624, Regulations No. 625, Regulations No. 172 and Regulations No. 109.

Until the entry into force of Regulations No. 557 and Regulations No. 431, the Company's financing procedure was regulated by Cabinet of Ministers Regulations No. 680 of December 1, 2015 "Procedure in which the Privatization Agency shall make deductions for privatization of state property, expropriation of state capital shares and other regulatory acts for the specified activities, as well as a reserve fund to be created and used and payments to be made to the state budget."

According to Regulations No. 557, the Company's revenues are made up of regulatory deductions from the proceeds of the privatization of state-owned objects and plots of land and reserve fund funds.

In accordance with Regulations No. 431, Regulations No. 623, Regulations No. 624, Regulations No. 625 and Regulations No. 172, the Company recognizes expenses in revenue in connection with the performance of the tasks of the state administration in accordance with the actual expenditure estimate approved by the Ministry of Economy once a quarter. Regulations No. 431 provide that the relevant expenses are covered from the state budget or reserve fund.

APPENDIX TO THE FINANCIAL STATEMENT

2. Summary of significant accounting principles (continued)

Revenue recognition (continued)

The activities implemented by the Company for the fulfillment of the tasks of the state administration are financed from deductions and reserve fund funds, incl. the process of privatization of state property, the process of granting, canceling and circulation of privatization certificates, expropriation expenses of state capital shares and organizational security of the process of privatization, expropriation and management of state residential buildings in accordance with the conditions and procedures regulated by the Cabinet of Ministers.

The calculated regulatory deductions are recognized as revenues and credited to the net turnover in the period when the privatization, expropriation or lease agreement of the state-owned object is concluded and the subjects' payments for the concluded agreements are received.

Rental income

Income from the Company's leased property is recognized in the income statement on a straight-line basis over the period of the lease agreement.

State properties in the possession of the company

According to the Privatization Law, the Company takes possession of the state real estate to be privatized, but the state retains ownership rights to the state-owned object until the ownership rights are transferred to a third party in accordance with the terms of the purchase agreement.

The company is the holder of state capital shares in capital companies in which the state-owned capital share has been transferred for privatization or expropriation, or the state capital share in the company has arisen as a result of object privatization. The company has also been transferred the shares of capital agreed to by the state.

According to Article 74 of the Law "On Privatization of State and Local Government Residential Buildings", state residential buildings are transferred to the Company for privatization by order of the Cabinet of Ministers.

In accordance with the Expropriation Law, the Company expropriates the real estate in its possession.

State immovable properties taken over by the Company, shares of state capital transferred into custody, as well as debtors' (buyers') debts related to the sale of these assets on installments are not included in the Company's assets.

Reserve Fund

One of the sources of financing of the Company is the reserve fund held by it. The procedure for its use and replenishment is provided for in Regulations No. 557 (until the entry into force of these Regulations - in Regulations No. 680).

In accordance with the laws and regulations, the Company makes contributions to the reserve fund, as well as uses the funds of the reserve fund in accordance with the procedure established by the Cabinet of Ministers to cover the expenses related to the performance of the tasks of the state administration, which cannot be covered from other sources of funding.

The assets of the reserve fund are listed in the balance sheet of the Company in the revenues of future periods as part of short-term creditors. On December 31, 2019, the balance of the reserve fund was negative. The company continued to finance the tasks delegated to it from its own funds, anticipating the recovery of these funds in the following periods. The negative balance of the reserve fund is shown in the balance sheet under the item *Other debtors*.

Liabilities to the state budget and other state institutions

Funds from the privatization, expropriation, lease and land purchase of state property within the framework of the land reform are credited to the state budget in accordance with the procedure provided for in the regulatory acts, with regulatory deductions being made from the received funds and credits to the reserve fund from the privatization proceeds.

The company's obligations to the state budget for monetary revenues from the privatization, expropriation, lease and debt capitalization of state property are reflected in the balance sheet item *Other creditors* in the composition of short-term creditors.

APPENDIX TO THE FINANCIAL STATEMENT

2. Summary of significant accounting principles (continued)**Real estate tax settlements for state real estate owned by the Company**

The first part of Section 2 of the Law "On real estate tax" stipulates that real estate tax is paid by Latvian or foreign natural and legal persons and groups of such persons established on the basis of a contract or other agreement, or their representatives, who own or have real estate in legal possession.

Local governments send real estate tax notices to the Company for real estate owned by the Company. The company pays real estate tax on the basis of the mentioned notifications. In case the real estate is leased, the Company collects the tax for the leased real estate from the lessee. The liabilities of state property lessees to the Company for real estate tax are reflected in the balance sheet item *Debts from buyers and customers* as part of current assets.

Corporate income tax

Starting from January 1, 2018, in accordance with the changes to the Corporate Income Tax Law, legal entities do not have to pay income tax on the profit earned. Corporate income tax is paid on distributed profits and notional profits.

Distributed and notional profits are subject to a tax rate of 20 percent of the gross amount, or 20/80 of the net cost. Corporate income tax on the payment of dividends is recognized in the profit or loss statement as a cost in the accounting period when the respective dividends are declared, while for other conditional profit objects - at the time when the costs occurred within the accounting year.

3. Net turnover

	2019	2018
	EUR	EUR
Regulatory deductions: ŷ		
sale of state real estate and plots of land ŷ privatization and expropriation of state residential houses and apartment properties ŷ control of	1,747,727	732 419
privatization and expropriation contracts ŷ control of lease contracts ŷ sale of objects to	871 357	879 959
be privatized or expropriated and their property and expropriation and privatization of state capital shares ŷ preparation of plots of land for privatization , registration and consolidation of property rights in the land register ŷ protection and management of state	208 082	318 847
properties to be privatized and expropriated ŷ covering legal proceedings expenses ŷ	94 162	75 613
administration of privatization and expropriation cases and	21,528	40,923
assessment of state assets to be privatized or expropriated ŷ taxes and duties ŷ insurance	19,738	32,066
services	18,994	30,320
	15,616	36,333
	14 132	5,643
	11 612	-
	6 016	2,006
Statutory deductions total	3 028 964	2,154,129
The part of revenue of future periods recognized in the reporting period:	536,725	405 175
ŷ loss coverage for the assignment of the privatization certificate execution 1	363 047	398 315
ŷ covering losses for apartment property and residential houses carrying out the task of privatization ²	173,678	6,860
Total net turnover	3,565,689	2,559,304

1 The regulations of the Cabinet of Ministers, by which the tasks of the state administration in the field of circulation of privatization certificates are delegated to the Company, determine that the expenses of the Company, in coordination with the Ministry of Economy, are covered from the revenues obtained from the performance of the relevant tasks of the state administration. If the received revenues do not cover the expenses, then the losses are coordinated with the Ministry of Economy and covered from the reserve fund.

APPENDIX TO THE FINANCIAL STATEMENT

2 According to Article 59, Part One, Clause 10 of the Law "On the Privatization of State and Local Government Residential Buildings", the Company's duty is to manage the state residential buildings in its possession until they are handed over to the management and management of apartment owners. The fifth part of Article 67 of the Law stipulates that the Company receives a grant from general revenues from the funds credited to the state basic budget in accordance with the annual state budget law and uses it:

- 1) for financing the privatization process of residential houses; 2) for the maintenance of residential houses during their privatization process; 3) for organizing the maintenance and management of privatized residential houses;
- 4) for performing the functions specified in Article 59 of this Law.

If the grant has not been awarded in the relevant reporting period, as a result of the performance of the above-mentioned state delegated task the resulting losses are covered from the resources of the reserve fund.

4. Other revenues from economic activity

	2019	2018
	EUR	EUR
Revenue from the provision of services	177,900	181 177
Fixed assets and inventory received without compensation	35,943	36 217
Income from renting out premises	32,514	26 043
Income from the administration of privatization certificate accounts and land purchase contracts	26 603	28 526
Recovered receivables for which provision had been made	18 769	17 387
A decrease in the balance of the revaluation reserve for long-term investments	7 793	7 792
Revenue from fines collected	4 226	12 578
Income from reduction of savings	1 610	86 190
Other income	26 325	4 331
	331 683	400 241

5. Other costs of economic activity

	2019	2018
	EUR	EUR
Maintenance of information technology systems and computer equipment	118 073	125 225
Maintenance and repair costs of buildings and premises	105 385	101 293
Legal and other consultancy services	58 844	75 884
Security costs	55 962	55 227
Costs of legal proceedings	52 735	611 797
Communication costs	46 707	52 370
Security and management of objects transferred to privatization	44 472	85 404
Provisions for doubtful accounts receivable	41 948	62 854
Administration of privatization certificate accounts and land purchase agreements	39 665	23 469
Preparation of real estate (including land) for privatization	36 902	49 654
Subscription to information systems and databases	29 643	32 887
Real estate tax – Company building, land Property valuation	26 737	26 737
	25 226	30 795
Inventory and stationery	17 372	21 323
Vehicle maintenance costs	12 912	12 953
Other payments	36 179	39 613
	748 762	1 407 485

In 2019, the economic activity cost items were regrouped, and the 2018 data were adjusted accordingly.

6. Other interest income and similar income

	2019	2018
	EUR	EUR
Interest income from the loan of SIA "FeLM"	1 065	2 152
	1 065	2 152

APPENDIX TO THE FINANCIAL STATEMENT

7. Intangible investments

	Concessions, patents, licenses, trademarks and similar rights
On December 31, 2018	1,027,091
Initial value	(810,181)
Accumulated amortization and depreciation Balance	216,910
value on December 31	216,910
2019	
Balance sheet value on	216 910
January	4 441
1 Purchase	-
Exclusion	(70,000)
Depreciation Balance sheet value on December 31	151,351
On December 31, 2019	
Initial value	1,031,532
Accumulated amortization and depreciation Balance	(880 181)
value on December 31	151 351

8. Fixed assets

	Land plots, buildings and engineering structures	Other fixed assets and inventory	Creation of fixed assets and costs of unfinished construction objects	IN TOTAL
On December 31, 2018				
Initial value	4,022,880	549 267	46 416	4,618,563
Accumulated depreciation and impairment	(2,334,088)	(506 846)	-	(2,840,934)
Balance value on December 31	1,688,792	42 421	46 416	1,777,629
2019				
Balance value on January 1	1,688,792	42 421	46 416	1,777,629,789,902
Purchase Initial value of excluded fixed	-	(34,049)	-	(34,049)
assets Accumulated depreciation of excluded	-	34,049	-	34,049
fixed assets	(21,191)	(17,594)	-	(38,785)
Depreciation Balance value on December 31	1,667,601	39,503	821 642	2,528,746
On December 31, 2019				
Initial value	4,022,880	529,894	821 642	5,374,416
Accumulated depreciation and impairment	(2,355,279)	(490 391)	-	(2,845,670)
Balance value on December 31	1,667,601	39 503	821 642	2,528,746

According to the data of the State Land Service, on December 31, 2019, a plot of land in Riga, Kr. At Valdemāra street 31, with cadastral number 0100-019-0074 and an area of 1,252 m², the cadastral value determined is 191,505 euros, while the cadastral value determined for administrative buildings is 1,590,931 euros.

In 2019, renovation works of administrative buildings continued (reflected in the item *Creation of fixed assets and costs of unfinished construction objects*). In January 2020, an independent certified appraiser performed an evaluation of the Company's real estate, taking into account the construction costs and capital investments made. Considering the fact that the determined market value of the real estate is not significantly higher than the book value, the management of the Company concludes that the value of the real estate reflected in the 2019 annual report corresponds to its true value.

APPENDIX TO THE FINANCIAL STATEMENT

9. Participation in the capital of related companies

Long term financial investment:

Name of the company	%	Purchase value	Revaluation of investment		Balance value as of 31.12.2019.	
			Until the reporting period			2019
			EUR	EUR		EUR
SIA "FeLM"	100	3,003,000	(3,000,000)	-	3,000	
SIA "REAP"	100	3,000	-	-	3,000	
		3,006,000	(3,000,000)	-	6,000	

Short-term financial investments:

Name of the company	%	Purchase value	Revaluation of investment		Balance value as of 31.12.2019.	
			Until the reporting period			2019
			EUR	EUR		EUR
LSIA "Hiponia"	100		-	-		
LAS "Reverta"	96.89		(293 635 264)	-	11	
		1,293,635,265,293,635,266	(293 635 264)	-	2	

10. Loans to related companies

	31.12.2019	31.12.2018
	EUR	EUR
Loan to SIA "FeLM":		
- long-term part – principal amount	-	1,300,000
- short-term part – calculated interest	-	2,152
	-	1,302,152

11. Debts of buyers and customers

	31.12.2019	31.12.2018
	EUR	EUR
Other debts	411,446	1,167,314
Provisions for doubtful other debts	(212,730)	(950,068)
	198,716	217,246

12. Other debtors

	31.12.2019	31.12.2018
	EUR	EUR
Claims against AS "Latvijas Krājbanka" in liquidation	10 419 143	10,419,143
Negative balance of reserve fund ¹	610 670	-
Security deposits for suppliers	813	814
Settlements for labor wages		13
Provisions for bad debts ²	5 (10 419 143)	(10 419 143)
	611 488	827

1 On December 31, 2019, the balance of the reserve fund was negative. The company continued the performance of the tasks delegated to it, ensuring expenses were covered from its own funds, anticipating the recovery of these funds in the following periods in accordance with Regulations No. 557. The negative reserve fund balance on December 31, 2019 was 611 thousand. euro (see note No. 20).

2 Provisions have been created in the amount of 100% of the funds that were in November 2011 in JSC Latvijas Krājbanka, which is currently being liquidated.

APPENDIX TO THE FINANCIAL STATEMENT

13. Costs of future periods

	31.12.2019	31.12.2018
	EUR	EUR
Health insurance payments	11,442	12,969
Payments for information technology services	4,804	4,560
Executive Officer Liability Insurance	4,298	4,046
Other payments	4,240	6,319
	24,784	27,894

14. Money

	31.12.2019	31.12.2018
	EUR	EUR
Funds in the accounts of credit institutions	7 623 948	7,062,497
Funds in the State Treasury for land purchase agreements ¹	1 483 000	1,586,201
	9 106 948	8,648,698

¹ The funds received in accordance with the concluded land payment redemption agreements will be transferred to the budgets of the state and the respective local governments after the obligations specified in the agreements have been fully fulfilled.

15. Share capital (share capital)

The subscribed and paid-up share capital of the company on December 31, 2019 is 446,064,930 euros, which consists of 446,064,930 shares with a nominal value of 1 euro. All shares of the Company are registered shares.

16. Long-term investment revaluation reserve

	31.12.2019	31.12.2018
	EUR	EUR
Revaluation reserve for long-term investments	511,035,511,035	518,828,518,828

In accordance with Article 34, Part 1 of the Law on Annual Reports and Consolidated Annual Reports, the Company is entitled to reduce the revaluation reserve even if it calculates the annual depreciation of the revalued fixed assets object and in accordance with Cabinet Regulation No. 775 of December 22, 2015 "Annual Report and the rules of application of the Law on Consolidated Annual Accounts" point 305.3 of the Company further reduces the revaluation reserve of long-term investments simultaneously with the calculation of the annual depreciation of the relevant fixed asset object, gradually including it in the income in the profit or loss statement during the remaining useful life of the relevant fixed asset object.

17. Other savings

	31.12.2019	31.12.2018
	EUR	EUR
Other savings at the beginning of the year	988 584	506 392
Reduction of savings ¹	(918 477)	(78 763)
Increase in savings ²	596 692	560 955
Other accruals at the end of the reporting period	666 799	988 584

¹ At the balance sheet date, the company reviewed the provisions made in previous periods. Based on the events in the reporting period, as well as taking into account the information available to the Company about possible events in the future, the reserves were reduced by 918.48 thousand during the reporting period. euros.

² By renewing the information about the current legal proceedings and other claims, which according to the concluded agreements should be covered from the Company's funds in the following periods, provisions for 596.69 thousand have been created. in the amount of euros .

APPENDIX TO THE FINANCIAL STATEMENT

18. Taxes and mandatory state social insurance contributions

Type of tax:	31.12.2019	31.12.2018
	EUR	EUR
State social insurance contributions	-	39 055
Value-added tax	32,963	17 577
Personal income tax	-	-
Business risk state fee	-	24
Natural resource tax	-	24
Corporate income tax	-	-
In total	8 32 971	56,680

19. Other creditors

	31.12.2019	31.12.2018
	EUR	EUR
Liabilities for land purchase agreements and state fees from certificate operations	1 471 496	1 579 281
Obligations to the state budget: on	139 085	155 508
^y the expropriation of housing	79 303	20 018
^y for state property rental income (without VAT) on the	43 438	22 151
^y expropriation of capital shares for	16 344	78 734
^y privatization income	-	34 605
Liabilities to other state institutions	190 905	520
Total liabilities to the state budget and other state institutions	1 801 486	1 735 309
Security deposits for participation in auctions	49 093	115 234
Other obligations	349 209	381 629
Other creditors together	2 199 788	2 232 172

20. Deferred income

	31.12.2019	31.12.2018
	EUR	EUR
Revenues for future periods – Reserve Fund		
Balance at beginning of period	402 452	1,313,377
Increase during the period	273 849	58,864
Covering regulatory deductions from the reserve fund	(675 853)	(487,244)
Covering expenses from the reserve fund	(74 393)	(77,370)
Included in the revenue of the reporting period	(536 725)	(405,175)
Balance at end of period	(610 670)	402,452
The negative balance of the reserve fund is reflected in the item <i>Other debtors</i> ¹	610 670	-
Revenues for future periods – other	26 958	62 901
Total deferred income	26 958	465 353

¹ As of December 31, 2019, the balance of the reserve fund held by the Company is negative. The negative balance of the reserve fund is reflected in the item *Other debtors* (see note No. 12).

21. Accrued liabilities

	31.12.2019	31.12.2018
	EUR	EUR
Accrued liabilities to personnel	94 740	95 520
Accrued liabilities for vacations ¹	53 455	63 484
Accrued liabilities for legal services	32 403	3 761
Accrued liabilities for other services	28 655	17 915
	209 253	180 680

¹ Accumulated liabilities for unused vacations have been calculated taking into account the number of unused vacation days of each employee on December 31, 2019 and the average daily earnings in the last six months.

APPENDIX TO THE FINANCIAL STATEMENT

22. Related Party Transactions

Subsidiaries	Year	Interest	Issuance of	Received payment	Repaid	Related party
		income on the loan	a loan	for goods and services	loans	debts
		EUR	EUR	EUR	EUR	EUR
SIA "FeLM"	2019	1 065	-	58 751	1,300,000	-
	2018	2 152	1,300,000	46 158	-	8,380
LSIA "Hiponia"	2019	-	-	45,684	-	-
	2018	-	-	41,074	-	1 954
SIA "REAP"	2019	-	-	60 299	-	-
	2018	-	-	48 825	-	8,516
SIA "REVERTA"	2019	-	-	85 246	-	-
	2018	-	-	76 639	-	8,420

23. General Notes**a) Average number of employed persons**

	31.12.2019	31.12.2018
Average number of board members	3	3
Average number of other employees	59 62	68 71

b) Remuneration of management officers

	2019 EUR	2018 EUR
Board members:		
• wages, mandatory	180 510	170 850
• state social insurance contributions	43 497	41 169
	224 007	212 019

24. Information about the state property in the possession of the Company

The managed portfolio of the company consists of the state assets in its possession and custody as of December 31, 2019. The state of the Company's portfolio is dynamic - it decreases during the privatization and expropriation of property objects, but at the same time the Company's portfolio is supplemented by properties that it takes over in its possession and possession in accordance with the regulatory framework. All off-balance sheet assets are reflected in the accounting in accordance with Cabinet of Ministers regulations No. 87 of February 13, 2018 "Accounting procedures in budget institutions", which entered into force on January 1, 2019. The total value of the portfolio owned and held by the Company on December 31, 2019 is 168.38 million. euros (as of December 31, 2018 – 133.53 million euros).

a) Buildings, structures and land

	Number of objects, pcs. 31.12.2019 31.12.2018		Book value of objects, EUR 31.12.2019 31.12.2018	
	Real estate - buildings, structures, built-up and unbuilt plots of land	601	606	12,349,203
	601	606	12,349,203	14 108 121

APPENDIX TO THE FINANCIAL STATEMENT

24. Information on state property in the possession of the Company (continued)

b) Apartments and residential houses

	Number of objects, pcs.		Accounting value of objects, EUR	
	31.12.2019	31.12.2018	31.12.2019 1	31.12.2018 2
Real estate - apartments	504	718	932 756 1	710 151 2
	504	718	932 756	710 151

c) Equity shares

	Packages of capital shares, pcs.		Accounting value of capital shares, EUR	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
In the holding of the capital share	18	21	143 293 177 34	107 608 354 73
Capital shares belonging to the state	10	14	825 143	954 107
	28	35	328 002	682 308

Capital shares in companies in which the insolvency process, the liquidation process has been initiated or a decision to terminate the operation has been made, were recognized as having zero value on December 31, 2019.

The value of capital shares is indicated in their nominal value (if no denomination has been made, recalculating the value expressed in lats according to the exchange rate from lats to euros approved by the Council of the European Union). According to the Cabinet of Ministers' regulations of February 13, 2018 No. 87 "Accounting procedure in budget institutions", the state capital shares of SIA "Tet" on December 31, 2019 are indicated according to the equity method (on December 31, 2018 - according to the nominal value), because the state's participation in SIA "Tet" exceeds 50% of the share capital.

d) Accounts receivable for state property purchase and lease agreements

The Company does not assume credit risk and liquidity risk in relation to debts arising from the purchase and lease agreements of state property, and they should not be recognized as part of the Company's assets. The company administers the payments related to these contracts and brings lawsuits against buyers and lessees who do not make payments on time.

	31.12.2019 EUR	31.12.2018 EUR
Long-term debts (in book value): purchase contracts	5,322,825	4,738,650
debts (in book value): ÿ purchase contracts ÿ		
rents	4 407 958	3 731 183
	215 733	228 412
Settlements in privatization certificates ¹	821 517	329 610 9
	10 768 033	027 855
Including doubtful and lost debts: debts in legal		
⁹ proceedings ² ÿ debts of	2 990 827	2 941 529
insolvent debtors debts for which the payment	564 437	529 168
⁹ deadline has been delayed	324 506 3	254 749 3
	879 770	725 446

1 Receivables in privatization certificates are listed according to their nominal value in euros.

2 Debts pending in legal proceedings are shown without calculated fines.

APPENDIX TO THE FINANCIAL STATEMENT

25. Events after the balance sheet date

At the extraordinary meeting of shareholders of the company on February 27, 2020, amendments were made to the company's statutes, providing that the board consists of one board member.

In 2020, the renovation works of the Company's administrative building were completed and on April 23, they were put into operation.

In February 2020, the cession agreement between the Republic of Latvia and the Company entered into force for the 722.77 thousand shares of the state's claim against LSIA "Hiponia". transfer to the Company in the amount of EUR . At the same time, in February 2020, a court ruling entered into force, according to which the Company took over all the procedural rights and obligations of LSIA "Hiponia" as a defendant in a civil case between LSIA "Hiponia" and a third party. The total claim maintained by the third party in the civil case is 392.90 thousand. euros.

Taking into account the announcement of the World Health Organization on March 11, 2020, that the disease caused by the coronavirus, Covid-19, has reached the proportions of a pandemic, on March 12, 2020, the Cabinet of Ministers issued order No. 103 "On declaring a state of emergency", the purpose of which is to determine the epidemiological security and other measures to limit its spread. Taking this into account, the Company has implemented a series of precautionary measures aimed at protecting its employees, customers and partners from the possible impact of Covid-19, and has also taken a series of actions to reduce disruptions in the capital company's operations during a possible outbreak of Covid-19. Society constantly assesses the impact of the spread of the Covid-19 virus.

All security measures are implemented in accordance with the decisions and recommendations made by the Cabinet of Ministers and other responsible state institutions.

The announced emergency situation in the country does not affect the provision of the Company's services to clients, however, in 2020, the pace of sales of properties to be privatized and expropriated may slow down, as well as the volume may be smaller than previously planned. The global pandemic and the announced emergency situation in the country do not affect the information included in the Company's annual report for 2019.

Alvis Mittenberg
Member of the Board

Jolanta Roze
Head of the Finance Department

THE DOCUMENT IS SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP.